PROVINCE OF KWAZULU-NATAL

ESTIMATES OF PROVINCIAL REVENUE AND EXPENDITURE

2012/13

for the financial year ending 31 March 2013

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FOREWORD

The 2012/13 MTEF for South Africa, and consequently KwaZulu-Natal, was crafted during a period of serious economic uncertainty, largely as a result of the debt crisis crippling the euro-zone – our major trading partner. The lack of decisive action, mainly by Germany, to resolve the crisis will certainly prolong the period of uncertainty and, as a result, the world economic growth prospects will remain subdued for the time being.

KwaZulu-Natal, and South Africa as a whole, have been affected by this prevailing economic scenario, and the country's projected growth rate has been revised downward slightly. In fiscal terms, the low economic growth rate means less tax revenue for government spending and thus requires a conservative fiscal policy stance and calls for all government spending agents to exercise prudence. As evident from the budgetary allocations contained in this *Estimates of Provincial Revenue and Expenditure*, the effects of the global economic slowdown have not resulted in a reduction in provincial allocations. In fact, there is still healthy growth in most government spending programmes. For KwaZulu-Natal, the revisions in the data that informs the equitable share formula have resulted in a slight increase in the equitable share allocation. This increase has been allocated to various service delivery programmes. However, given the uncertainties, it is only logical to ensure that fiscal discipline is maintained going forward.

To provide some cushion against unforeseeable fiscal shocks, the Province of KwaZulu-Natal therefore continues to budget for a surplus of R1 billion per annum in the next three MTEF years. This will ensure that government programmes remain funded in cases where national tax revenues fall short of budget in the period ahead.

The benefits of fiscal prudence have been demonstrated beyond doubt in the Province of KwaZulu-Natal. Those who closely follow the budget affairs will know that, between 2008/09 and 2010/11, the province was highly indebted to the tune of more than R3 billion cumulatively. But the fiscal austerity measures introduced in 2009/10 changed the fortunes. In the 2011/12 Adjustments Budget, the province paid back all its debt and is now in a very healthy financial state. It is only because of fiscal prudence that such a milestone could be achieved. It is therefore our intention to continue with good fiscal management.

It is my honour to present the *Estimates of Provincial Revenue and Expenditure (EPRE)* to the people of KwaZulu-Natal and beyond. As you will note, these estimates are presented in two parts, the first being aggregates of revenue and expenditure, including the budget strategy adopted and the fiscal framework in general. Part two provides a detailed account of budget allocations per department. These estimates provide an opportunity for the citizens to hold the provincial government departments accountable for the public funds they spend.

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

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LIST OF ANNEXURES

LIST OF ABBREVIATIONS

Abbreviation	Full description
ABET	Adult Basic Education and Training
ADA	Agri-business Development Agency
AET	Adult Education and Training
AFS	Annual Financial Statements
A-G	Auditor-General
AMIP	Asset Management Improvement Plan
ANA	Annual National Assessments
APAC	Association of Public Accounts Committee
APP	Annual Performance Plan
ARRUP	African Renaissance Roads Upgrading Programme
ART	Anti-retroviral Therapy
ARV	Anti-retroviral
BAS	Basic Accounting System
BBBEE	Broad-Based Black Economic Empowerment
BEE	Black Economic Empowerment
BIS	Business Intelligence System
BPO	Business Process Outsourcing
BRIC	Brazil, Russia, India and China
BUFAC	Building a United Front Against Crime
C-AMP	Custodian-Asset Management Plan
CAPS	Curriculum and Assessment Policy Statements
CARA	Conservation of Agricultural Resources Act
CASP	Comprehensive Agricultural Support Programme
CCMA	Commission for Conciliation, Mediation and Arbitration
CDW	Community Development Worker
CEO	Chief Executive Officer
CETA	Construction Education Training Authority
CFO	Chief Financial Officer
CHC	Community Health Clinics
CIDB	Construction Industry Development Board
CiDP	Communities-in-Dialogue Programme
CoGTA	Co-operative Governance and Traditional Affairs
COP	Conference of Parties
CPA	Commonwealth Parliamentary Association
CPD	Corporate for Public Deposit
CPF	Community Policing Forum
CPI	Consumer Price Index
CRU	Community Residential Unit
CTA	Common Task for Assessment
CWP	Community Works Programme
DAEARD	Department of Agriculture, Environmental Affairs and Rural Development
DBSA	Development Bank of South Africa
DEDT	Department of Economic Development and Tourism
DHIS	District Health Information Services
DIS	Development Information Services
DMC	Disaster Management Centre
DORA	Division of Revenue Act
DPSA	Department of Public Service Administration
DPSS	Development Planning Shared Services
DRD & LR	Department of Rural Development and Land Reform
DSD	Department of Social Development
DTI	Department of Trade and Industry
DTP	Dube TradePort Corporation
EAP	Economic Active Population
ECB	European Central Bank
ECD	Early Childhood Development

Abbreviation	Full description
ECM	Enterprise Content Management
EEDBS	Enhanced Extended Discount Benefit Scheme
EIA	Environmental Impact Assessment
EKZNW	Ezemvelo KZN Wildlife
ELRC	Education Labour Relations Council
EMF	Environmental Management Framework
EMIS	Education Management Information System
EMS	Emergency Medical Services
EPHP	Enhanced People's Housing Process
EPI	Expanded Programme on Immunisation
EPRE	Estimates of Provincial Revenue and Expenditure
EPWP	Expanded Public Works Programme
ERP	Enterprise Resource Planning
ETDP	Education, Training and Development Practice
EU	European Union
FAL	First Additional Language
FBO	Faith Based Organisation
FBS	Free Basic Services
FET	Further Education and Training
FETC	Further Education and Training College
FFC	Financial and Fiscal Commission
FINMIP	Financial Management Improvement Plan
FPC	Finance Portfolio Committee
FTE	Full-time Equivalent
GDCSC	Gender, Disability, Children and Senior Citizens
GDP	Gross Domestic Product
GDP-R	Gross Domestic Product by Region
GEPF	Government Employees Pension Fund
GET	General Education and Training
GHS	General Household Survey
GIAMA	Government Immoveable Asset Management Act
GIS	Geographical Information System
GROW	Guiding Recovery of Women
HCBC	Home/Community Based Care
HDI	Human Development Index
HIV and AIDS	Human Immune Virus and Acquired Immune Deficiency Syndrome
HOD	Head of Department
HR	Human Resource
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
ICD10	International Classification of Disease and Diagnostic Grouping 10
ICT	Information Communication Technology
IDIP	Infrastructure Delivery Improvement Programme
IDMS	Infrastructure Delivery Management System
IDP	Integrated Development Plan
IDRMS	Integrated Document and Records Management System
IDT	Independent Development Trust
IEC	Independent Electoral Commission
IES	Income and Expenditure Survey
IFMS	Information Financial Management System
IGCC	Inter-Governmental Cash Co-ordination
IGP	Infrastructure Grant to Provinces
IGR	Inter-Governmental Relations
IMCI	Integrated Management of Childhood Illnesses
IMDP	Integrated Master Development Plan
IMF	International Monetary Fund
IOC	International Olympics Committee
IPTNs	Integrated Public Transport Network

Abbreviation	Full description
ISDM	Infrastructure Service Delivery Model
IT	Information Technology
ITB	Ingonyama Trust Board
IWMP	Integrated Waste Management Plan
IYDS	Integrated Youth and Development Strategy
IYM	In-Year Monitoring
IZ	*Izandla Ziyagezana*
JCPS	Justice Crime Prevention and Security
JE	Job Evaluation
KSIA	King Shaka International Airport
KWANALOGA	KwaZulu-Natal Local Government Association
KWANALU	KwaZulu-Natal Agricultural Union
KZN	KwaZulu-Natal
KZNGBB	KwaZulu-Natal Gaming and Betting Board
KZNSB	KwaZulu-Natal Sharks Board
L:E	Learner: Educator
LAP	Local Area Planning
LED	Local Economic Development
LES	Local government Equitable Share
LIV	*Lungisisa Indlela* Village
LTMS	Learner Teacher Support Material
LUMS	Land Use Management Strategy
MAP	Management Assistance Programme
MDG	Millennium Development Goal
MDR	Multi-Drug Resistant
MDR/XDR	Multi-Drug Resistant/Extreme Drug Resistant
MEC	Member of Executive Council
MERSETA	Manufacturing, Engineering and Related Services Sector Education and Training Authority
MFMA	Municipal Finance Management Act
MIDI	Msunduzi Innovation and Development
MIG	Municipal Infrastructure Grant
MinComBud	Ministers' Committee on the Budget
MIS	Municipal Information System
MNC&WH	Maternal, Neo-natal Child, and Women's Health
MOA	Memorandum of Agreement
MOU	Memorandum of Understanding
MPCC	Multi-purpose Community Centre
MPRA	Municipal Property Rates Act
MPSD	Mass Participation and Sport Development
MRO	Maintenance Repair and Overhaul
MSA	Municipal Structure Act
MSP	Municipal Support Programme
MTEC	Medium Term Expenditure Committee
MTEF	Medium Term Expenditure Framework
MTSF	Medium Term Strategic Framework
MYHDP	Multi-year Housing Development Plan
NATED	National Education
NC(V)	National Curriculum (Vocational)
NCOP	National Council of Provinces
NCS	National Curriculum Statement
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
NHI	National Health Insurance
NHLS	National Health Laboratory Service
NHS	National Health System
NIP	National Integrated Plan
NPO	Non-profit Organisation

Abbreviation	Full description
NQF	National Qualifications Framework
NRS	Non-Repudiation System
NSC	National Senior Certificate
NSF	National Skills Fund
NSLA	National Strategy for Learner Attainment
NSNP	National School Nutrition Programme
NT	National Treasury
NUFFIC	Netherlands Organisation for International Co-operation in Higher Education
NYS	National Youth Service
OBE	Outcomes Based Education
OHS	Occupational Health and Safety
OPD	Out Patients Department
OPRE	Overview of Provincial Revenue and Expenditure
OSD	Occupational Specific Dispensation
OTP	Office of the Premier
OVC	Orphans and Vulnerable Children
PAES	Protected Area Expansion Strategy
PALC	Public Adult Learning Centre
PARMED	Parliamentary Medical Aid
PBS	Performance Budgeting System
PCR	Polymerase Chain Reaction
PCV	Pneumococcal
PDA	Planning and Development Act
PDE	Patient-day Equivalent
PDMC	Provincial Disaster Management Centre
PERSAL	Personnel and Salary System
PES	Provincial Equitable Share
PFMA	Public Finance Management Act
PGDP	Provincial Growth and Development Plan
PGDS	Provincial Growth and Development Strategy
PHC	Primary Health Care
PICT	Provincial Information Communication Technology
PIJF	Provincial Integrated Justice Forum
PILIR	Policy on Incapacity Leave and Ill Health Retirement
PIP	Provincial Infrastructure Plan
PMG	Pay Master-General
PMS	Project Management System
PMTCT	Prevention of mother-to-child transmission
PPC	Provincial Planning Commission
PPDC	Provincial Planning and Development Commission
PPP	Public Private Partnership
PPPFA	Preferential Procurement Policy Framework Act
PREMIS	Professional Real Estate Management Information System
PSEDS	Provincial Spatial Economic Development Strategy
PSETA	Public Sector Education and Training Authority
PT	Provincial Treasury
PTB	Pulmonary Tuberculosis
QPR	Quarterly Performance Report
RAMS	Road Asset Management System
RBIDZ	Richards Bay Industrial Development Zone
REF	Risk Equalisation Fund
RNCS	Revised National Curriculum Statement
RSA	Republic of South Africa
RSC	Regional Service Council
RV	Rota Virus
SAAMBR	South African Association for Marine Biological Research
SACE	South African Council for Educators
SACPLAN	South African Council for Planners
SADC	South African Development Community
SADT	South African Development Trust
SANDF	South African National Defence Force

Abbreviation	Full description
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 Management System
SASSA	South African Social Security Agency
SATMA	South African Traditional Music Awards
SCM	Supply Chain Management
SCOA	Standard Chart of Accounts
SCOPA	Standing Committee on Public Accounts
SDF	Spatial Development Framework
SEA	Strategic Environment Assessment
SETA	Sector Education Training Authority
SIU	Special Investigation Unit
SITA	State Information Technology Agency
SLA	Service Level Agreement
SLIMS	SITA Library Information Management System
SMME	Small Medium and Micro Enterprise
SNAP survey	School Realities survey
SP	Strategic Plan
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
TIK	Trade and Investment KwaZulu-Natal
TKZN	KwaZulu-Natal Tourism Authority
TLTP	Taking Legislature to the People
TSC	*Thusong* Service Centre
U-AMP	User-Asset Management Plan
UAP	Universal Access Plan
UKZN	University of KwaZulu-Natal
UN	United Nations
UPFS	Uniform Patient Fee Structure
USA	United States of America
USDG	Urban Settlement Development Grant
VAR	Vector Auto Regression
VEP	Victim Empowerment Programme
VSCPP	Volunteer Social Crime Prevention Project
WESSA	Wildlife and Environmental Society of South Africa
WHO	World Health Organisation
XDR	Extreme Drug Resistant

Zulu words	**English translation**
qmabutho (pl.)	A group of traditional warriors (regiment)
Amakhosi (pl.)	Traditional leaders or chiefs
isigodi	A village within a tribal authority
i(zi)mbizo	Public meeting(s) called by government involving a large number of people
ifihlile	Hidden
imizi yesizwe	Houses for *Amakhosi*
indaba	Forum
iso elibanzi	Wide eye
izandla ziyagezana	Hands wash each other
Lungisisa Indlela	Prepare the way
Masifundisane	Lets teach each other
omama bezintombi	Mothers of young maidens
ondlunkulu	Traditional leader's or chief's wife
S'fundisimvelo	We are teaching about nature
s'hamba Sonke	Moving together
Sukuma Sakhe	Stand up and build
ubukhosi	Kingship
ukuthwala	Abduction
umbimbi	A coalition of people working towards the same goal
Vulindlela	Open the way
Vukuzakhe	Wake up and build
vuselela	Restore
Zibambele	Do it yourself

OVERVIEW
OF
PROVINCIAL REVENUE
AND
EXPENDITURE

1. SOCIO-ECONOMIC OUTLOOK

1.1. Introduction

The year 2010 was dominated by the “green shoots” debate and the economic recovery was a topic of much deliberation, particularly during the latter part of 2010. According to the International Monetary Fund (IMF), global output increased by 5.1 per cent during 2010 compared to the decrease of 0.7 per cent during 2009. It was therefore generally expected that the global economy was poised to return to pre-recession levels during 2011. The year 2011 was therefore greeted with great optimism and confidence.

Unfortunately, this proved not to be the case. The global economy was rocked by the natural disaster and subsequent nuclear meltdown that struck Japan during March 2011. The sequence of events that followed the March 11th earthquake significantly constrained the Japanese economic recovery and effectively plunged the Japanese economy into turmoil and a possible recession. Given the fact that the Japanese economy accounts for 11 per cent (IMF, latest Economic Outlook, 2011) of the global economy, it was unavoidable that the global economy would also feel the pain.

Concurrently, the prices of Brent crude oil and gold reached $117 and $1 424 an ounce, respectively, in March 2011, raising inflation concerns. The risk of inflation suddenly took centre stage in contrast with the significant focus on growth during 2010. For example, the European Central Bank (ECB) in June 2011 argued that “A modest increase in interest rates should be taken during 2011 to stave off increases in inflationary expectations, which are already elevated”. A number of Central or Reserve Banks took notice of the inflation threat and subsequently tightened their monetary policies. The most notable of these were India, China, Brazil and Australia.

By mid-2011, it became clear that the global economic prospects had significantly deteriorated because of the Japanese disasters and the tightening of monetary policy around the world. It also became clear that unemployment was not falling and that job losses still occurred at a fairly brisk pace. In addition, bank deleveraging continued. As a result of deteriorating global economic prospects, the September 2011 IMF World Economic Outlook highlighted the following:

- Slowing global activity.
- Renewed financial instability.
- More uneven expansion.
- Economic slack alongside signs of overheating.
- Risks are clearly on the decrease.

A massive fiscal bomb exploded in Europe during the latter part of 2011. The age of fiscal austerity seemingly had arrived with many European governments struggling to finance their debt, most notably Greece, Spain and Italy. In October 2011, euro-zone leaders agreed on another package of measures designed to prevent the collapse of member economies. This included an agreement with banks to accept a 50 per cent write-off of Greek debt owed to private creditors, increasing the European Financial Stability Facility to about €1 trillion, and requiring European banks to achieve 9 per cent capitalisation. While the sovereign debt increases are more pronounced in only a few euro-zone countries, they have become a perceived problem for the entire region and the global economy.

The year 2011 experienced significant monetary and fiscal policy reversals, as well as economic upheaval. This prompted great debate about whether the 2010 global economy recovery could cushion the increased 2011 economic uncertainties and risks. It became clear that it could not do so, particularly with the IMF estimating in September 2011 that the global economic output for 2011 would be 4 per cent, which, given the fourth quarter of 2011, seems rather optimistic. Nonetheless, the growth prospect for 2011 was much less than initially thought, making the prospect for 2012 also very subdued and uncertain. Significantly more risks in the global economy are expected in January 2012 relative to January 2011. It is clear that the global economy has not sufficiently recovered from the 2009 recession to reach pre-crisis levels and that necessary structural changes must still occur. The picture for 2012 seems very similar to 2011 and therefore it can be deduced that 2012 could be another difficult year. It can only be hoped that the picture looks brighter from 2013 onward.

1.2 Demographic profile

Population size is a major driving force in the demand for goods and services in an economy. People provide labour and entrepreneurship for production and also consume the output of production. It is important to note that the structure of the population, the skill levels, as well as the health of the population has a bearing on the economy. Since population size affects the supply of infrastructure, including communication, transport and services such as education, health, etc., it thus becomes one of the key factors in the planning process. Basically, the greater the number of people there are, the larger the economy has to become in order to satisfy their needs. The objective of this section is therefore to provide the demographic profile of KZN and also to outline the defining characteristics of the provincial population.

1.2.1 Population size

According to data from Statistics South Africa (Stats SA) and as can be seen in Table 1.1 below, KZN (at 10.8 million or 21.4 per cent) has the second-largest population in the country (total population of SA is 50.6 million), after Gauteng with an estimated 11.3 million people (22.4 per cent). The Northern Cape remains the province with the smallest share of the population at 2.2 per cent. During the period 2001 to 2011, the population of KZN increased at an average annual growth rate of 1.3 per cent, higher than the national rate of 1.2 per cent, but less than the 1.9 per cent in Gauteng.

Table 1.1: Population size, average annual growth rate and area in km^2, 2011

Province	Population Number (2011)	% Share of National (2011)	Average Annual Growth Rate 2001 - 2011	Area in km^2	% Share of National Area	Population Density
Eastern Cape	6 829 959	13.5%	0.5	169 063	13.8%	40.4
Free State	2 759 644	5.5%	0.3	130 007	10.6%	21.2
Gauteng	11 328 203	22.4%	1.9	16 579	1.4%	683.3
KwaZulu-Natal	**10 819 128**	**21.4%**	**1.3**	**93 378**	**7.6%**	**115.9**
Limpopo	5 554 657	11.0%	1.1	126 042	10.3%	44.1
Mpumalanga	3 657 181	7.2%	0.9	76 642	6.3%	47.7
Northern Cape	1 096 731	2.2%	0.6	373 351	30.6%	2.9
North West	3 253 390	6.4%	0.9	106 710	8.7%	30.5
Western Cape	5 287 863	10.5%	1.9	129 475	10.6%	40.8
Total national	**50 586 756**	**100.0%**	**1.2**	**1 221 247**	**100.0%**	**41.4**

Source: Stats SA (Mid-year population estimates, 2011) and Global Insight (2011)

As far as the racial composition is concerned, a large number of about 9.1 million (85.3 per cent) of people in KZN are African. Asians constitute the second highest proportion at 8.6 per cent, followed by Whites at 4.7 per cent. Coloureds (1.4 per cent) make up a small proportion of the total provincial population (Global Insight, 2011).

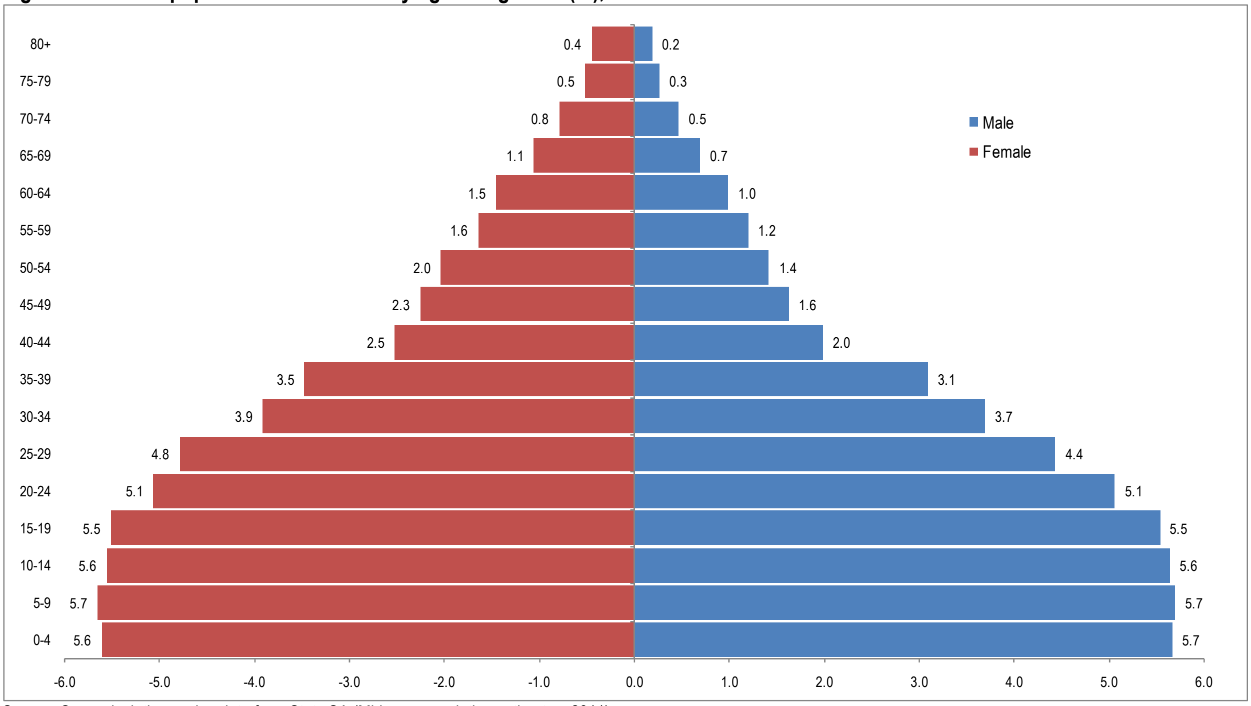
Table 1.1 shows that, in terms of population density[1], KZN has an average of 115.9 people per km^2, Gauteng on the other hand is densely concentrated with approximately 683.3 people for each km^2. Of all the provinces, the Northern Cape is the least populated, with an estimated 2.9 people per km^2 compared to the national average of 41.4 people per km^2.

[1] Population density is generally defined as the average number of people per square kilometre in a particular area which is calculated by dividing total population by land area in square kilometres.

1.2.2 Population by age and gender

The population pyramid in Figure 1.1 provides the age and sex profiles of KZN's population in 2011. The province has more women, accounting for 52.3 per cent of the total provincial population, compared to 47.7 per cent of males. Children and young people between the ages of 0 and 19 years constitute the largest proportion. This has adverse financial implications on the provincial government, as more funding must be directed toward investing in basic education and child welfare. In addition, the large number of young people finishing school and entering the job market may imply an increase in unemployment numbers in future, unless the growing economically active population can find employment.

Figure 1.1: KZN population distribution by age and gender (%), 2011



Source: Own calculations using data from Stats SA (Mid-year population estimates, 2011)

Though the population size decreases progressively through most of the 0-19 age cohorts, it contracts in proportion of persons aged 20-44 residing in the province. The most likely explanation of the smaller proportional (38 per cent or 4.1 million) representation of persons in the 20-44 age categories is that the working age persons migrate to other provinces for educational or working purposes[2]. The effects of deaths however, resulting particularly from diseases such as tuberculosis (TB) and HIV and AIDS should not be ruled out.

The largest number of approximately 6.7 million (61.7 per cent) of the provincial population falls within the 15-65 years age bracket, which constitutes the economically active population (EAP), implying that 38.3 per cent (4.1 million) of the population is distributed between those under the age of 15 and over the age of 64 years which translates to a dependency ratio[3] of 61.2 per cent. Dependency ratio means that there are people who are not of working age and therefore are not paying taxes. As the dependency ratio increases, so are the number of people the government must look after. Further, the savings of the persons who bear the "dependency burden" in the economy are constrained. The implication of this is that if the dependency ratio increases, capital formation may experience a setback as investments are derived from savings. Consequently, this may have a negative impact on the financial position of the province since more resources would be required for the provision of social security.

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[2] See provincial migration streams in Section 1.2.3 in Table 1.2.

[3] Dependency Ratio = (no. of people under 15 years) + (no. of people aged 65 and over)/ (no. of people between 15 and 64 years). The dependency ratio is an age-population ratio of those typically not in the labour force (the *dependent* part) to those typically in the labour force (economically active population). The dependent part usually includes those under the age of 15 and over the age of 64, while the working age group makes up the population in between ages 15 and 64.

1.2.3 Migration

Table 1.2 shows the estimated migration streams between provinces from 2006 to 2011. KZN recorded an estimated 196 933 emigrants compared to the inflow of 198 355 immigrants, leading to a net gain of 1 422 persons. Gauteng and Western Cape showed estimated net gains of 367 076 and 95 556, respectively, and are the two provinces that gain the most from inter-provincial migration. The remaining provinces recorded negative net migration.

Table 1.2: Estimated provincial migration streams, 2006 – 2011

Province	Emigrants	Immigrants	Net Gain/Loss
Eastern Cape	329 714	114 899	(214 815)
Free State	118 640	92 748	(25 892)
Gauteng	308 063	675 139	367 076
KwaZulu-Natal	**196 933**	**198 355**	**1 422**
Limpopo	238 545	96 117	(142 428)
Mpumalanga	164 905	120 746	(44 159)
Northern Cape	60 585	42 993	(17 592)
North West	179 462	160 294	(19 168)
Western Cape	110 937	206 493	95 556

Source: Stats SA (Mid-year population estimates, 2011)

1.3 Provincial economic performance

1.3.1 Quarterly economic performance

Table 1.3 indicates quarter-on-quarter growth rates in GDP-R (Gross Domestic Product by Region) per economic sector from 2010 Q3 to 2011 Q3. It is estimated that provincial GDP-R increased by 1.69 per cent during the third quarter of 2011 compared to an increase of 3.93 per cent during the second quarter of 2011 on a non-seasonal adjusted basis. On a seasonal adjusted basis, the provincial economy experienced an increase of 0.48 per cent during the third quarter of 2011 compared to an increase of 0.20 per cent during the second quarter of 2011.

Table 1.3: Provincial GDP-R and economic growth rate – quarter-on-quarter

Industry	2010Q3	2010Q4	2011Q1	2011Q2	2011Q3
Primary Sector	**-12.45**	**-34.05**	**20.45**	**50.41**	**-12.54**
Agriculture, forestry and fishing	-16.42	-43.17	30.79	66.15	-14.14
Mining and quarrying	7.75	1.97	-2.30	4.06	-4.98
Secondary Sector	**3.15**	**0.28**	**-3.37**	**1.91**	**3.48**
Manufacturing	3.23	-0.06	-3.04	2.19	3.52
Electricity, gas and water	4.34	-0.20	-6.76	4.05	3.49
Construction	1.76	3.13	-3.54	-1.52	3.25
Tertiary Sector	**2.04**	**4.56**	**-4.28**	**1.54**	**2.59**
Wholesale and retail trade, hotels and restaurants	4.48	16.46	-13.64	1.64	5.00
Transport, storage and communication	4.58	1.83	-4.30	2.17	4.27
Finance, real estate and business services	-0.02	1.57	0.33	0.67	1.08
Personal services	0.01	-0.90	-1.03	1.28	1.11
General government services	0.88	1.17	-0.63	2.22	1.09
GDP-R at constant 2005 prices	**1.26**	**1.09**	**-2.87**	**3.93**	**1.69**
GDP-R at constant 2000 prices (seasonal adjusted)	**0.48**	**1.04**	**1.83**	**0.20**	**0.48**

Source: Own calculations using data from Stats SA (2011)

KZN's economic performance in the third quarter of 2011 deteriorated fairly significantly compared to the second quarter of 2011. Provincial growth momentum derived from the events of the 2010 World Cup diminished, especially during the second and third quarters of 2011. This does not bode well for the economic prospects for the fourth quarter of 2011 and ultimately for 2011. However, it is hoped that the growth prospect improves during the last quarter of 2011, thus yielding better economic conditions in 2012. This decline in GDP-R may be attributed to the uncertainty in the euro-zone.

Table 1.4: Provincial GDP-R and economic growth rate – year-on-year

Industry	2010 Q3 Annualised	2010 Q4 Annualised	2011 Q1 Annualised	2011 Q2 Annualised	2011 Q3 Annualised
Primary Sector	**2.69**	**3.34**	**2.01**	**4.61**	**4.50**
Agriculture, forestry and fishing	1.29	0.92	1.88	3.21	6.02
Mining and quarrying	8.61	9.08	2.41	11.70	-1.50
Secondary Sector	**5.42**	**4.00**	**5.16**	**1.86**	**2.19**
Manufacturing	6.67	5.00	6.41	2.23	2.51
Electricity, gas and water	-0.01	0.63	0.68	1.02	0.19
Construction	0.42	-0.64	-0.44	-0.31	1.15
Tertiary Sector	**2.91**	**3.34**	**3.63**	**3.69**	**4.25**
Wholesale and retail trade, hotels and restaurants	7.20	8.09	7.17	6.79	7.33
Transport, storage and communication	3.20	3.48	3.82	4.12	3.82
Finance, real estate and business services	1.41	1.05	2.53	2.56	3.69
Personal services	-1.63	-1.27	-0.50	-0.64	0.45
General government services	2.51	3.11	3.25	3.68	3.89
GDP-R at constant 2005 prices (non-seasonal adjusted annualised)	**3.59**	**3.43**	**3.94**	**3.34**	**3.78**
GDP-R at constant 2005 prices (seasonal adjusted annualised)	**3.88**	**4.05**	**4.47**	**3.59**	**3.59**

Source: Own calculations using data from Stats SA (2011)

Table 1.4 shows that the provincial economy recorded, on a seasonal adjusted annualised basis, an increase of 3.59 per cent during both the third quarter of 2011 and the second quarter of 2011. The annual growth rates, both on a seasonal and non-seasonal adjusted basis, indicate that economic activity is at slightly worse levels than experienced during the fourth quarter of 2010 and the first quarter of 2011. The annualised growth rates indicate that the majority of economic sectors continue to record positive growth rates, largely on the back of the international and national economic recovery. However, the construction sector seems to be lagging behind the economic recovery significantly with negative growth in 2010 Q4, 2011 Q1 and 2011 Q2. The manufacturing sector is also showing some distress with the growth rate reducing from 6.67 per cent in 2010 Q3 to 2.51 per cent in 2011 Q3. Therefore not all seems to be well, particularly with regard to wealth and employment creation prospects in the province.

1.3.2 Provincial economic indicators in the recession and subsequent recovery, 2009 - 2011

Table 1.5 indicates the average monthly year-on-year percentage change in the selected economic indicators for the province for the three years under review. The table shows the behaviour of each indicator during the 2009 recession, the 2010 recovery and the 2011 slowdown. It is evident that a number of indicators actually performed worse during the recovery than during the recession, most probably because of lags in the provincial economy. This could be partly explained by the argument that, during a recession, there is generally a higher degree of certainty, whereas during a recovery, there are much higher levels of uncertainty. Conditions of uncertainty are perceived to be of high risk, and Table 1.5 shows a risk averse economy. The 2011 slowdown is again evident in the majority of the indicators, but at significantly better levels than during the 2009 recession.

Table 1.5: Provincial economic indicators – Average monthly year-on-year, 2009 – 2011

Economic Indicator	2009	2010	2011
GDP growth rate	-1.78	3.36	2.90*
Unemployment rate (Expanded definition)	33.50	37.24	38.72
Consumer Price Index (All items)	7.18	3.30	5.66
Number of civil cases for debt (average pm)	9 399	9 523	7 369
Electricity usage rate	2.04	-0.16	0.05
Cement sales rate	-4.08	-7.92	3.23
Average house prices rate	-0.21	9.10	5.04
New vehicle sales rate	-33.44	-12.61	13.64
Building plans for residential properties rate	-31.08	-18.57	-23.54
Building plans for non-residential properties rate	-11.63	-28.64	40.71
Number of new patents rate	24.92	22.20	n/a
Unemployment insurance applications rate	39.30	-29.60	-3.28
Number of active co. and CC entities rate	-3.09	-39.16	n/a
King Shaka airport passenger movement rate	-3.45	9.65	5.53
KZN risk index	-0.92	-0.16	0.26
KZN JSE listed entities index rate	-3.90	20.75	1.71
Total cargo handled (metric tonnes) rate	-6.49	9.32	3.86
KZN business confidence index	65.78	67.26	73.25

* C. Coetzee (2011) estimates[4]

Source: Own calculations using various sources including Stats SA (2009, 2010 and 2011)

4 C. Coetzee is an economist at the KZN Provincial Treasury. These are his views and do not necessarily represent the views of KZN Provincial Treasury.

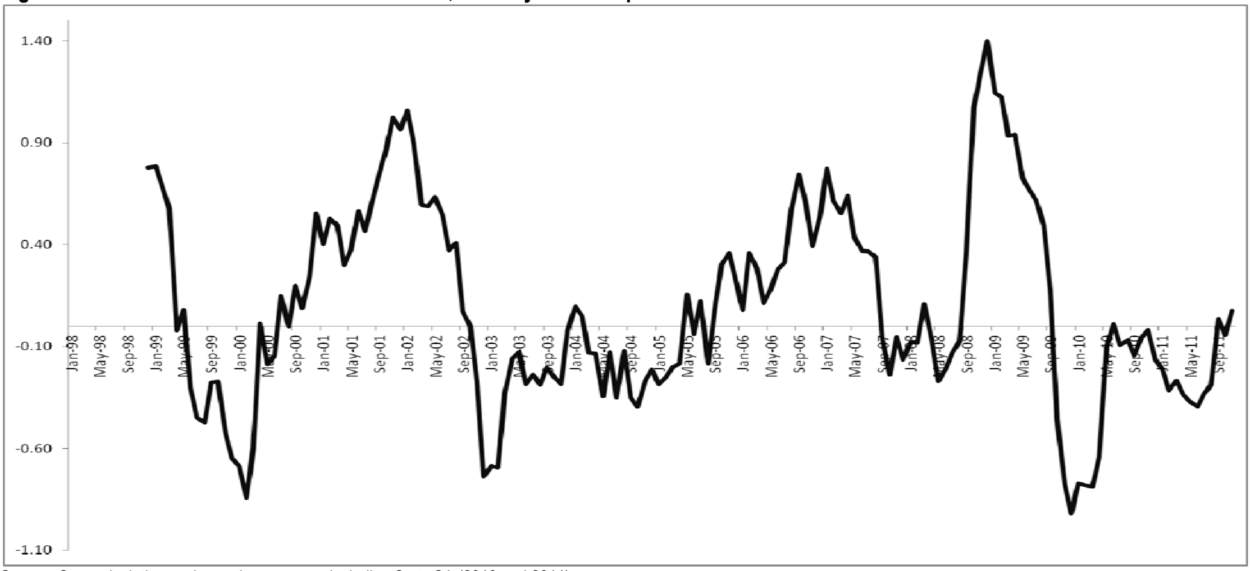
The economic indicators, particularly for 2011, suggest that 2012 will also be a difficult year characterised by significant levels of uncertainty, risk and frustration. Frustration, because the economy is growing (in theory at least) but the growth is too little to support job creation and private capital formation. The 2012 economic growth prospects therefore seem unlikely to be accompanied by real welfare and social improvements.

1.3.3 Provincial risk and economic conditions monitor

The economic risk conditions monitor for the province is displayed in Figure 1.2.

The results have been smoothed using a 12 month moving average method because of the inclusion of monthly data in the calculations.[5]

Figure 1.2: Economic Risk Conditions Monitor, January 1998 - September 2011



Source: Own calculations using various sources including Stats SA (2010 and 2011)

The monitor should be interpreted as follows:

- Positive Values: High or Increasing Risk
- Zero: Neutral Risk
- Negative Values: Low or Decreasing Risk

The results suggest that the economic risk and conditions in KZN increased rapidly during 2008, reaching a peak in January 2009 with the subsequent economic recession during 2009. Economic risk and conditions improved continuously during 2009, resulting in the economic recovery during 2010, and were very expansionary during the first part of 2011. However, economic risk and conditions have been deteriorating significantly since May 2011, resulting in a slowdown in economic growth.

Given the past and current economic performance of KZN and the deteriorating economic risk and conditions, it is estimated that the economic performance for KZN for 2012 will be very similar to 2011. Figure 1.3 indicates the growth behaviour of the provincial economy from 2008 to 2011, which seems to support the "W" growth argument. Three possible scenarios are also indicated, with the moderate growth scenario (2 to 3 per cent) at 60 per cent likelihood.

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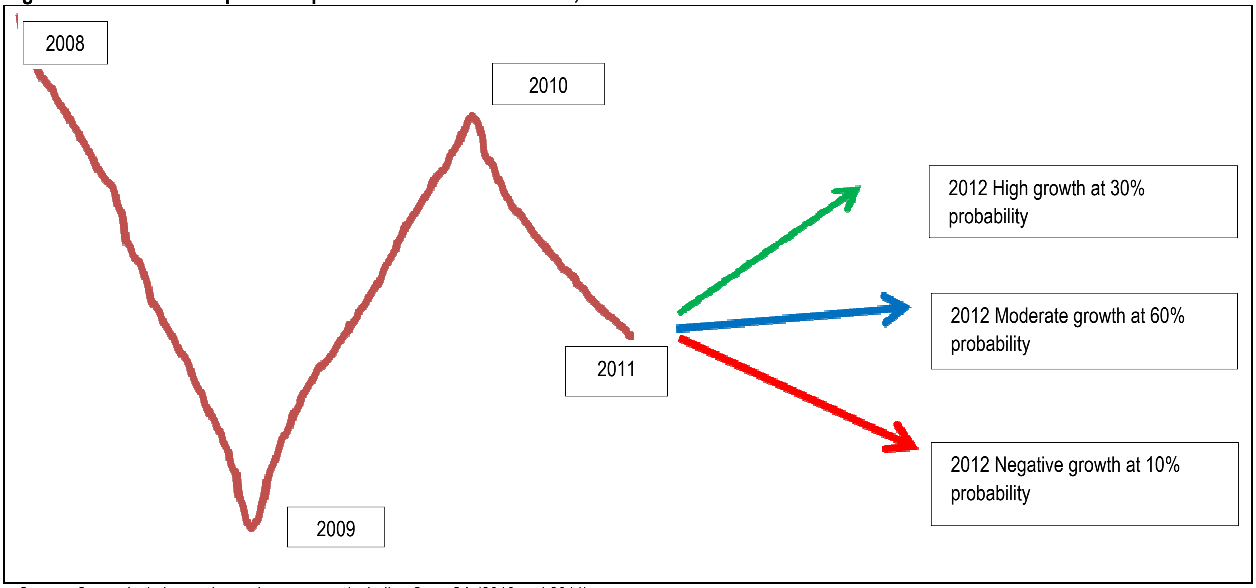
5 Economic modelling and methodology used in estimating economic risk conditions are available on request.

Figure 1.3: Economic past and present and three scenarios, 2008 - 2012



Source: Own calculations using various sources including Stats SA (2010 and 2011)

1.4 Provincial government expenditure by economic classification and provincial GDP – a Vector Auto Regression (VAR) approach

The audited outcomes of the provincial government for 2006/07, 2007/08 and 2008/09 were R36.900 billion, R44.500 billion and R55.500 billion representing a 13.5 per cent and 14.3 per cent increase in real terms, respectively. The audited actual spending for 2009/10 was R63.800 billion, bringing the total increase in the budget to R8.300 billion, representing a growth of 7.8 per cent in real terms. The outcome for 2010/11 was R67.699 billion. It thus seems that provincial public expenditure in the provincial economy is fairly substantial and can be expressed as 20 per cent of the provincial GDP. It will therefore be very difficult to argue that such substantial and significant expenditure does not have an impact on provincial GDP. The standard economic theory also describes and emphasises the impact of government expenditure on an economy through its contribution to current effective demand.

Following the provincial expenditure information from above, this subsection provides the key findings of an analysis which quantitatively determines and describes the impact of provincial public expenditure on the GDP of KZN. The findings are based on an empirical study of the impact and/or relationship between the various classifications of provincial public expenditure (by economic classification) and the provincial GDP[6]. Provincial public expenditure can be classified in terms of economic classifications, generally referred to as:

- *Compensation of employees.*
- *Goods and services.*
- *Transfers and subsidies.*
- *Payments for capital assets.*
- *Infrastructure expenditure.*

These classifications differ from the SCOA classification used in the *EPRE,* especially with regard to *Infrastructure expenditure*, as this category forms part of *Payments for capital assets* in terms of SCOA.

Data used clearly indicates that *Compensation of employees* (salaries and wages) is the single largest public expenditure item. Expenditure on *Goods and services, Infrastructure, Capital assets* and *Transfers and subsidies* accounts for about 19, 15, 7 and 12 per cent of the total provincial public expenditure, respectively.

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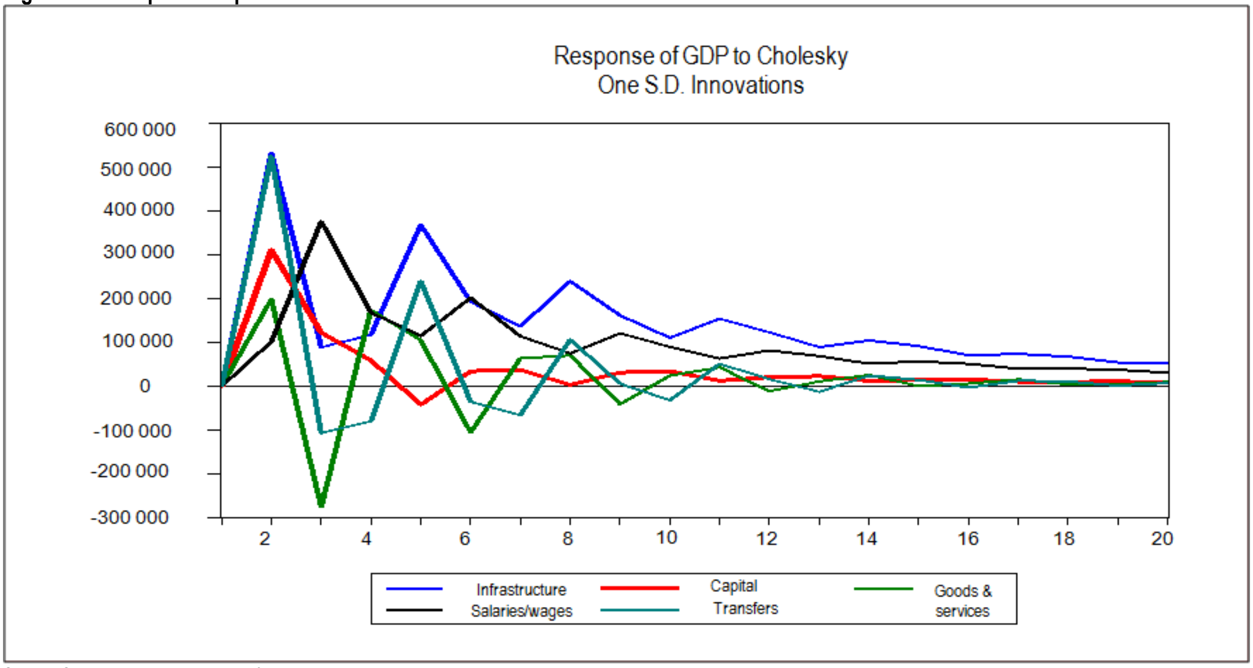
[6] The study uses data from 2006 quarter 2 to 2011 quarter 1 obtained from KZN Provincial Treasury. The application of VAR analysis is employed. The full paper of the study is available on request.

1.4.1 Impulse response functions

Impulse responses trace out the response of current and future values of each of the variables to a one-unit increase in the current value of one of the VAR errors, assuming that this error returns to zero in subsequent periods and that all other errors are equal to zero. The implied thought experiment of changing one error while holding the others constant makes most sense when the errors are uncorrelated across equations, so impulse responses are typically calculated for recursive and structural VARs.

Figure 1.4: Impulse response functions



Source: Own calculations using data from KZN Provincial Treasury

Figure 1.4 presents the impulse-response functions of the five variables under consideration. The impulse-response functions suggest that *Infrastructure expenditure* and *Compensation of employees (i.e. Salaries and wages)* have the biggest impact on provincial GDP. *Transfers and subsidies*, *Goods and services* and *Payments for capital assets* have very short-term marginal impacts. It is estimated that *Infrastructure expenditure* accounts for about 44 per cent of the total provincial public sector expenditure impact on provincial GDP, compared to 29 per cent, 11 per cent, 10 per cent and 5 per cent on *Compensation of employees, Payments for capital assets, Transfers and subsidies* and *Goods and services,* respectively.

1.4.2 Variance decomposition

The variance decomposition provides information about the relative importance of each random innovation in affecting the variables in the VAR. The forecast error decomposition is the percentage of the variance of the error made in forecasting a variable (GDP) due to a specific shock at a given horizon (20 years). Thus, the forecast error decomposition is like a partial coefficient of determination (R^2) for the forecast error, by forecast horizon.

Results from the variance decomposition for the estimated VAR model further confirm that *Infrastructure expenditure* has the largest contribution to the variation of provincial GDP of the five provincial public expenditure classifications. It is estimated that *Infrastructure expenditure* accounts for about 5.87 per cent of the variance in GDP compared to 2.63 per cent, 1.28 per cent, 3.81 per cent and 1.76 per cent for *Compensation of employees, Payments for capital assets, Transfers and subsidies* and *Goods and services*, respectively.

The results of the impulse-response and variance deposition functions of the five variable estimated VAR model suggest that *Infrastructure expenditure* has the longest and largest impact on the provincial GDP compared to the other provincial public expenditure classifications, while *Goods and services* has the shortest and smallest impact.

1.5 Unemployment and the provincial labour market

Table 1.6 depicts the characteristics of KZN's labour market from the first quarter of 2009 to the third quarter of 2011.

Table 1.6: Labour market characteristics of KZN, 2001 Q1 – 2011 Q3

Thousand	Population of working age (15-65 years)	Labour Force	Employed	Unemployed	Not Economically Active	Discouraged Work Seekers	Unemployment - Narrow definition	Unemployment - Expanded definition
Q1 2009	6 340	3 248	2 514	733	3 092	271	22.6%	30.9%
Q2 2009	6 362	3 043	2 457	586	3 319	448	19.3%	34.0%
Q3 2009	6 384	3 024	2 458	566	3 360	481	18.7%	34.6%
Q4 2009	6 405	2 983	2 409	574	3 422	452	19.2%	34.4%
Q1 2010	6 426	2 998	2 418	580	3 428	484	19.3%	35.5%
Q2 2010	6 439	2 984	2 362	622	3 456	487	20.8%	37.2%
Q3 2010	6 664	2 990	2 401	588	3 674	563	19.7%	38.5%
Q4 2010	6 692	3 040	2 439	601	3 652	540	19.8%	37.5%
Q1 2011	6 720	3 049	2 429	620	3 671	592	20.3%	39.8%
Q2 2011	6 748	3 137	2 500	638	3 611	604	20.3%	39.6%
Q3 2011	6 776	3 103	2 510	593	3 672	549	19.1%	36.8%

Source: Stats SA (2011), Own calculations

From Table 1.6, it is evident that the working population has been on the increase, indicating an increasing number of people within the 15-65 year age cohort, reaching its highest levels for the 2011 year at the end of the third quarter. The number of unemployed people contracted slightly between the second and third quarters of 2011, while the number of employed people increased slightly. This resulted in a net decrease in the labour force between the two quarters.

Discouraged work seekers declined between 2011 Q2 and 2011 Q3 indicating bullish prospects of finding employment. This is supported by the increase in the number of employed persons since the second quarter of 2011, as well as the decline in the rate of applications for unemployment insurance as depicted in Table 1.5. Both the narrow and expanded definitions of unemployment indicate a decline in the level of unemployment within the province, with the expanded definition depicting a greater improvement.

Table 1.7 indicates that, in the first quarter of 2011, the Trade (536 000), Community and social services (514 000), Manufacturing (389 000), Finance (259 000) and Construction (226 000) sectors were the highest employers in KZN. In terms of job creation across industries, no distinct trend can be identified, as some sectors, such as Manufacturing, created more employment while others like Community and social services cut down on employment numbers by the third quarter.

Table 1.7: Employment by industry, 2011 Q1 – 2011 Q3

	Q1 2011			Q2 2011			Q3 2011		
Thousand	Employed	Formal sector	Informal sector	Employed	Formal sector	Informal sector	Employed	Formal sector	Informal sector
Agriculture	108	640		99	598		97	624	
Mining	14	306	7	6	280	1	16	323	1
Manufacturing	389	1 584	219	397	1 513	222	400	1 527	209
Utilities	19	96	1	18	90	4	8	71	2
Construction	226	739	293	235	730	314	234	783	303
Trade	536	1 935	1 027	555	1 938	1 006	605	1 979	1 033
Transport	174	536	191	181	567	210	156	572	184
Finance	259	1 505	126	274	1 549	155	287	1 618	150
Community and social services	514	2 513	315	509	2 529	301	486	2 559	277
Private households	188	1 119		226	1 117		220	1 098	

Source: Stats SA, 2011. Own calculations

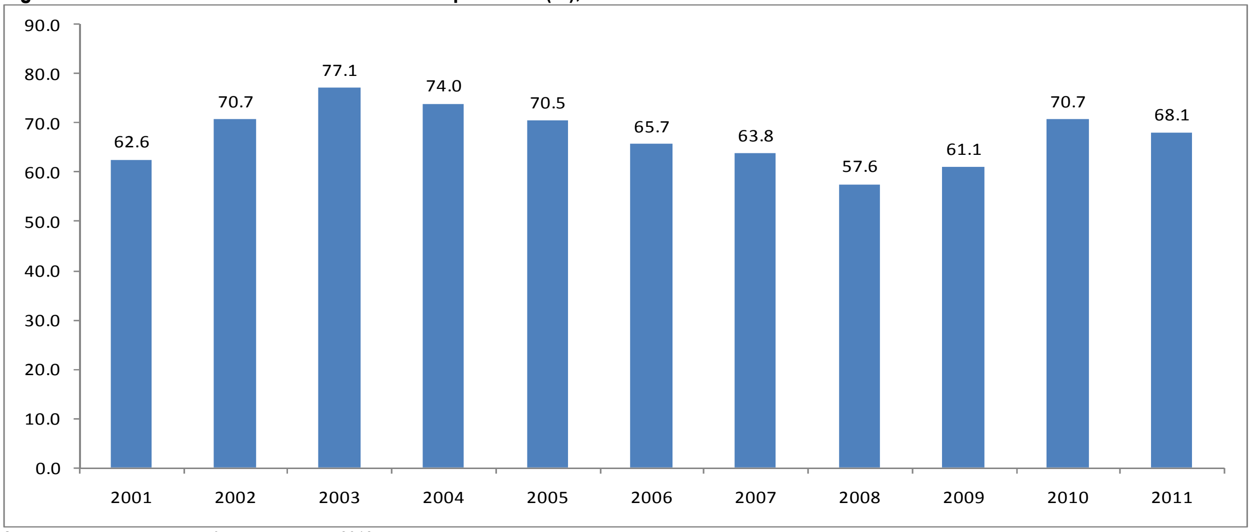
1.6 Education

Education is commonly accepted as a means of empowerment, economic growth and general improvement in the social welfare of a country. As enshrined in the Bill of Rights of the South African Constitution, everyone has a right to basic education. Accordingly, education has been targeted as one of the priorities in the national government's Medium Term Strategic Framework (MTSF).

1.6.1 Matric pass rate

A key measure of the performance of education is the Grade 12 pass rate. Like all measures based on examination results, it is a limited instrument as it generally does not consider other criteria that would impact on results, like teacher expertise and qualifications, retention rates in other grades and resources at schools. However, in the absence of any other comprehensive measure of performance, the Grade 12 results are frequently used. Figure 1.5 shows the KZN matric pass rate for the years 2001 to 2011. While the national matric pass rate increased by 2.4 per cent from 67.8 per cent in 2010 to 70.2 per cent in 2011, the KZN matric pass rate declined by 2.6 per cent from 70.7 per cent in 2010 to 68.1 per cent in 2011.

Figure 1.5: KZN senior certificate examination pass rate (%), 2001 – 2010

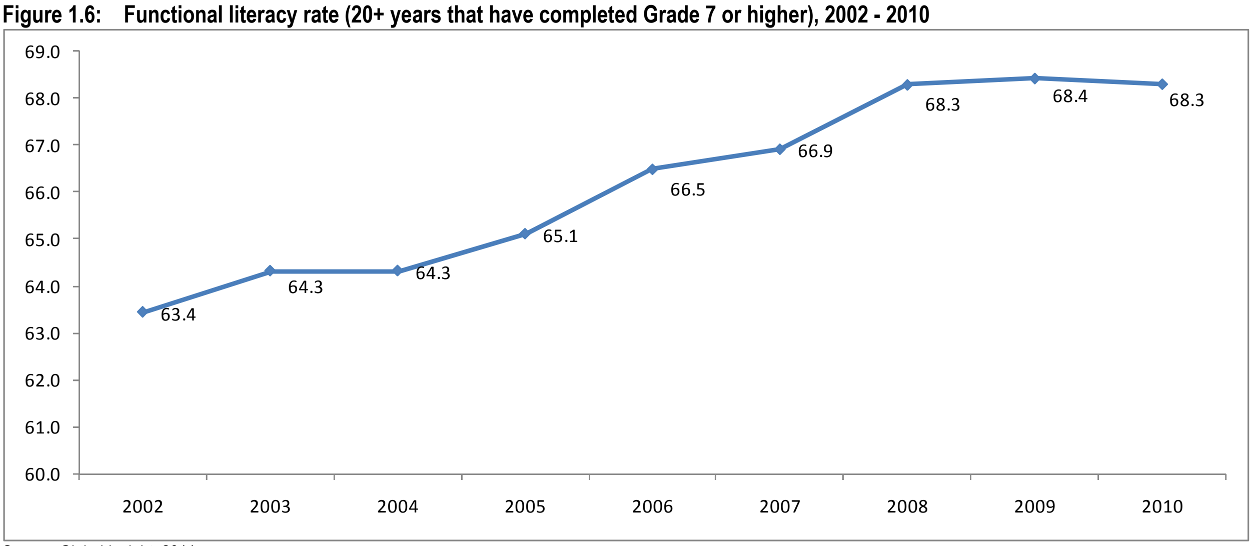


Source: National Department of Basic Education, 2012

1.6.2 Literacy rate

Figure 1.6 shows the functional literacy of KZN for 2001 to 2010. The functional literacy is defined as population aged 20 years and above that has completed grade 7 or higher. The figure reveals that the functional literacy of the province has remained at approximately 68 per cent since 2008.

Figure 1.6: Functional literacy rate (20+ years that have completed Grade 7 or higher), 2002 - 2010



Source: Global Insight, 2011

In 2010, almost more than one third of the teaching time was lost due to the public servants strike that occurred in that year. This might be a contributing factor toward the poor 2010 matric results in KZN.

Table 1.8 provides an analysis of various reasons of non-attendance at schools in 2010.

Table 1.8: Reasons for children aged 7 – 17 years who are not attending any educational institution in KZN in 2010

	Percentage
Too old	1.8
Has completed school/education	6.9
Transport	0.3
No money for fees	39.1
Working, do not have time	4.3
Family commitments	10.1
Education not useful	9
Poor academic performance	7.3
Illness	5.8
Disability	5.6
Pregnancy	3.3
Other	6.7
Per cent	**100**
Total (thousands)	**103 590**

Source: Own calculations using data from Stats SA (General Household survey, 2010)

Table 1.9 provides an indication of the various problems experienced at education institutions which may have had an impact on the 2010 matric pass rate.

Table 1.9: Nature of problems experienced at educational institutions in KZN in 2010

	Percentage
Lack of books	7.5
Poor teaching	3.4
Lack of teachers	2.8
Poor facilities	5.3
Fees too high	6.9
Classes too large	6.4
Teachers absent	2.8
Teachers strike	33.5

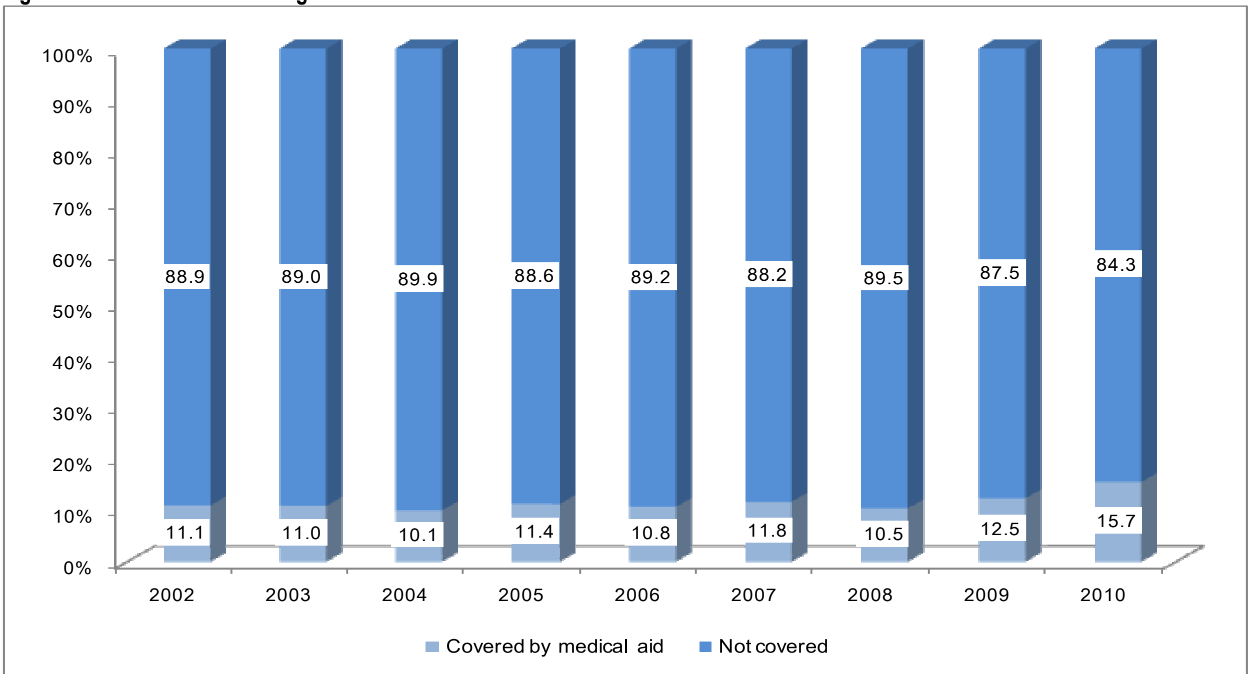
Source: Stats SA Household survey 2002 – 2010 and own calculations

1.7 Health

1.7.1 Medical aid coverage and National Health Insurance

Health still remains one of the top priorities of the KZN government. Figure 1.7 reveals that more than 80 per cent of people in KZN are not covered by medical aid. Even though there was an improvement in the percentage of people not covered by medical aid from 89.9 per cent in 2004 to 84.3 in 2010, this percentage is still high.

Figure 1.7: Medical aid coverage in KZN 2002 – 2010



Source: Stats SA Household survey 2002 – 2010 and own calculations

Medical aid is expensive and it is becoming more unaffordable for many South Africans. Government has therefore proposed the National Health Insurance (NHI) to ensure access to quality healthcare for all. The NHI provides that, irrespective of an individual's financial position, all South Africans shall receive equal healthcare benefits. The NHI provides that health benefits will depend on how sick a person is and not on their socio-economic status. NHI means that people will receive healthcare for free at the time they require it. However, the success of the proposed NHI will depend on the willingness of the nation to share resources. The NHI Fund will receive a large contribution from government to ensure that people who are unemployed or earning very little can get free care in the same way as everyone else. The NHI Fund will receive money from general tax revenue, meaning every tax-paying person in South Africa will contribute to the fund. Further contributions will come from individuals who earn above specified levels of income, as well as their employers.

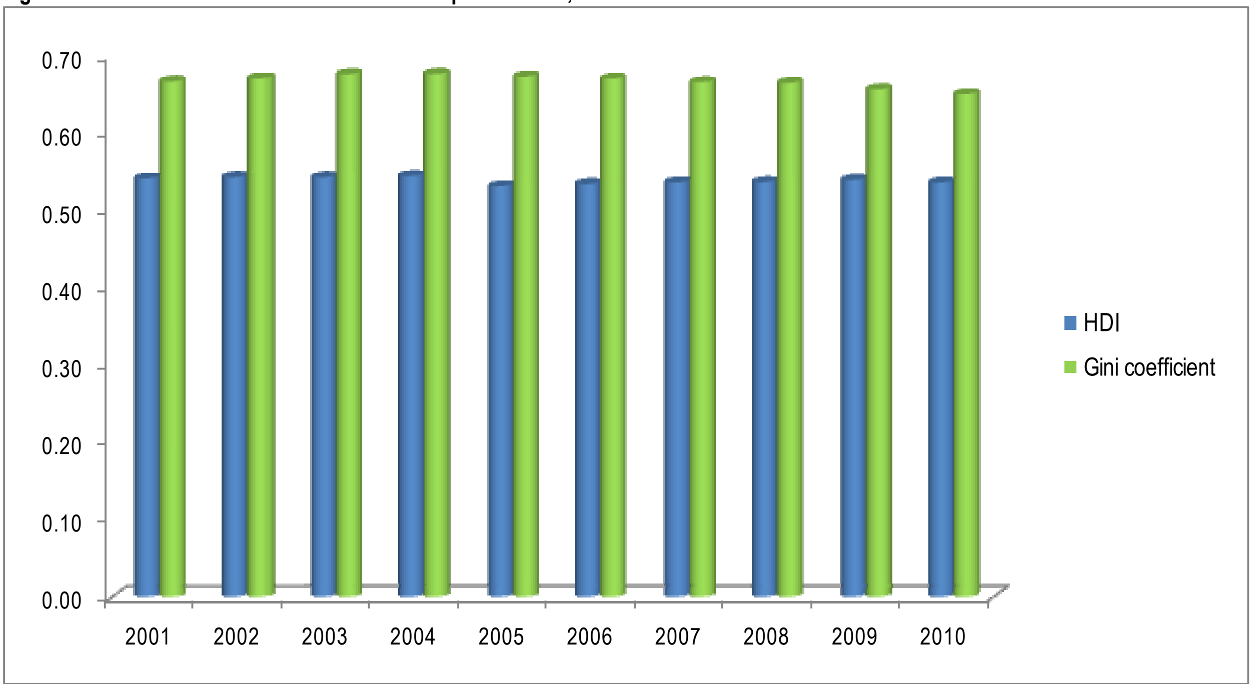
The NHI poses challenges for the government due to insufficient skilled medical human resources in public hospitals and clinics. Government, in conjunction with the private sector, will have to train and develop more people in the medical field in order to meet the demands of the NHI. Government will also need to revamp public healthcare facilities to equate them to private health care facilities. In that way, the equitable share of health benefits will become a reality.

1.8 Development indicators

1.8.1 Gini Coefficient and Human Development Index (HDI)

Figure 1.8 illustrates KZN's Gini Coefficient and HDI.

Figure 1.8: Gini Coefficient and Human Development Index, 2001 - 2010



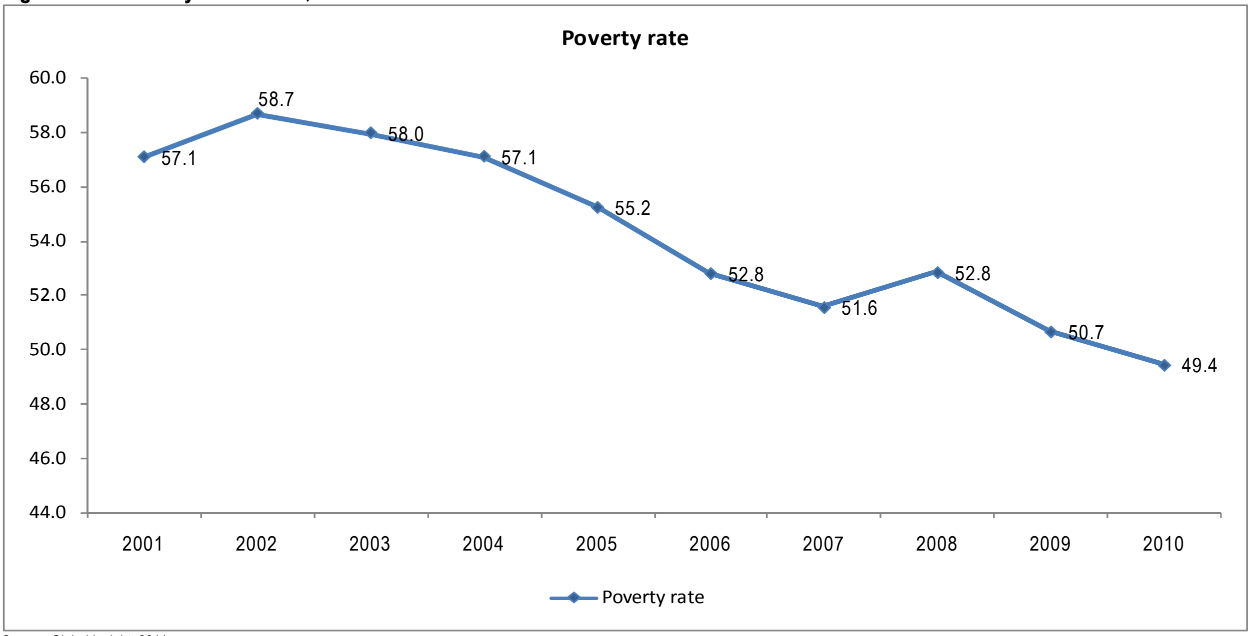
Source: Global Insight, 2011

KZN's HDI has remained constant at low levels over the period under review. The index showed slight improvement from 2005 to 2006, but reverted to an index of 0.54 in 2008, where it has remained. There is a slight decrease in the Gini Coefficient denoting little improvement in income inequality from 0.66 to 0.65 in 2010. Consequently, the province still needs to address the problem of inequality in the distribution of income, as the index is still high.

1.8.2 KZN's poverty rate: 2001 - 2010

Figure 1.9 reveals that KZN's poverty has improved as the proportion of people living in poverty has reduced to 49.4 per cent in 2010 when compared to the high rate of 58.7 per cent in 2002. It is hoped that, as the level of the Gini Coefficient keeps improving, poverty levels will also improve.

Figure 1.9: Poverty rate in KZN, 2001 - 2010



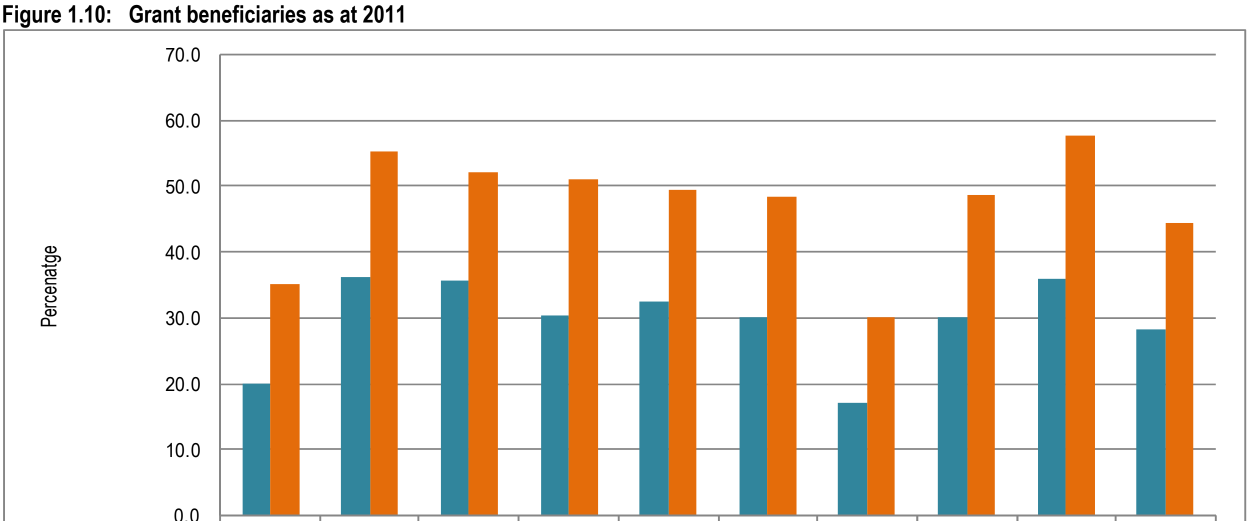
Source: Global Insight, 2011

1.9 Grant beneficiaries

Figure 1.10 shows the percentage of grants per persons and grants per household in KZN and across other provinces.

The figure reveals that social grants benefit 32.5 per cent of individuals while 49.7 per cent of households have access to social grants. KZN has the highest number of households benefiting from grants compared to other provinces. This requires provincial government to promote an environment that will create jobs in order to reduce KZN's dependency on social grants.

Figure 1.10: Grant beneficiaries as at 2011

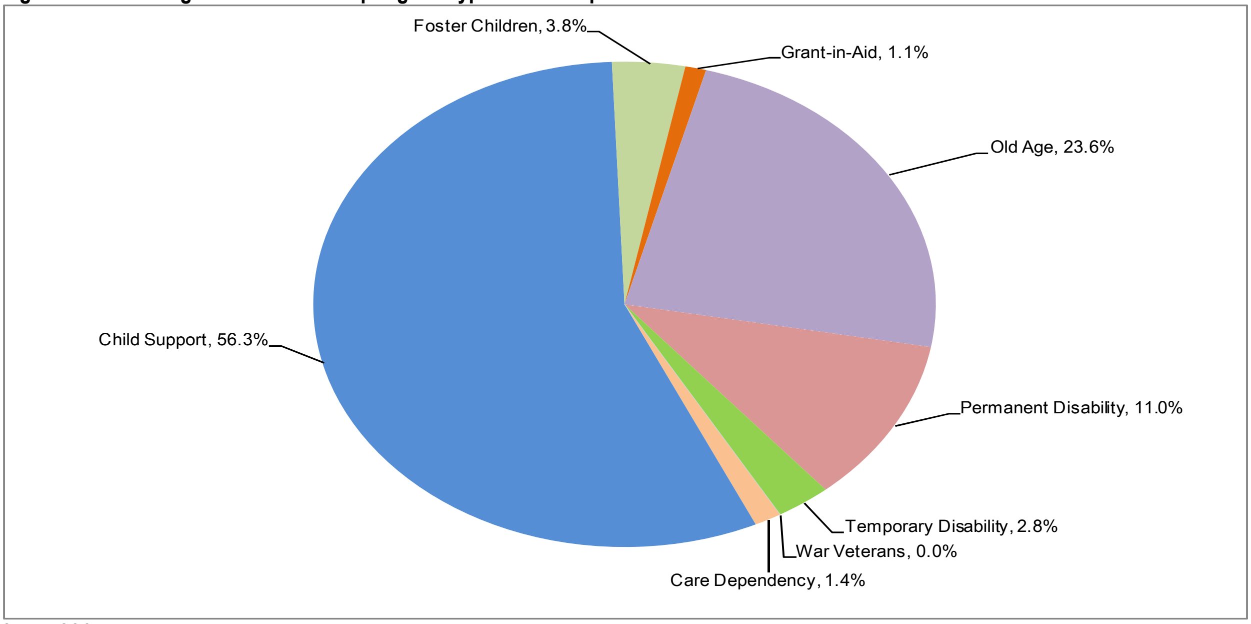


	WC	EC	NC	FS	KZN	NW	GP	MP	LP	RSA
Grants persons	20.2	36.4	35.7	30.6	32.5	30.3	17.3	30.2	36.0	28.4
Grants households	35.3	55.4	52.2	51.3	49.7	48.5	30.1	48.9	57.9	44.6

Source: Stats SA Household survey 2002 – 2010 and own calculations

Figure 1.11 shows the percentage of grant beneficiaries per grant type. The Child Support grant is the highest beneficiary (56.3 per cent), followed by the Old Age grant (23.6 per cent), Permanent Disability grant (11 per cent), Foster Children grant (3.8 per cent), Temporary Disability grant (2.8 per cent), Grant-in-Aid (1.1 per cent), and the Care Dependency grant (1.4 per cent). The War Veterans' grant has the lowest significance in KZN.

Figure 1.11: KZN grant beneficiaries per grant type as at 30 April 2011



Source: SOCPEN system and own calculations

1.10 Crime

A lot has been done in an effort to curb crime in KZN, and this is reflected by the crime statistics of the South African Police Service between 2009/10 and 2010/11 shown in Table 1.10.

Table 1.10: Incidents of crime (per 100 000 people) in KZN, 2009/10 – 2010/11

Crime category	2009/10	2010/11	% change
Contact crime (Crimes against the person)			
Murder	40.4	35.2	-12.9%
Total sexual offences	127	120.2	-5.4%
Attempted murder	44.2	36.8	-16.7%
Assault with the intent to inflict grievous bodily harm	295.6	287.3	-2.8%
Common assault	315.6	303.1	-4.0%
Robbery with aggravating circumstances	222.4	183.9	-17.3%
Common robbery	76.4	68.8	-9.9%
Contact-related crime			
Arson	11.5	10.7	-7.0%
Malicious damage to property	160.7	155.7	-3.1%
Property-related crime			
Burglary at residential premises	386.6	371.5	-3.9%
Burglary at non-residential premises	108.3	103.2	-4.7%
Theft of motor vehicle and motorcycle	109.6	99.5	-9.2%
Theft out of or from motor vehicle	136.1	149.8	10.1%
Stock-theft	76.2	69.5	-8.8%
Crime detected as a result of police action			
Illegal possession of fireams and ammunition	47.5	47.6	0.2%
Drug-related crime	274.6	304.9	11.0%
Driving under the influence of alcohol or drugs	114.2	95	-16.8%
Other serious crime			
All theft not mentioned elsewhere	448.7	472.3	5.3%
Commercial crime	131.8	143.5	8.9%
Shoplifting	147.4	120.4	-18.3%

Source: Stats SA (General Household survey, 2002-2010) and own calculation

There was a notable improvement in the incidences in all but five of the 20 types of crime. The offences which increased were Theft out of or from motor vehicles, Illegal possession of firearms and ammunition, Drug-related crime, All theft not mentioned elsewhere and Commercial crime. There was remarkable improvement in contact crimes, though the growth in drug-related offences is worrisome. If allowed to spiral out of control, this could have debilitating consequences on KZN's social and economic well-being.

1.11 Access to services

The South African Constitution states that municipalities should ensure that all citizens are provided with a package of basic services. This package typically includes water and sanitation, electricity, housing, education and health facilities. This sub-section provides insight into the progress that has been made by KZN in the delivery of basic services.

1.11.1 Housing

The percentage of households living in informal dwellings per province is depicted in Table 1.11. Although the national proportion of households living in informal dwellings has seemingly remained unchanged between 2002 and 2010 at 13 per cent, the intermediary period has been characterised by uneven changes. Most provinces, including KZN, demonstrated an improvement in the proportion of households living in informal dwellings, while Western Cape, Northern Cape, North West and Gauteng deteriorated. KZN recorded the highest moderately improved proportion of households living in informal dwellings from 11.3 per cent in 2002 to 7.2 per cent in 2010.

Despite the improvement in the proportion of households living in informal houses, concerns were raised by community groups about the quality of state-provided houses. As a result, a number of questions were included in the General Household Survey (2010) questionnaire to facilitate an analysis of the extent of the problems with the construction of these dwellings. Respondents were asked to indicate whether the walls and roof of their dwellings were: very good, good, needed minor repairs, weak or very weak.

Table 1.11: % of households living in informal dwellings per province, 2002 – 2010

Province	2002	2003	2004	2005	2006	2007	2008	2009	2010
Western Cape	14.5	15.6	12.4	16.5	18.1	19.1	15.9	17.1	17
Eastern Cape	9.4	10.1	9.4	9.2	7.6	9.7	7.5	7.2	7.4
Northern Cape	6.8	7.3	6.2	10.9	9.6	9.1	8.7	8	8.5
Free State	14.8	15.8	13.7	18.3	18	17.6	15.4	14.8	13.2
KwaZulu-Natal	**11.3**	**8.7**	**9**	**14.5**	**8.8**	**8.5**	**8.7**	**8.5**	**7.2**
North West	12.2	9.5	7.8	21.9	21.1	21.5	23.7	16	18.8
Gauteng	19.1	19.9	19.5	22.2	23.2	23.8	21.9	22.3	21.5
Mpumalanga	13.9	12.4	11.8	14.1	11.3	11.3	11.8	8.3	9.9
Limpopo	5.1	5.3	4.4	5.7	4.7	4.9	6.6	5.1	3.8
National	**13.0**	**12.8**	**11.9**	**15.7**	**14.5**	**15.0**	**14.1**	**13.4**	**13.0**

Stats SA (General Household Survey, 2010)

Table 1.12 summarises the findings, specifically for Reconstruction and Development Programme (RDP) houses or state-subsidised dwellings. It was found that, across the country, 17.2 per cent of households felt that the walls of their dwellings were weak or very weak, while 17.9 per cent felt that their roofs were weak or very weak. There was considerable variation between provinces in the perceptions regarding housing quality. In KZN, this proportion stood at 20.9 per cent and 18.9 per cent, respectively, slightly above the national percentages, but below those in the Western Cape at 30.2 per cent each.

Table 1.12: % of households that said their state subsidised house has weak or very weak walls and/or roof by province, 2010

Province	Walls weak	Roof weak
Western Cape	30.2	30.2
Eastern Cape	24.9	32.2
Northern Cape	22.9	23.2
Free State	17.9	17.1
KwaZulu-Natal	**20.9**	**18.9**
North West	12.4	15.2
Gauteng	10.5	10.5
Mpumalanga	10.1	10.1
Limpopo	11.3	12.9
National	**17.2**	**17.9**

Stats SA (General Household Survey, 2010)

1.11.2 Sanitation

Environmental hygiene plays an essential role in the prevention of many diseases. It also impacts on the natural environment and the preservation of important natural assets, such as water resources. Without proper access to water and sanitation, it becomes difficult to maintain good hygiene. Proper sanitation thus becomes one of the key elements in improving environmental hygiene. Subsequently, there is indeed a great need for a country to invest more in sanitation infrastructure.

With this backdrop, Table 1.13 identifies the percentage of households per province that did not have access to any toilet facilities or were still using the bucket toilet system. The percentage of households that had no toilet facility/used bucket toilets has declined over the period 2002-2010 across all provinces. This is also reflected in the steady decline in the national average, from 12.6 per cent in 2002 to 6.1 per cent in 2010. In KZN, the percentage of households that had no toilet facility or used bucket toilets has declined significantly from 10.8 per cent in 2002 to 6.1 per cent in 2010.

Table 1.13: Provincial % of households that have no toilet facility or using bucket toilet, 2001 – 2010

Province	2002	2003	2004	2005	2006	2007	2008	2009	2010
Western Cape	5.7	8.6	5.2	5.3	4	3.8	5.3	4.2	3
Eastern Cape	36.4	32.8	32.9	26.7	24.4	23.2	20.4	18.9	16.8
Northern Cape	17.7	16.9	11.6	10	10.3	9.7	11.6	8.7	7.1
Free State	17	15.6	13.7	18	16.6	13.3	11.1	7.5	6.1
KwaZulu-Natal	**10.8**	**9**	**8.4**	**7.6**	**8.7**	**6.2**	**7.1**	**6.3**	**6.1**
North West	7	5.5	7.6	9	8.8	7	5.8	3.9	4.3
Gauteng	1.9	2.1	1.8	1.4	0.9	1.3	1.3	1.6	1.2
Mpumalanga	7.5	6.4	6.7	9.4	6.4	7	6.3	5	6.8
Limpopo	20.3	16.8	16.8	12.3	7.4	9.9	11.4	8.8	8.8
National	**12.6**	**11.4**	**10.7**	**9.7**	**8.5**	**7.9**	**7.7**	**6.6**	**6.1**

Stats SA (General Household Survey, 2010)

1.11.3 Water

There is still more to be done in terms of KZN's water infrastructure. Table 1.14 shows that piped water in dwellings has been on an upward trend since 2003, however, this movement has been minimal from year to year. Piped water in dwellings increased from 35.3 per cent in 2006 to 38.1 per cent in 2007, and declined to 35.5 per cent in 2010. Boreholes in yards have been drastically reduced.

Table 1.14: KZN access to water source 2003 - 2010

Households by water source (thousands)	2003	2004	2005	2006	2007	2008	2009	2010
Piped water in dwelling	872	830	935	914	966	879	919	963
Piped water on site/neighbour's tap	578	565	591	674	624	607	677	719
Borehole in the yard	84	-	-	17	-	-	14	4
Rainwater tank in yard	-	13	-	-	-	-	-	6
Neighbour's tap	-	49	63	58	48	81	89	82
Public tap/rain water tap	385	412	424	466	478	464	519	526
Water-carrier/tanker	27	24	28	29	32	38	55	46
Borehole outside yard	135	164	130	143	105	119	66	68
Flowing water/stream/river	224	201	212	182	183	170	180	170
Dam/pool/stagnant water	22	21	12	10	28	18	20	23
Well	78	58	24	40	20	25	11	14
Spring	54	35	26	40	23	71	56	74
Other	19	8	12	16	30	25	9	17
Unspecified	-	-	-	-	-	-	-	-
Total	**2478**	**2380**	**2457**	**2589**	**2537**	**2497**	**2615**	**2712**
Water source (%)								
Piped water in dwelling	35.2	34.9	38.1	35.3	38.1	35.2	35.1	35.5
Piped water on site/neighbour's tap	23.3	23.7	24.1	26	24.6	24.3	25.9	26.5
Borehole in the yard	3.4	-	-	0.7	-	-	0.5	0.2
Rainwater tank in yard	-	0.5	-	-	-	-	-	0.2
Neighbour's tap	-	2.1	2.6	2.2	1.9	3.2	3.4	3
Public tap/rain water tap	15.5	17.3	17.3	18	18.8	18.6	19.8	19.4
Water-carrier/tanker	1.1	1	1.1	1.1	1.3	1.5	2.1	1.7
Borehole outside yard	5.4	6.9	5.3	5.5	4.1	4.8	2.5	2.5
Flowing water/stream/river	9.0	8.4	8.6	7	7.2	6.8	6.9	6.3
Dam/pool/stagnant water	0.9	0.9	0.5	0.4	1.1	0.7	0.8	0.8
Well	3.1	2.4	1	1.5	0.8	1	0.4	0.5
Spring	2.2	1.5	1.1	1.5	0.9	2.8	2.1	2.7
Other	0.8	0.3	0.5	0.6	1.2	1	0.3	0.6
Unspecified	-	-	-	-	-	-	-	-
Total	**100**	**100**	**100**	**100**	**100**	**100**	**100**	**100**

Source: Stats SA Household survey 2002 – 2010 and own calculations

1.11.4 Electricity

In KZN, the percentage of households that were connected to the main electricity supply increased steadily over the period, with the exception of a decline in 2008. Table 1.15 shows the number and percentage of KZN households with access to energy for cooking. The table reveals that 68.1 per cent of households used electricity from mains for cooking in 2010. The second largest source of cooking energy is wood (20.4 per cent).

Table 1.15: KZN household access to energy for cooking 2002 - 2010

Source of energy (thousands)	2002	2003	2004	2005	2006	2007	2008	2009	2010
Electricity from mains	1 290	1 410	1 412	1 519	1 697	1 693	1 589	1 792	1 846
Electricity from generator	1	-	-	-	-	-	-	-	-
Gas	44	42	47	52	42	51	64	49	52
Paraffin	365	363	326	337	308	243	199	171	149
Wood	536	614	546	506	505	491	586	572	554
Coal	43	35	33	32	26	38	38	17	15
Animal dung	5	14	16	11	11	21	21	14	19
None	3	-	-	-	-	-	-	-	67
Total	**2 287**	**2 478**	**2 380**	**2 457**	**2 589**	**2 537**	**2 497**	**2 615**	**2 712**
Source of energy (%)									
Electricity from mains	56.4	56.9	59.3	61.8	65.5	66.7	63.6	68.5	68.1
Electricity from generator	0.0	-	-	-	-	-	-	-	-
Gas	1.9	1.7	2.0	2.1	1.6	2.0	2.6	1.9	1.9
Paraffin	16.0	14.6	13.7	13.7	11.9	9.6	8.0	6.5	5.5
Wood	23.4	24.8	22.9	20.6	19.5	19.4	23.5	21.9	20.4
Coal	1.9	1.4	1.4	1.3	1.0	1.5	1.5	0.7	0.6
Animal dung	0.2	0.6	0.7	0.4	0.4	0.8	0.8	0.5	0.7
Other	0.1	-	-	-	-	-	-	-	2.5
Total	**100**	**100**	**100**	**100**	**100**	**100**	**100**	**100**	**100**

Source: Stats SA Household survey 2002 – 2010 and own calculations

Table 1.16 shows KZN households with access to energy for heating.

The use of energy from mains as a source for heating was 43.2 per cent in 2010. The use of electricity from mains for heating in KZN declined from 60.8 per cent in 2006 to 43.2 per cent in 2010. This decline may be associated with the increase in electricity tariffs. The use of wood as a source of energy for heating has decreased over the years, though it is still a significant source of energy for heating in KZN.

Table 1.16: KZN household access to energy for heating 2002 – 2010

Source of energy (thousands)	2002	2003	2004	2005	2006	2007	2008	2009	2010
Electricity from mains	1 151	1 267	1 218	1 432	1 575	1 480	1 358	1 166	1 171
Electricity from generator	1	-	-	-	-	-	-	-	-
Gas	17	20	21	14	20	26	15	-	7
Paraffin	210	186	129	192	183	125	95	51	66
Wood	598	663	648	596	595	603	696	649	630
Coal	59	44	47	52	57	54	68	47	21
Animal dung	5	-	-	-	-	-	14	15	-
Other	4	-	-	-	-	-	-	-	25
None	231	284	301	159	129	213	223	675	790
Unspecified	11	14	16	12	30	36	28	12	2
Total	**2 287**	**2 478**	**2 380**	**2 457**	**2 589**	**2 537**	**2 497**	**2 615**	**2 712**
Source of energy (%)									
Electricity from mains	50.3	51.1	51.2	58.3	60.8	58.3	54.4	44.6	43.2
Electricty from generator	0.0	-	-	-	-	-	-	-	-
Gas	0.7	0.8	0.9	0.6	0.8	1.0	0.6	-	0.3
Paraffin	9.2	7.5	5.4	7.8	7.1	4.9	3.8	2.0	2.4
Wood	26.1	26.8	27.2	24.3	23.0	23.8	27.9	24.8	23.2
Coal	2.6	1.8	2.0	2.1	2.2	2.1	2.7	1.8	0.8
Animal dung	0.2	-	-	-	-	-	0.6	0.6	0.9
Other	0.2	-	-	-	-	-	-	-	0.9
None	10.1	11.5	12.6	6.5	5.0	8.4	8.9	25.8	29.1
Unspecified	0.5	0.6	0.7	0.5	1.2	1.4	1.1	0.5	0.1
Total	**100**	**100**	**100**	**100**	**100**	**100**	**100**	**100**	**100**

Source: Stats SA Household survey 2002 – 2010 and own calculations

Table 1.17 shows that electricity from mains was the main source of energy for lighting between 2002 and 2010. The use of electricity from mains as a source of energy for lighting is the highest in the province at 76.25 per cent. Table 1.17 also shows that the next highest source of lighting is candles, especially between 2004 and 2010.

Table 1.17: KZN household access to energy for lighting 2002 – 2010

Source of energy (thousands)	2002	2003	2004	2005	2006	2007	2008	2009	2010
Electricity from mains	1 567	1 752	1 714	1 769	1 934	1 943	1 839	1 999	2 068
Electricity from generator	1	-	-	-	-	-	-	-	-
Gas	4	-	-	-	-	-	-	-	-
Paraffin	42	37	20	43	27	18	15	12	22
Candles	668	678	629	634	604	555	623	596	532
Solar energy	1	-	-	-	11	-	-	-	7
Other	1	-	-	-	-	-	-	-	8
Unspecified	3	11	17	11	13	21	20	8	72
Total	**2 287**	**2 478**	**2 380**	**2 457**	**2 589**	**2 537**	**2 497**	**2 615**	**2 712**
Source of energy (%)									
Electricity from mains	68.5	70.7	72.0	72.0	74.7	76.6	73.6	76.4	76.3
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	0.8
Candles	29.2	27.4	26.4	25.8	23.3	21.9	24.9	22.8	19.6
Solar energy	0.0	-	-	-	0.4	-	-	-	0.3
Other	0.0	-	-	-	-	-	-	-	0.3
Unspecified	0.1	0.4	0.7	0.4	0.5	0.8	0.8	0.3	2.7
Total	**100**	**100**	**100**	**100**	**100**	**100**	**100**	**100**	**100**

Source: Stats SA Household survey 2002 – 2010 and own calculations

2. SUMMARY OF BUDGET AGGREGATES AND FINANCING

2.1 Introduction: Budget strategy - An overview

Unlike the previous few years, the 2012/13 budget saw some increases in the equitable share portion of funding received from the national fiscus. In the first instance, the province receives some additional equitable share funding as a result of the data updates that inform the equitable share formula. In line with this, the province received R194.478 million in 2012/13 rising to R893.268 million in 2014/15. Further to this, the province received additional funding which was ear-marked for specific national priorities. The amount received in this regard was R556.151 million in 2012/13 rising to R1.210 billion in 2014/15. The priorities funded with these amounts are the carry-through costs of the 2011 wage agreement for Education and Health, expansion of no-fee schools, universalisation of Grade R and Child and Youth Care and Victim Empowerment. The province received a further R174.672 million in 2012/13 increasing to R195.381 million in 2014/15. These funds were used to fund the carry-through costs of the 2011 wage agreement for all other departments, improving infrastructure support in Education, Health, Provincial Treasury and Public Works, as well as various provincial priorities.

The province also looked very critically at its existing baseline and reprioritised funds from projects and programmes that had a limited life-span, to other priority areas. The provincial own revenue budgets were reviewed and resulted in an increase, in aggregate, of the revenue projections over the 2012/13 MTEF. These additions to the own revenue were added to "the pot" and therefore became available for allocating to provincial priorities.

Departments were reminded that the cost-cutting measures, which were first introduced in 2009/10, remain in place for the foreseeable future. As such, departments were reminded to reprioritise savings realised as a result of cost-cutting, into areas of service delivery spending.

The province continues to budget for a surplus in the 2012/13 MTEF. The budget surplus is set at R1 billion per annum over the 2012/13 MTEF and is slightly higher than the budgeted surplus of the 2011/12 MTEF. This is discussed in more detail in Section 2.3 below. The province has also reduced the allocation for overdraft service charges from R100 million to R50 million per year over the three years of the MTEF. Given the easing of the pressure on the budget in 2011/12 and the positive cash position that has prevailed since May 2010 as a result of fiscal austerity measures, it is believed that the revised overdraft service provision should be sufficient in view of the fact that the province has moved from paying interest on an overdraft to earning interest on positive cash balances. The overdraft interest provision remains though, *albeit* at lower levels, as the spending pressures that exist in Education are posing a real threat to the financial recovery which the province has undergone in recent years.

The strategy discussed above has allowed the province to finance several provincial priorities over the 2012/13 MTEF. These include, but are not limited to, the following:

(i) ***Youth Ambassadors programme***. This programme aims to develop youth who will conduct provincial household surveys to profile the needs of the communities. The youth ambassadors commenced populating a database of all the youth in their respective areas of operation, as well as establishing and maintaining Youth Clubs for the youth in- and out-of-school. This database will allow the provincial government to understand the extent of the needs of the youth. Furthermore, this will allow the government to understand precisely the number of youth in the province and what their circumstances are, such as, the number of unemployed youth and the number of youth that left school. The youth ambassadors will also assist in the mass implementation of other government programmes, such as awareness campaigns on HIV and AIDS, healthy lifestyle promotion, the One Home, One Garden and Back to School campaigns.

(ii) ***Fencing and irrigation scheme programmes***. The fencing programme is aimed at addressing the backlog in fencing communal/traditional agricultural areas in KZN, while the irrigation scheme programme is aimed at establishing reliable irrigation production sites in rural areas.

(iii) ***Operation Sukuma Sakhe***. In the 2012/13 MTEF, the key focus areas in rolling out the Operation *Sukuma Sakhe* model in all 11 districts is to create a model on sharing of costs of key flagship programmes. It is also intended to co-ordinate and monitor the involvement of youth in behaviour change and their development, monitor and evaluate interventions on food security, focus on the empowerment of women and youth, improve ability to reach all wards especially in rural areas, as well as equip 400 war rooms with computers, furniture, and connectivity.

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

(v) ***Strategic Cabinet Initiatives***. This initiative provides funding to finance strategic projects that can profile and showcase the province as an investment destination of choice internationally. This allocation will be used to fund special events such as international sport tournaments that will draw international audiences and participants to the province.

As mentioned earlier, the cornerstone of the 2012/13 budget strategy continues to be the 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 government does business yields value for money. KZN continues to find ways of improving its financial management practices and service delivery excellence. To this end, KZN's Contract Management Project is on track and the team has already profiled contracts worth about R14 billion in pilot departments and municipalities in the province. At the core of this project, is an attempt to ensure that government gets full value for money from existing contracts. Working with National Treasury, the province is also making progress in SCM. One major break-through has been an agreement to lower the threshold of competitive tendering from R1 million to R500 000. What this means is that all bids above R500 000 must now be subjected to a competitive tender process. This should improve SCM practices and reduce collusion between officials and service providers.

Given the resource constraints that exist due to the high demand for government services, 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. The Department of Health will be assisted in ensuring that systems are in place to process invoices and recover fees from government institutions that utilise public health services, such as the South African Police Service, Correctional Services, the Road Accident Fund, and so on. The focus will also be on the processing of invoices destined for medical aid schemes for those patients who are medically insured, but use public health services.

In summary, the 2012/13 budget strategy is underpinned by four elements, namely:

- Reprioritisation of the current budget.
- Fiscal austerity.
- Sound cash-flow management and increasing provincial own revenue.
- A stable fiscal framework will ensure that the province has adequate resources to continue delivering the much needed services to the people of KZN.

2.2 Aligning provincial budgets to achieve government's prescribed outcomes

In preparing the 2012/13 MTEF budget, departments were requested to focus on the national outcomes, the New Growth Path, the Provincial Growth and Development Strategy (PGDS), as well as the Provincial Spatial Economic Development Strategy (PSEDS).

The 12 national outcomes are listed below:

National Outcome	Departments
1. Improved quality basic education	Vote 5
2. A long and healthy life for all	Vote 7, Vote 9, Vote 11, Vote 13
3. All people in South Africa are and feel safe	Vote 9
4. Decent employment through inclusive economic growth	All
5. A skilled and capable workforce to support an inclusive growth path	All
6. An efficient, competitive and responsive economic infrastructure network	Vote 3, Vote 4, Vote 6, Vote 8, Vote 11, Vote 12, Vote 14
7. Vibrant, equitable and sustainable rural communities with food security for all	Vote 3, Vote 4, Vote 8, Vote 13
8. Sustainable human settlements and improved quality of household life	Vote 8
9. A responsive, accountable, effective and efficient local government system	Vote 6, Vote 11
10. Environmental assets and natural resources that are well protected and continually enhanced	Vote 3, Vote 10
11. Create a better South Africa and contribute to a better and safer Africa and World	All
12. An efficient, effective and development oriented public service and an empowered, fair and inclusive citizenship	All

In the chapter per Vote of this *EPRE*, departments have indicated under the Strategic objectives sections, which national outcomes they are responsible for.

2.3 Summary of budget aggregates

Table 2.1 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 2008/09 to 2010/11 is based on audited receipts and payments, while the 2011/12 figures provide a revised estimate position as at the end of December 2011. The 2012/13 to 2014/15 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 4 and 5 of the *Overview of Provincial Revenue and Expenditure (OPRE)*.

Table 2.1: Provincial budget summary

R thousand	Audited Outcome			Main Appropriation	Adjusted Appropriation	Revised Estimate	Medium-term Estimates		
	2008/09	2009/10	2010/11	2011/12			2012/13	2013/14	2014/15
Provincial receipts									
Transfer receipts from national	51 490 462	60 826 209	69 985 468	76 241 101	76 990 750	76 990 750	82 230 360	88 144 931	94 286 335
Equitable share	*44 223 509*	*51 972 804*	*57 632 201*	*62 927 556*	*63 584 195*	*63 584 195*	*67 802 913*	*72 579 341*	*77 551 103*
Conditional grants	*7 266 953*	*8 853 405*	*12 353 267*	*13 313 545*	*13 406 555*	*13 406 555*	*14 427 447*	*15 565 590*	*16 735 232*
Provincial own receipts	1 698 353	1 857 195	2 041 364	1 942 965	1 942 965	2 583 361	2 338 953	2 499 628	2 671 396
Total provincial receipts	**53 188 815**	**62 683 404**	**72 026 832**	**78 184 066**	**78 933 715**	**79 574 111**	**84 569 313**	**90 644 559**	**96 957 731**
Provincial payment*									
Current payments	43 134 534	48 496 906	52 348 915	60 813 457	60 838 833	62 372 571	66 043 869	70 522 983	75 782 152
Transfers and subsidies	6 878 930	8 729 974	9 228 306	9 262 713	9 772 851	9 405 631	10 118 836	11 403 213	12 129 775
Payments for capital assets	5 500 427	5 417 997	5 651 866	7 210 771	7 761 854	7 282 530	7 406 955	7 507 037	7 785 616
Payments for financial assets	14 801	1 164 407	445 440	13 070	13 497	13 622	1 800	1 800	3 394
Unallocated contingency reserve									
Total provincial payments	**55 528 692**	**63 809 284**	**67 674 527**	**77 300 011**	**78 387 035**	**79 074 354**	**83 571 460**	**89 435 033**	**95 700 937**
Lending									
Surplus/(deficit) before financing	**(2 339 877)**	**(1 125 880)**	**4 352 305**	**884 055**	**546 680**	**499 757**	**997 853**	**1 209 526**	**1 256 794**
Financing	**119 860**	**(24 928)**	**420 639**	**63 953**	**401 328**	**401 328**	**130 824**	**-**	**-**
Provincial roll-overs	348 793	65 617	124 757	63 953	255 216	255 216	16 027	-	-
Provincial cash resources	(227 921)	(92 254)	299 391	-	142 603	142 603	114 797	-	-
Suspension to ensuing year	-	-	-	-	-	-	-	-	-
Surplus Own Revenue surrendered	(1 012)	1 709	(3 509)	-	3 509	3 509	-	-	-
Surplus/(deficit) after financing	**(2 220 017)**	**(1 150 808)**	**4 772 944**	**948 008**	**948 008**	**901 085**	**1 128 677**	**1 209 526**	**1 256 794**

In aggregate, the province recorded deficits before financing in 2008/09 and 2009/10. The over-expenditure of these years resulted in the province's bank account going into overdraft, thus prompting Cabinet to approve the Provincial Recovery Plan and the associated cost-cutting measures. This Recovery Plan was approved in 2009/10, and its benefit 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 success of this plan was further seen in 2010/11, when the province under-spent its budget substantially. The under-spending in that year was R3.426 billion. This under-spending, along with the over-collection of own revenue in that year and the budgeted surplus resulted in a surplus of R4.773 billion at the end of 2010/11. This substantial surplus allowed the province to repay the provincial overdraft in a space of 18 months, as opposed to the three years it was initially anticipated that it would take to repay it. The 2011/12 financial year once again saw the province budgeting for a surplus, largely to protect it against any fiscal shocks that may occur in-year.

The Revised Estimate for 2011/12 in Table 2.1 indicates that the budgeted surplus will be R901.085 million, if the current spending patterns and projections of departments are taken into account. This is a reduction when compared to 2010/11, and there are a number of reasons for this. The first is that departments are still implementing the cost-cutting measures. Secondly, while most departments showed fairly substantial under-spending in 2010/11, the levels of projected under-spending in the 2011/12 Revised Estimate have decreased significantly. Added to this is that the Department of Education is showing fairly significant projected year-end over-expenditure. Education's projected over-expenditure is mitigated by the under-expenditure projected by other departments, as well as fairly significant revenue over-collection. As a result of all these factors, the province is projecting to end the year with a surplus of R901.085 million.

The province continues to budget for a surplus over the 2012/13 MTEF. While this is a higher budgeted surplus when compared to the 2011/12 MTEF, the province thought it prudent to tread carefully, especially in view of the severe spending pressures currently being experienced by the Department of Education (discussed in more detail under Vote 5: Education). From the table, it can be seen that the budgeted surplus is set in excess of R1 billion. The province is setting aside R128.677 million in 2012/13, R209.526 million in 2013/14 and R256.794 million in 2014/15 of this surplus for possible allocation to the Department of Education for the various spending pressures that exist in this department. These funding pressures were brought about by the filling of numerous unfunded vacant posts, as well as prior years' under-funding with respect to the various wage agreements, and the concomitant carry-through costs. These funds will only be allocated, though, once Education has shown commitment to its newly devised cost containment plan, and once this plan starts bearing fruit. Once these funds are allocated, the budgeted surplus is set at R1 billion per year over the 2012/13 MTEF. It was felt that the budgeted surplus of R1 billion would assist in protecting the province from any fiscal shocks that may occur in-year, and would act as a cushion in the event that Education does not control their costs quickly enough.

It should be noted that any surplus or deficit that may arise in 2011/12 will be taken into account when the province prepares its Adjustments Estimate for 2012/13.

2.4 Financing

Budgeted surplus

The total provincial receipts exceed the total provincial payments over the 2012/13 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. As mentioned above, this is purposely 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. While the initial intention of the budgeted surplus was to repay the provincial overdraft that had come about as a result of substantial over-spending by some provincial departments over the past few years, the surplus is now being kept to protect the province against any fiscal shocks that may occur. The need for such a surplus was especially pronounced in 2011/12, when the Department of Education was projecting fairly substantial year-end over-expenditure. In the event that this department continues to over-spend its budget allocation, the budgeted surplus protects the province in so far as it should not go into overdraft, as the budgeted surplus acts as a cushion which will absorb at least some of the over-expenditure. The budget surplus also protects the province against any other fiscal shocks (such as unfunded mandates) that may occur in-year.

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 KZN. The province required the combined effort of all departments to restore the health of the provincial balance sheet. On the cash management side, the payment system from the Provincial Treasury to the provincial 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. The province is earning interest on positive cash balances rather than paying interest, as it did in the last few financial years.

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 *Payments for financial assets* to allow the necessary accounting treatment of these amounts.

The only department affected by the first charge rule over the 2012/13 MTEF is the Royal Household. Further first charges will be implemented once the Standing Committee on Public Accounts (SCOPA) makes a determination in this regard. This will then be shown against the relevant department in future MTEF periods.

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 and are updated and re-issued to departments each year, 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:

- 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 (exceptions to be approved by Provincial Treasury).
- 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) – this does not apply to leave pay-outs when staff are exiting the public service.
- Strict control of overtime.
- Re-evaluate the hosting of provincial events.
- Re-evaluate cell phone spending (including capping monthly spending per phone).

Sources of financing

The paragraphs below aim to provide an explanation of some of the terms contained in Table 2.1. 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 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 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.

3. BUDGET PROCESS AND MEDIUM TERM EXPENDITURE FRAMEWORK (MTEF)

3.1 The 2012/13 MTEF budget process in brief

3.1.1 Treasury Guidelines circular

The preparation and distribution of the *Treasury Guidelines* document marked the start of the 2012/13 MTEF budget process. This document explains the policy framework and format which departments must use to prepare the 2012/13 MTEF budget submissions.

The 2012/13 budget process focuses on the compilation of reprioritised budgets and service delivery that is aligned with the 12 national outcomes, the New Growth Path, the PSEDS and the PGDS. As in the previous two MTEF cycles, departments were asked to continue implementing the cost-cutting measures first introduced as part of the Provincial Recovery Plan in 2009/10, and to redirect any savings realised from this into service delivery. Departments were also requested to try and fund any new priorities through reprioritisation. As in previous budget processes, departments were directed to provide the spatial spending and service delivery within district municipal areas, and to consider the budget proposals received from public entities. 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 three provincial 'initiatives'. The other departments were requested to identify and cost a maximum of three 'initiatives'. The public entities were also given the opportunity to cost two 'initiatives'.

3.1.2 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 seven 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?
- Was there adequate political involvement in the budget formulation process?

Of the seven criteria, the first four were considered as mandatory and had to be complied with if an initiative was to be considered. In terms of the rating exercise, each of the first four criteria translated to '2' points if complied with, and a '0' if not. 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 11 points or 100 per cent. 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.

3.1.3 Allocation process

MTEC met with all 16 provincial departments in September 2011, as well as their related public entities. The MTEC for this 2012/13 MTEF cycle indicated that the meeting was taking place during a time of economic uncertainty and that the province was not certain whether additional funds would flow to the province from the national fiscus. Also, while the province's cash position has improved remarkably and the provincial overdraft has been fully repaid, the province should continue to be prudent in allocating its resources, especially in view of the in-year spending pressures experienced by some departments, with Education reflecting substantial year-end over-expenditure. As such, it was considered advisable to first see the magnitude of the provincial year-end over-spending and understand the implications thereof before allocating all spare resources to priority areas.

When MTEC met, National Treasury indicated that there would be very little additional funding allocated to provinces, and that any additional allocation would be ear-marked for the 2011 wage agreement (only for Education and Health), as well as some national priorities in the Education and Social Development sectors. It was also indicated that National Treasury is exploring the reduction of provincial baselines to effect savings country-wide, which would be used to stabilise the country's debt levels, among others.

MTEC therefore looked quite critically at departments' existing baselines with the view to reprioritise some funding. A decision was also taken to review all allocations made to departments over the last few MTEF periods and to recall back to the fiscus (for re-allocation) any funds which are once-off in nature. These include renovations to his Majesty, the King's palaces which were calculated to require funding up to 2013/14. As such, these renovations are once-off in nature and do not require funding beyond 2013/14. Similarly for Social Development, the department received funding for renovations to various service delivery infrastructure. Again, as the renovations are once-off in nature, the baseline of the department was decreased in 2014/15 as the renovations should be completed by the end of 2013/14. Public Works undertook a costing exercise on the implementation of the Government Immoveable Asset Management Act (GIAMA) in 2014/15. This costing exercise indicated a slight over-provision of the baseline for GIAMA in 2014/15, and this excess amount is therefore removed from the department's baseline in 2014/15. Finally, a decision was taken to cap the interest on the overdraft provision at R50 million (whereas it was at R100 million before being capped). All these decisions released some funding back into the fiscus, which was used to fund various provincial priorities.

Table 3.1 indicates the departments' requests for additional funding for the 2012/13 MTEF. As mentioned, these had to be very critically assessed in view of the uncertainty of additional funding the province would receive from the national fiscus. It is worthwhile noting that, in spite of sizeable growth rates already in most departments' baseline budgets, averaging 6.3 per cent (see Table 3.3), departments requested, in total, R5.578 billion, R5.992 billion and R7.173 billion over the 2012/13 MTEF (a total of R18.743 billion over the three years of the MTEF).

Many of the requests for additional funding were based on sound principles and fared well when assessed in terms of the criteria mentioned above. However, the additional equitable share funding received from National Treasury due to data updates that inform the equitable share formula, the provincial reprioritisation exercise that was undertaken and revisions to the provincial own revenue estimates, 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 3.1: Summary of additional funding requested by departments

R thousand	Amounts requested			
	2012/13	2013/14	2014/15	Total
1. Office of the Premier	148 790	74 313	72 885	**295 989**
2. Provincial Legislature	-	-	-	**-**
3. Agriculture, Environmental Affairs and Rural Development	473 168	235 408	283 526	**992 102**
4. Economic Development and Tourism	366 993	480 845	525 721	**1 373 559**
5. Education	1 034 856	1 084 933	1 153 429	**3 273 218**
6. Provincial Treasury	20 949	15 053	16 361	**52 363**
7. Health	779 903	1 119 233	1 515 637	**3 414 773**
8. Human Settlements	-	-	-	**-**
9. Community Safety and Liaison	8 670	6 000	5 400	**20 070**
10. The Royal Household	-	-	-	**-**
11. Co-operative Governance and Traditional Affairs	335 621	320 924	332 386	**988 931**
12. Transport	2 193 499	2 453 688	3 057 378	**7 704 565**
13. Social Development	-	-	-	**-**
14. Public Works	30 000	30 000	30 000	**90 000**
15. Arts and Culture	111 496	105 374	111 888	**328 758**
16. Sport and Recreation	74 283	65 813	68 166	**208 262**
Total	**5 578 228**	**5 991 584**	**7 172 777**	**18 742 589**

With the exception of the Provincial Legislature, Human Settlements, the Royal Household and Social Development, all departments submitted requests for additional funding, with the largest coming from the Departments of Transport, Health and Education. These departments requested additional amounts of R7.705 billion, R3.415 billion and R3.273 billion, respectively, over the 2012/13 MTEF. Transport requested the additional funds largely for maintenance of the provincial road network. Health requested additional funding for various issues such as the National Health Laboratory Services, increasing medical practitioner and medical specialist coverage in the province and for increased capacity in selected categories of health therapists. Education's request for additional funds is for improvements in conditions of service, as well as funding for science laboratories.

As mentioned, the Provincial Legislature, Human Settlements, the Royal Household and Social Development did not submit a request for additional funding. The Legislature took a decision to submit no initiatives for the 2012/13 MTEF, in view of the uncertainty of the timelines relating to the implementation of the Financial Management of the KZN Legislature Bill, as well as the infrastructure plan for the Legislature which was still being finalised by the Department of Public Works at the time. Human Settlements did not request additional funds over the 2012/13 MTEF. While the department indicated that it lacks an adequate equitable share portion to finance the filling of vacant posts, it had not costed any initiatives in this regard as it was still in the process of reviewing its organogram. The Royal Household did not request additional funding over the 2012/13 MTEF, as it is still finalising the transition to the Trust, the planned retrenchment of staff and the repayment of its first charge (emanating from over-expenditure in prior years). Social Development did not submit any initiatives as it had identified savings in 2011/12, which were still being assessed, with reprioritisation to follow once the assessment was complete. Further, the intention was to request funding for social infrastructure, but this was a bid at a national level.

MinComBud and Cabinet meetings were convened from October 2011 to January 2012 to consider the 2012/13 provincial fiscal framework, with both these forums providing direction in terms of the provincial fiscus every step of the way. Additional funding was allocated to the province by National Treasury, relating to the data updates that inform the equitable share formula, increases to the equitable share to fund the carry-through costs of the 2011 wage agreement, as well as various national priorities (affecting Education and Social Development).

MinComBud reviewed the MTEC recommendations and agreed that the interest on the overdraft provision, held under Vote 6: Provincial Treasury, be capped at R50 million (whereas it was previously at R100 million). MinComBud also supported the proposed provincial reprioritisation exercise mentioned earlier, as well as the own revenue revisions proposed by the departments. It was also agreed that, despite the improvement in the province's cash position, the budgeted surplus be increased to R1 billion per annum. While this is a higher budgeted surplus when compared to the 2011/12 MTEF, the province thought it prudent to tread carefully, especially in view of the severe spending pressures currently being experienced by the Department of Education. It was felt that the budgeted surplus of R1 billion would assist in protecting the province from any fiscal shocks that may occur in-year.

After taking into account the data updates that inform the equitable share formula, the provincial own revenue revisions, the provincial reprioritisation exercise, as well as additional funding received from National Treasury for various national priorities, MinComBud agreed to the following:

- Capping the budgeted surplus at R1 billion per year over the MTEF.
- Capping the interest on the overdraft provision at R50 million per year.
- Funding all national priorities affecting Education and Social Development at the required levels, as specified in National Treasury's allocation letter.
- Providing additional funding to Education, Health, Public Works and Provincial Treasury for improving infrastructure support in these departments, according to the guidelines provided by National Treasury.
- Providing for the full carry-through costs of the 2011 wage agreement for all 16 votes.

- Providing some additional funding to Education to assist with spending pressures.
- Funding the carry-through costs of the 2011/12 Adjustments Estimate (e.g. Pietermaritzburg airport).
- Making provision to fund a number of provincial priorities, such as maintenance of the provincial road network, youth ambassadors, Operation *Sukuma Sakhe,* 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 7 October 2011, and the final approval granted in January 2012. The details of the additional allocations over the 2012/13 MTEF, per department, are provided in Table 3.4.

3.2. Provincial fiscal framework

Table 3.2 shows a summary of the provincial fiscal framework for the 2012/13 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 2012/13 MTEF, by R925.301 million in 2012/13, R1.586 billion in 2013/14 and R5.299 billion in 2014/15.

There are a number of changes to the conditional grant allocations over the 2012/13 MTEF, and various reasons are given for these (the conditional grant allocation increases by R141.330 million in 2012/13, R85.153 million in 2013/14 and R1.255 billion in 2014/15). These include the introduction of a few new grants, the reduction of some grants and increases to other grants. There does not always seem to be a clear pattern of increases or reductions per grant, and it is presumed that some grants are affected by National Treasury's decision to effect savings at a national level, while the same grants also may have benefitted from some form of baseline increase simultaneously. To quote National Treasury: "*Taking into account the ability of provinces to implement projects effectively, reductions were effected to the baselines of a number of provincial conditional grants. It is therefore important that provinces focus on strengthening their capacity to roll-out priority programmes of government, infrastructure in particular. The baselines of the two EPWP grants were revised downwards and these funds were reprioritised towards other job creation programmes in government. The baselines of all other conditional grants were revised downwards to* ***create savings****"*.

Additions to the baselines of conditional grants were made for specific priorities, such as repair of infrastructure damaged by the floods in January and February 2011 in Agriculture, Environmental Affairs and Rural Development, Education, Human Settlements and Transport in KZN. Additions to baseline are also to expand informal settlement upgrading and various health priorities (HIV and AIDS prevention, health infrastructure projects and the NHI pilots). The province receives two new conditional grants. The Nursing Colleges and Schools grant has been created by reducing the baseline of the Health Infrastructure Grant nationally. This grant is for the refurbishment and upgrading of nursing colleges. This will be a direct transfer to provinces as a Schedule 5 conditional grant and the National Department of Health will play an active role in the planning, packaging and procurement of projects funded through this grant. The National Health Insurance grant will fund 10 NHI pilots in the country. KZN's allocation is based on two district pilot sites in KZN and two central hospital pilot sites in KZN.

Unlike previous years, National Treasury has indicated that portion of the Human Settlements Development grant should be ear-marked for spending in eThekwini. As such, of the grant total of R2.915 billion in 2012/13, R3.149 billion in 2013/14 and R3.306 billion in 2014/15, the allocation letter from National Treasury indicated that R812.473 million in 2012/13, R878.484 million in 2013/14 and R937.633 million in 2014/15 is ear-marked for expenditure in the eThekwini Metro.

The provincial own receipts increase by R271.749 million in 2012/13, R341.551 million in 2013/14 and R383.834 million in 2014/15. This is partly due to the revisions to the interest on the overdraft revenue budget which has increased as the province has fully repaid its overdraft and is earning interest on positive cash balances. Transport's own revenue projections also increase substantially. The department indicates that its own revenue budget is based on the projected end-of-year collection for 2011/12, coupled with an incremental estimation for the various categories each year, as well as the increase in licence fee tariffs, and were adjusted by the expected change in the vehicle population over time.

Table 3.2: Summary of provincial fiscal framework

R thousand	2012/13	2013/14	2014/15
1. Receipts			
Baseline allocation	**83 230 933**	**88 631 480**	**90 020 543**
Transfer receipts from national	81 163 729	86 473 403	87 732 981
Equitable share	*66 877 612*	*70 992 966*	*72 252 544*
Conditional grants	*14 286 117*	*15 480 437*	*15 480 437*
Provincial own receipts	2 067 204	2 158 077	2 287 562
Increase / (Decrease) in allocation	**1 338 380**	**2 013 079**	**6 937 188**
Transfer receipts from national	1 066 631	1 671 528	6 553 354
Equitable share	*925 301*	*1 586 375*	*5 298 559*
Conditional grants	*141 330*	*85 153*	*1 254 795*
Provincial own receipts	271 749	341 551	383 834
Revised allocation	**84 569 313**	**90 644 559**	**96 957 731**
Transfer receipts from national	82 230 360	88 144 931	94 286 335
Equitable share	*67 802 913*	*72 579 341*	*77 551 103*
Conditional grants	*14 427 447*	*15 565 590*	*16 735 232*
Provincial own receipts	2 338 953	2 499 628	2 671 396
2. Planned spending by departments	**83 571 460**	**89 435 033**	**95 700 937**
3. Budgeted surplus before further priorities & cond. grant additions	**997 853**	**1 209 526**	**1 256 794**
4. Provincial cash resources	130 824	-	-
5. Budgeted surplus before capping surplus at R1bn	**1 128 677**	**1 209 526**	**1 256 794**
6. Capping budgeted surplus at R1bn	**1 000 000**	**1 000 000**	**1 000 000**
7. Amount ear-marked for Education (once cost containment plan bears fruit)	**128 677**	**209 526**	**256 794**

Section 2 of Table 3.2 gives the planned spending of departments, based on their 2012/13 MTEF allocations. After deducting this from the province's updated national and provincial own receipts, the province is left with a budgeted surplus of R997.853 million, R1.210 billion and R1.257 billion over the MTEF (see Section 3).

Section 4 indicates that some of the additional funding provided to departments in 2012/13 was funded using provincial cash resources which became available due to the provincial under-spending and own revenue over-collection that occurred in 2010/11. Once this amount is taken into account, the budgeted surplus for the province is R1.129 billion in 2012/13, R1.210 billion in 2013/14 and R1.257 billion in 2014/15. As mentioned, a decision was taken to cap the budgeted surplus at R1 billion per year over the 2012/13 MTEF (see Section 6).

As can be seen in Section 7 of Table 3.2, the province is setting aside R128.677 million in 2012/13, R209.526 million in 2013/14 and R256.794 million in 2014/15 for possible allocation to the Department of Education for the various spending pressures that exist in this department. These spending pressures were brought about by filling numerous unfunded vacant posts, as well as prior years' under-funding with respect to the various wage agreements, and the concomitant carry-through costs. This continues to be the single biggest cause of the department's over-expenditure. Due to the ongoing spending pressures on *Compensation of employees*, the department has developed some control measures from 2011/12 onward, which are expected to control the ever rising personnel costs. These measures include, among others, a moratorium on the filling of vacant posts, filling of educator posts by redeploying excess teachers currently on the system while, in the mean-time, terminating temporary educators with no academic/professional qualifications from the system. This plan will only yield results, pending the department's commitment and adherence to it. As such, these funds are set aside for allocation to the Department of Education only when the department shows clear commitment to the newly devised cost containment plan, and when this cost containment plan begins to bear fruit.

Table 3.4 in Section 3.3.2 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 provincial reprioritisation exercise that was undertaken.

3.3 Summary of additional allocation for the 2012/13 MTEF

3.3.1 Existing growth in the 2011/12 MTEF baseline allocation

Table 3.3 shows the departmental baseline budgets for the 2011/12 MTEF period, before any additional allocations were made. This serves as an important reminder that most departments' baseline budgets for the 2011/12 MTEF already include positive rates of growth, although this may differ in terms of the levels.

Table 3.3: Existing growth rates in 2011/12 MTEF baseline budgets

	Main Appropriation	Medium-term baseline budgets			Ann. % growth
R thousand	2011/12	2012/13	2013/14	2014/15	11/12-14/15
1. Office of the Premier	471 105	490 769	524 827	556 317	5.7
2. Provincial Legislature	374 702	400 831	421 247	446 522	6.0
3. Agriculture, Environmental Affairs and Rural Development	2 460 585	2 597 165	2 765 191	2 931 102	6.0
4. Economic Development and Tourism	1 486 950	1 561 519	1 650 807	1 749 855	5.6
5. Education	32 618 276	34 466 649	36 492 227	38 681 761	5.8
6. Provincial Treasury	536 486	553 158	590 764	626 210	5.3
7. Health	24 484 855	26 325 124	28 189 424	29 880 789	6.9
8. Human Settlements	3 053 315	3 189 503	3 363 874	3 565 706	5.3
9. Community Safety and Liaison	150 139	157 048	165 637	175 575	5.4
10. The Royal Household	55 028	59 434	64 065	67 909	7.3
11. Co-operative Governance and Traditional Affairs	1 138 289	1 190 047	1 253 213	1 328 406	5.3
12. Transport	6 573 729	7 109 300	7 678 933	8 139 669	7.4
13. Social Development	1 952 956	2 045 397	2 139 888	2 268 281	5.1
14. Public Works	1 220 407	1 293 444	1 375 435	1 457 961	6.1
15. Arts and Culture	364 856	467 230	610 760	647 406	21.1
16. Sport and Recreation	358 333	376 273	396 801	420 609	5.5
Total	**77 300 011**	**82 282 891**	**87 683 093**	**92 944 078**	**6.3**

3.3.2 Summary of additional allocations

The additional allocations to departments and their respective purposes are summarised in Table 3.4 below. Note that Table 3.4 reflects only the provincial additional allocations, and excludes the additional allocations in respect of national conditional grants.

As can be seen in Table 3.4, all departments receive an additional allocation for the carry-through costs of the higher than anticipated 2011 wage agreement. The full funding requirement in this regard was received from National Treasury. In fact, National Treasury allocated funds in excess of requirement, which allowed the province to allocate additional funding to the Department of Education to assist with the pressures that exist under its *Compensation of employees* budget.

Some departments received carry-through costs relating to allocations that were made during the 2011/12 Adjustments Estimate, such as the allocation to the Pietermaritzburg and Ulundi (Prince Mangosuthu Buthelezi) airports.

National Treasury provided additional funding for nationally identified priorities, apart from the allocation provided for the higher than anticipated 2011 wage agreement. The additional funding was provided to Education for the universalisation of Grade R and the expansion of no-fee schools. Additional funding was also provided to Social Development for Child and Youth Care and Victim Empowerment. Funding was also allocated, according to guidelines provided by National Treasury, for improving infrastructure support in Provincial Treasury, Education, Health and Public Works. This allocation is to be used to strengthen the organisational capacity required to improve infrastructure delivery. In line with this, the Minister of Public Service and Administration is expected to issue a directive on the organisational structures required for supporting infrastructure delivery in these departments.

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 2011/12 Adjustments Estimate and the 2011 wage agreement is provided below the table.

Table 3.4: Summary of additional allocations, 2012/13 MTEF

	2012/13	2013/14	2014/15	2012/13	2013/14	2014/15
	R thousand			Percentage share		
Vote 1: Office of the Premier	**103 831**	**86 927**	**100 109**	**9.1**	**5.2**	**4.1**
LIV Orphanage	8 000	-	-	0.7	-	-
Carry-through of 2011/12 Adjustments Estimate - 2011 wage agreement	1 260	1 323	1 389	0.1	0.1	0.1
Public Service Training Academy (renovations and refurb.)	10 000	12 000	15 000	0.9	0.7	0.6
Merger of horse racing regulator into KZNGBB	17 571	18 604	19 720	1.5	1.1	0.8
Youth ambassadors	15 000	17 000	20 000	1.3	1.0	0.8
Youth ambassador training by SANDF	20 000	-	-	1.7	-	-
Operation *Sukuma Sakhe* - equipping war rooms	12 000	13 000	14 000	1.0	0.8	0.6
Luwamba Clinic - provision of piped water and roads	20 000	25 000	30 000	1.7	1.5	1.2
Vote 2: Provincial Legislature	**1 546**	**1 624**	**1 705**	**0.1**	**0.1**	**0.1**
Carry-through of 2011/12 Adjustments Estimate - 2011 wage agreement	1 546	1 624	1 705	0.1	0.1	0.1
Vote 3: Agriculture, Environmental Affairs and Rural Development	**46 961**	**101 356**	**108 613**	**4.1**	**6.1**	**4.5**
Carry-through of 2011/12 Adjustments Estimate	14 448	15 170	15 928	1.3	0.9	0.7
2011 wage agreement	*9 408*	*9 878*	*10 371*	0.8	0.6	0.4
EKZNW - 2011 wage agreement	*5 040*	*5 292*	*5 557*	0.4	0.3	0.2
Fencing programme	11 000	12 000	13 000	1.0	0.7	0.5
Irrigation scheme programme	9 000	10 000	11 000	0.8	0.6	0.5
EKZNW - Road maintenance and protected area expansion	-	50 000	60 000	-	3.0	2.5
EKZNW - Road maintenance	12 513	14 186	8 685	1.1	0.9	0.4
Vote 4: Economic Development and Tourism	**78 499**	**211 539**	**253 442**	**6.8**	**12.7**	**10.4**
Carry-through of 2011/12 Adjustments Estimate - 2011 wage agreement	2 224	2 336	2 452	0.2	0.1	0.1
ADA - Operating costs	21 591	22 851	24 257	1.9	1.4	1.0
DTP - Infastructure development	50 000	180 000	220 000	4.4	10.8	9.1
UCI/BMX cycling events	4 684	6 352	6 733	0.4	0.4	0.3
Vote 5: Education	**309 141**	**691 102**	**897 917**	**26.9**	**41.5**	**36.9**
Carry-through of 2011/12 Adjustments Estimate - 2011 wage agreement	322 469	338 592	355 522	28.1	20.3	14.6
Funding for *Compensation of employees* pressures	83 844	96 750	110 906	7.3	5.8	4.6
Movement of part of learner transport function to Vote 12	(106 081)	-	-	(9.2)	-	-
Improving infrastructure support	8 909	9 354	9 822	0.8	0.6	0.4
National priorities:	-	246 406	421 667	-	14.8	17.3
Expansion of no-fee schools	-	*99 379*	*186 325*	-	*6.0*	*7.7*
Universalisation of Grade R	-	*147 027*	*235 342*	-	*8.8*	*9.7*
Vote 6: Provincial Treasury	**51 116**	**4 585**	**(1 087)**	**4.5**	**0.3**	**(0.0)**
Carry-through of 2011/12 Adjustments Estimate - 2011 wage agreement	1 089	1 144	1 201	0.1	0.1	0.0
Capping of overdraft interest charges at R50 million	(40 000)	(40 000)	(46 000)	(3.5)	(2.4)	(1.9)
BEE verification	6 000	6 000	6 000	0.5	0.4	0.2
Pietermaritzburg airport (roll-over)	16 027	-	-	1.4	-	-
Ulundi airport	20 000	-	-	1.7	-	-
Improving infrastructure support (Crack Team)	8 000	8 400	8 820	0.7	0.5	0.4
Strategic Cabinet Initiatives	40 000	29 041	28 892	3.5	1.7	1.2
Vote 7: Health	**208 794**	**219 234**	**230 195**	**18.2**	**13.2**	**9.5**
Carry-through of 2011/12 Adjustments Estimate - 2011 wage agreement	189 939	199 436	209 408	16.6	12.0	8.6
Improving infrastructure support	18 855	19 798	20 787	1.6	1.2	0.9
Vote 8: Human Settlements	**87 948**	**2 855**	**2 998**	**7.7**	**0.2**	**0.1**
Carry-through of 2011/12 Adjustments Estimate - 2011 wage agreement	2 719	2 855	2 998	0.2	0.2	0.1
Re-allocation of funds returned by Thubelisha Homes	85 229	-	-	7.4	-	-
Vote 9: Community Safety and Liaison	**2 613**	**3 643**	**4 676**	**0.2**	**0.2**	**0.2**
Carry-through of 20110/12 Adjustments Estimate - 2011 wage agreement	613	643	676	0.1	0.0	0.0
Establishment of community safety structures	2 000	3 000	4 000	0.2	0.2	0.2
Vote 10: The Royal Household	**132**	**138**	**(12 575)**	**0.0**	**0.0**	**(0.5)**
Carry-through of 2011/12 Adjustments Estimate - 2011 wage agreement	132	138	145	0.0	0.0	0.0
Removal of upgrading, refurbishment of Royal Palaces in 2014/15	-	-	(12 720)	-	-	(0.5)
Vote 11: Co-operative Governance and Traditional Affairs	**17 956**	**9 254**	**9 567**	**1.6**	**0.6**	**0.4**
Carry-through of 2011/12 Adjustments Estimate - 2011 wage agreement	5 956	6 254	6 567	0.5	0.4	0.3
Disaster management	12 000	3 000	3 000	1.0	0.2	0.1
Vote 12: Transport	**205 543**	**149 767**	**677 544**	**17.9**	**9.0**	**27.9**
Carry-through of 2011/12 Adjustments Estimate - 2011 wage agreement	14 716	15 451	16 224	1.3	0.9	0.7
Movement of part of learner transport function from Vote 5	106 081	-	-	9.2	-	-
Maintenance of the provincial road network	84 746	134 316	661 320	7.4	8.1	27.2
Vote 13: Social Development	**7 238**	**159 193**	**138 499**	**0.6**	**9.6**	**5.7**
Carry-through of 2011/12 Adjustments Estimate - 2011 wage agreement	7 238	7 600	7 980	0.6	0.5	0.3
National priorities: Child and Youth Care and Victim Empowerment	-	151 593	164 559	-	9.1	6.8
Removal of existing infra. assets and maintenance allocation in 2014/15	-	-	(34 040)	-	-	(1.4)
Vote 14: Public Works	**21 788**	**22 877**	**16 458**	**1.9**	**1.4**	**0.7**
Carry-through of 2011/12 Adjustments Estimate - 2011 wage agreement	3 788	3 977	4 176	0.3	0.2	0.2
Improving infrastructure support	18 000	18 900	19 845	1.6	1.1	0.8
Reduction of GIAMA allocation in 2014/15	-	-	(7 563)	-	-	*(0.3)*
Vote 15: Arts and Culture	**3 162**	**1 674**	**1 758**	**0.3**	**0.1**	**0.1**
Carry-through of 2011/12 Adjustments Estimate - 2011 wage agreement	1 594	1 674	1 758	0.1	0.1	0.1
Guarantee amount received for termination of contractor	1 568	-	-	0.1	-	-
Vote 16: Sport and Recreation	**971**	**1 020**	**1 071**	**0.1**	**0.1**	**0.0**
Carry-through of 2011/12 Adjustments Estimate - 2011 wage agreement	971	1 020	1 071	0.1	0.1	0.0
Total	**1 147 239**	**1 666 788**	**2 430 890**	**100.0**	**100.0**	**100.0**

The Office of the Premier sees an increase in its baseline, being funding provided for renovations to the Public Service Training Academy, the merger of the horse racing regulator into the KZN Gaming and Betting Board (KZNGBB), the Youth Ambassadors programme, training of the youth ambassadors by the SA National Defence Force (SANDF), as well as an allocation toward equipping the war rooms in the various wards with regard to Operation *Sukuma Sakhe.* The Office of the Premier also receives additional funding to provide piped water and proper access roads to the Luwamba Clinic in the Ntambanana Municipality.

The Department of Agriculture, Environmental Affairs and Rural Development (DAEARD) receives additional funding for the expansion of the fencing programme, as well as the irrigation scheme programme. Further, the department receives funding for transfer to Ezemvelo KZN Wildlife (EKZNW) toward road maintenance in the protected areas, as well as a contribution toward the expansion of protected areas in the province.

The Department of Economic Development and Tourism (DEDT) receives additional funding for the infrastructure development of the Dube TradePort Corporation (DTP), as well as funding toward the UCI/BMX cycling events to be held in the province. The department also receives an additional allocation for the operating expenses of the Agri-business Development Agency (ADA).

The Department of Education receives funding for pressures that exist in its *Compensation of employees* budget. Funding was also provided for improving infrastructure support, as mentioned in more detail above. The department also receives national priority funding, namely for the universalisation of Grade R, as well as the expansion of no-fee schools. Finally, the 2012/13 year sees a reduction of R106.081 million being moved to Vote 12: Transport in relation to the learner transport function. The department still retains some of the functions related to learner transport, such as the verification of learner numbers.

Provincial Treasury sees a reduction in its budget allocation, due to the decision to cap the interest on the overdraft provision at R50 million. Treasury also receives an allocation for the BEE verification exercise which needs to be undertaken on all service providers who do business with government. Treasury receives an allocation toward the development of the Pietermaritzburg and Ulundi (Prince Mangosuthu Buthelezi) airports, as well as improving its infrastructure support (which is allocated to the Infrastructure Crack Team). Finally, Treasury receives funding toward Strategic Cabinet Initiatives. These funds will be accessible to Cabinet in-year for any strategic projects that can profile and showcase the province as an investment destination of choice internationally. These funds will be used to fund special events such as international sport tournaments that will draw international audiences and participants.

The Department of Health received funding for improving its infrastructure support, as mentioned above.

Human Settlements receives R85.229 million in 2012/13 only. These funds were recovered from the liquidation process of Thubelisha Homes that were contracted by the department for one of their housing projects. This developer went bankrupt while the project was underway. The amount is allocated back to the department to use on similar housing projects.

Community Safety and Liaison receives additional funding toward strengthening community safety structures to assist in fighting crime across all communities in KZN.

The Royal Household sees a reduction in its baseline in 2014/15. The department received additional funding over the 2011/12 MTEF for renovations and refurbishments to the Royal Palaces. This allocation was time-bound according to project requirements, and the funds are therefore not required by the department beyond 2013/14.

Co-operative Governance and Traditional Affairs receives additional funding to equip disaster management centres in KZN to ensure readiness in the event of a disaster.

The Department of Transport once again receives additional funding for the maintenance of the provincial road network. The department also receives some funding in 2012/13 in relation to portion of the learner transport function, moving from Education. Transport will be responsible for the route planning and management of operators.

The Department of Social Development sees a reduction in its baseline in 2014/15. The department received additional funding over the 2011/12 MTEF for maintenance of existing infrastructure such as the maintenance of secure care centres, old age homes, etc. This allocation was time-bound according to project requirements, and the funds are therefore not required by the department beyond 2013/14. The department also receives additional funding for child and youth care and victim empowerment, which are national priorities.

The Department of Public Works receives additional funding for improving its infrastructure support, as mentioned above. Also, in line with detailed costing done by the department, the GIAMA allocation decreases in 2014/15.

The Department of Arts and Culture receives a guarantee amount paid into the Provincial Revenue Fund in 2011/12. This guarantee amount relates to the termination of a non-performing contractor with regard to the Mbazwana library project.

Table 3.5 shows the revised budgets of departments for the 2012/13 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 3.5: Summary of revised budgets by departments, 2012/13 MTEF

	Main Appropriation	Medium-term Estimates (R thousand)			Annual Percentage Growth		
	2011/12	2012/13	2013/14	2014/15	2012/13	2013/14	2014/15
1. Office of the Premier	471 105	594 600	611 754	656 426	26.2	2.9	7.3
2. Provincial Legislature	374 702	402 377	422 871	448 227	7.4	5.1	6.0
3. Agriculture, Environmental Affairs & Rural Development	2 460 585	2 653 834	2 857 997	3 018 973	7.9	7.7	5.6
4. Economic Development and Tourism	1 486 950	1 641 018	1 862 345	2 003 296	10.4	13.5	7.6
5. Education	32 618 276	34 764 633	37 159 915	39 523 694	6.6	6.9	6.4
6. Provincial Treasury	536 486	604 274	595 349	625 123	12.6	(1.5)	5.0
7. Health	24 484 855	26 555 350	28 508 609	30 544 907	8.5	7.4	7.1
8. Human Settlements	3 053 315	3 300 935	3 465 289	3 641 059	8.1	5.0	5.1
9. Community Safety and Liaison	150 139	161 334	169 280	180 251	7.5	4.9	6.5
10. The Royal Household	55 028	59 566	64 203	55 334	8.2	7.8	(13.8)
11. Co-operative Governance and Traditional Affairs	1 138 289	1 208 003	1 262 467	1 337 973	6.1	4.5	6.0
12. Transport	6 573 729	7 418 873	7 764 144	8 723 942	12.9	4.7	12.4
13. Social Development	1 952 956	2 047 812	2 293 980	2 401 373	4.9	12.0	4.7
14. Public Works	1 220 407	1 311 171	1 387 173	1 460 500	7.4	5.8	5.3
15. Arts and Culture	364 856	470 392	612 434	659 163	28.9	30.2	7.6
16. Sport and Recreation	358 333	377 288	397 223	420 696	5.3	5.3	5.9
Total	**77 300 011**	**83 571 460**	**89 435 033**	**95 700 937**	**8.1**	**7.0**	**7.0**

The provincial budget grows by 8.1 per cent in 2012/13 from the 2011/12 Main Appropriation.

The negative growth in Provincial Treasury in 2013/14 relates to the once-off allocations in 2012/13 for the Pietermaritzburg and Ulundi (Prince Mangosuthu Buthelezi) airports. The negative growth in the Royal Household in 2014/15 relates to the removal of the funding for the renovations to the Royal Palaces in line with project requirements, as mentioned above.

The high growth shown by the Office of the Premier in 2012/13 is due to the once-off additional funding provided in that year for the LIV Orphanage and the training of the youth ambassadors by the SANDF.

The significant growth shown by Economic Development and Tourism results from the additional funding provided for infrastructure development at DTP.

The strong growth shown by Arts and Culture relates to the significant additional funding given to the department over the 2011/12 MTEF (with carry-through) for the provincialisation of libraries and museums.

4. RECEIPTS

4.1 National Fiscal Framework and Division of Revenue for the 2012/13 MTEF

4.1.1 Background

Section 214(1) of the Constitution of South Africa requires that, annually, a Division of Revenue Act (DORA) 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, 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 three spheres of government. The mechanism that was 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 a 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 4.1.3 and 4.1.5 below.

4.1.2 Division of revenue and fiscal framework

4.1.2.1 Fiscal policy and trends

The 2012/13 MTEF budget is prepared in a challenging environment, where slowing world economic growth, unresolved financial crises in Europe and a sluggish recovery in the US all hold substantial risks for South Africa's economic growth. Inflationary pressures have emerged in several countries worldwide, and rising income inequality and high unemployment have fuelled widespread public indignation. Although South Africa's growth has been positive since the 2009 recession, job creation has been weak and the volatility of the Rand has harmed economic activity. Revenue generation has slowed, while the budget deficit has increased.

Set against this backdrop, government maintains its counter-cyclical stance. Applied consistently, the principles of counter-cyclicality, long-term debt sustainability and intergenerational equity will enable government to improve social conditions and provide economic support for growth, employment and fiscal sustainability over the long term.

Despite lower economic growth over the past several years, public expenditure has continued to grow, although at a more moderate pace since 2008/09. Over the 2012/13 MTEF, government will support economic recovery by promoting competitiveness, strengthening economic development, creating work and continuing to make large-scale investments in electricity, roads, rail and water. While shifting an increasing share of expenditure toward infrastructure investment, government will still maintain its commitment to social expenditure in real terms.

The principle of inter-generational equity implies that today's policy decisions should take into account how they will affect South Africans in 10, 20 or 30 years. The Constitution requires government to provide for a continuous rise in the level of socio-economic rights within its resources. This up-scaling requires sustainable increases in real expenditure in decades to come, and therefore spending over the long term should increase at a pace commensurate with the rate of economic growth. Policy shifts, resulting in permanent increases in expenditure levels, need to be supported by corresponding changes in tax revenue.

To return to sustainability, government will limit spending growth in line with capacity to generate revenue, and also change the composition of spending to balance consumption spending and investment spending. In real terms, the fastest-growing component of current expenditure over the past decade has been government's wage bill and hence, as a step towards sustainability, this proportion of non-interest spending must see a decline over the MTEF period. Priority will be given to spending that strengthens the asset base of the economy. In addition, genuine savings need to be realised and budgets need to be reprioritised so that progress can be made to reduce the budget deficit.

4.1.2.2 Value for money in public expenditure – Budgeting priorities

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 job creation and infrastructure investment. Over the next three years, departments and public entities will reprioritise and realign their budget baselines to make more effective use of resources.

The fiscal framework supports a determined effort to shift the composition of spending towards investment in long-term assets that can build the economy. Government will assess the trade-off between consumption expenditure and investments that support higher growth and improved service delivery. In line with the focus on job creation and infrastructure investment, the priority areas for the 2012/13 MTEF are:

- Education: To this end government is prioritising funding towards broadening access, enhancing quality, infrastructure improvements and expanding Grade R access.
- Health: Increasing life expectancy, decreasing maternal and child mortality and combating HIV and AIDS through strengthening the effectiveness of the health system. Reforms to the public health system are essential preparatory steps to phase in the NHI, of which pilot projects will take place in ten district health authorities and seven central hospitals nationally.
- Social security: The social security system needs to become more efficient, ensuring effective use of funds and providing better services. In addition, access to childhood development services will be expanded and home and community based child care and protection will receive additional support.
- Infrastructure and economic development: Government spending supports higher levels of infrastructure maintenance and capital expenditure, in particular in economic infrastructure such as electricity, roads, rail, water and telecommunications. The eradication of backlogs in basic services and housing, improvement in the provision of services by local government, as well as expansion of food production and rural development, are among government's most important goals.
- Improving environmental management and addressing climate change through the development of policies.
- Improving general government services and administration, in particular in the management of government buildings and accommodation.
- Defence, public order and safety: The policy focus for policing and justice over the medium term is to reduce the high level of serious crimes, improve investigative capacity and increase access to justice services.

4.1.2.3 Division of revenue

The 2012/13 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-centered development through strategic economic investment, progressive realisation of basic social rights, and improving public sector governance and service delivery.

The national MinComBud agreed to baseline cuts to realise savings of R10.200 billion to reallocate toward specific government priorities. During this exercise, it was agreed that the Provincial Equitable Share (PES) should be protected from the cuts. It was furthermore agreed that additional savings identified through the reprioritisation exercise are to be made available to provinces to address the carry-through costs of the higher than anticipated 2011 wage agreement. A portion of these funds were allocated through the National Tertiary Services grant to address the skewed distribution of health personnel across provinces.

The formal functional groups into which the 2012/13 budget process was structured, were required to identify savings which were equivalent to 0.4 per cent of their functional baselines, but were required to exercise discretion, so as to ensure key government priorities were protected.

The proposed framework for the 2012/13 budget gives effect to these priorities, and reflects government's determination to achieve better value for money and improved service delivery. Table 4.1 sets out the division of nationally raised revenue between the three spheres of government for the 2012/13 MTEF.

Table 4.1: Division of revenue between spheres of government, 2008/09 – 2014/15

	Audited Outcome			Revised Estimate	Medium-term Estimates		
R million	**2008/09**	**2009/10**	**2010/11**	**2011/12**	**2012/13**	**2013/14**	**2014/15**
National departments	**289 236**	**345 366**	**355 189**	**383 747**	**412 368**	**446 220**	**478 828**
Provinces	**246 836**	**293 164**	**322 822**	**362 626**	**384 487**	**411 092**	**437 004**
Equitable share	*201 796*	*236 891*	*265 139*	*291 736*	*309 057*	*328 921*	*349 351*
Conditional grants	*45 040*	*56 273*	*57 682*	*70 891*	*75 430*	*82 171*	*87 653*
Local government	**45 487**	**51 537**	**60 904**	**68 180**	**77 342**	**83 858**	**90 707**
Equitable share	*25 560*	*23 845*	*30 541*	*32 876*	*37 873*	*40 582*	*43 639*
Conditional grants	*19 928*	*20 892*	*22 821*	*26 732*	*30 429*	*33 663*	*36 878*
General fuel levy sharing	*-*	*6 800*	*7 542*	*8 573*	*9 040*	*9 613*	*10 190*
Total	**581 559**	**690 067**	**738 916**	**814 554**	**874 197**	**941 171**	**1 006 539**
Percentage shares							
National departments	*49.7%*	*50.0%*	*48.1%*	*47.1%*	*47.2%*	*47.4%*	*47.6%*
Provinces	*42.4%*	*42.5%*	*43.7%*	*44.5%*	*44.0%*	*43.7%*	*43.4%*
Local government	*7.8%*	*7.5%*	*8.2%*	*8.4%*	*8.8%*	*8.9%*	*9.0%*

The fiscal framework makes R874.197 billion available for spending in 2012/13, growing substantially to R941.171 billion and R1.007 trillion in 2013/14 and 2014/15, respectively. The allocations recognise the need for government at all levels to prioritise frontline services.

At R412.368 billion in 2012/13, and increasing to R446.220 billion in 2013/14 and R478.828 billion in 2014/15, national departments continue to receive the largest share of funding, sustaining real growth in social grant provisions, public infrastructure and employment programmes. The allocation to provinces also shows real growth from R384.487 billion in 2012/13, increasing to R437.004 billion in 2014/15. The local government allocations are revised upward by R13.365 billion over the MTEF.

The national share of revenue increases from 47.2 per cent in 2012/13 to 47.6 per cent in 2014/15. Similarly, the local government share grows from 8.8 per cent in 2012/13 to 9 per cent over the MTEF, while there is a decline in the provincial share from 44 per cent to 43.4 per cent between 2012/13 and 2014/15, in line with the functions and responsibilities assigned to the various spheres of government.

Table 4.2 summarises the additional funding allocated to the three spheres of government when compared to the 2011/12 MTEF baseline allocations.

Table 4.2: Changes over baseline, 2012/13 – 2014/15

R million	**2012/13**	**2013/14**	**2014/15**
National departments	4 229	7 742	19 244
Provinces	4 038	6 840	8 546
Local government	312	1 541	3 451
Allocated expenditure	**8 579**	**16 123**	**31 241**

The fiscal framework adds R8.579 billion to expenditure in 2012/13, R16.123 billion in 2013/14 and R31.241 billion in 2014/15, translating into annual growth in government spending of 7.3 per cent, 7.7 per cent and 6.9 per cent over the next three years.

Of the additions to the baseline over the MTEF, 55.8 per cent goes to national departments, largely to address central policy changes which will encourage growth of the economy, more rapid job creation and the reduction of poverty. Government is currently exploring programmes to strengthen support for business sector growth, incentivise youth employment, enhance competitiveness of industries and accelerate apprentice training, among others. Recognising that support to the private sector goes beyond the provision of incentives, government is looking at large scale interventions to lower the cost of doing business. Improvements are being made to economic infrastructure such as ports, roads and electricity to cater for the needs of business.

Provinces receive 34.7 per cent of the additional funding, mainly to accommodate the carry-through costs of the higher-than anticipated wage agreements, and policy priorities in Education and Social Development. In Education, additions are made toward the expansion of no-fee schools and universalisation of Grade R, and in Social Development the focus will be on increasing access to Early Childhood Development programmes, as well as victim empowerment programmes.

Municipalities receive 9.5 per cent of the additions to the baseline, mainly for sustainable provision of basic services and bulk infrastructure.

4.1.3 Provincial equitable share

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

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 below, provinces have a prerogative to allocate PES funds in line with their specific provincial priorities.

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**

For the 2012/13 MTEF, data from the following surveys is used:

- 2011 Mid-year population estimates.
- 2011 School Realities Survey (SNAP survey).
- Census 2001 for school age cohort (5 - 17 years).
- 2009 GDP-R.
- 2005 Income and Expenditure Survey (IES).
- 2010 General Household Survey (GHS).
- Output data from health sectors.
- Risk Equalisation Fund (REF).

The data updates impact on the various components as follows:

Education (48 per cent)
As reflected above, the education component uses the school age population from 5 - 17 years, based on Census 2001, and school enrolment drawn from the 2011 School Realities Survey. These elements are assigned equal weights. From the 2011 MTEF to the 2012 MTEF, the total number of learners in KZN increased by 40 390. The impact of updating the education component with the 2011 School Realities Survey enrolment data resulted in the weighted average for KZN being revised upward by 0.14 per cent.

Health (27 per cent)
The health component uses three sub-components, namely the risk adjusted component, output sub-component and the weighted share. The risk adjusted sub-component estimates the uninsured population per province using the percentage of the medical aid insured population as per the General Household Survey 2010, and deducting it from the 2011 Mid-year population estimates. The risk adjusted index is then applied to the uninsured population to estimate a weighted population. The KZN share of the risk adjusted component declines by 0.1 per cent, from 22 per cent to 21.9 per cent from 2011 to 2012.

The output sub-component uses patient load data from the District Health Information Services (DHIS), excluding the patient load that is funded from the National Tertiary Services grant. Clinic visits at primary health care clinics from 2009/10 and 2010/11 are averaged and used to estimate the province’s share of the primary health care component, i.e. 21.7 per cent. In addition, the patient day mix at tertiary hospitals is used to estimate the province’s share of the hospital workload patient day equivalent. The KZN share is 27.1 per cent in this regard.

The final share of the health component is calculated by giving the risk adjusted index a weighting of 75 per cent, primary health care visits 5 per cent and patient day equivalents 20 per cent. The impact on the KZN Health share resulted in an increase from 22.4 to 23 per cent.

Basic component (16 per cent)
This component is derived from the proportion of each province’s share of the total population in the country. The 2011 Mid-year population estimates were used and the 1.6 per cent increase in population in KZN resulted in a 0.09 per cent increase in the province’s basic component share from 2011 to 2012, from 21.3 to 21.4 per cent, respectively.

Poverty component (3 per cent)
This component uses the 2005 Income and Expenditure Survey (IES) and updated 2011 Mid-year population estimates. The IES collects information on household income and expenditure patterns, and groups households into five quintiles, with Quintile 1 (Q1) being the poorest. The poverty component uses the persons who fall in Q1 and Q2. The updates in data resulted in KZN’s share increasing from 22.9 per cent in 2011 to 23 per cent in 2012.

Economic activity (1 per cent)
The economic activity component was updated with the 2009 GDP-R data, and resulted in a decrease in the KZN share from 16.4 to 16.1 per cent from 2011 to 2012.

Institutional component (5 per cent)
As this component is independent of data, it is equally divided among provinces, so it remains unchanged.

The full impact of the changes in the data and the formula on the equitable share is reflected in Table 4.3.

Table 4.3: Components and shares of equitable share formula by province, 2012/13

	Education 48%	Health 27%	Basic share 16%	Poverty 3%	Economic activity 1%	Institutional 5%	Weighted average 100%
Eastern Cape	16.3%	14.2%	13.5%	16.7%	7.6%	11.1%	15.0%
Free State	5.6%	5.5%	5.5%	5.7%	5.5%	11.1%	5.9%
Gauteng	15.7%	20.5%	22.4%	15.7%	33.9%	11.1%	17.9%
KwaZulu-Natal	**23.2%**	**23.0%**	**21.4%**	**23.0%**	**16.1%**	**11.1%**	**22.0%**
Limpopo	13.9%	10.7%	11.0%	14.4%	7.0%	11.1%	12.5%
Mpumalanga	8.4%	6.8%	7.2%	8.6%	7.1%	11.1%	8.0%
Northern Cape	2.2%	2.2%	2.2%	2.4%	2.3%	11.1%	2.7%
North West	6.3%	6.5%	6.4%	7.5%	6.5%	11.1%	6.7%
Western Cape	8.4%	10.6%	10.5%	6.0%	14.0%	11.1%	9.4%
Total	**100.0%**	**100.0%**	**100.0%**	**100.0%**	**100.0%**	**100.0%**	**100.0%**

A total of R14.979 billion (R3.332 billion in 2012/13, R5.316 billion in 2013/14 and R6.330 billion) is added to the PES over the 2012/13 MTEF. Of this additional funding, 70 per cent is added to cover the higher than anticipated 2011 wage agreement. The funding provided is sufficient to fully fund the carry-through costs of the 2011 wage agreement. Other priorities funded from 2013/14 are the expansion of no-fee schools, universalisation of Grade R, additional access to early childhood care for 0-4 year olds, as well as victim empowerment programmes, as reflected in Table 4.4 below.

Table 4.4: Policy and inflationary additions to the provincial equitable share

R thousand	Medium-term Estimates			Total
	2012/13	2013/14	2014/15	Revisions
Provincial equitable share baseline 2011	**305 725 449**	**323 604 408**	**343 020 672**	**972 350 529**
Additions to baseline	**3 331 933**	**5 316 285**	**6 330 327**	**14 978 545**
Improved conditions of service	3 331 933	3 512 660	3 689 589	10 534 182
Policy priorities funded through equitable share	-	1 803 625	2 640 738	4 444 363
Education	-	1 116 645	1 899 458	3 016 103
Expansion of no-fee schools	-	*450 358*	*839 326*	*1 289 684*
Universalisation of Grade R	-	*666 287*	*1 060 132*	*1 726 419*
Social Development	-	686 980	741 280	1 428 260
Child and youth care: Access to early childhood development	-	*650 000*	*700 000*	*1 350 000*
Victim empowerment programme	-	*36 980*	*41 280*	*78 260*
Revised provincial equitable share for 2012 MTEF	**309 057 382**	**328 920 693**	**349 350 999**	**987 329 074**

Nationally, the expansion of no-fee schools receives R1.290 billion over the MTEF. These funds will enable provincial education departments to implement a policy decision of the national department to classify all schools in Quintiles 2 and 3 as no-fee.

An amount of R1.726 billion is allocated from 2013/14 (R666.287 million in 2013/14 and R1.060 billion in 2014/15) to make the universalisation of Grade R a reality. Grade R is the reception year in the foundation phase and there is extensive evidence that shows participation in a quality Grade R programme improves the ability to learn at primary school.

An amount of R1.428 billion (R686.980 million and R741.280 million in 2013/14 and 2014/15, respectively) has been reprioritised from the baseline of the Department of Social Development (DSD) for child and youth care and victim empowerment. This will enable the department to implement an integrated sector plan for child and youth care and protection, by integrating programmes for children and youth and to continue victim empowerment programmes currently funded from donor funding.

The largest portion of the PES is allocated to KZN, at 22 per cent of the total PES allocated to provinces. The impact of these updates will be phased in over three years from 2012/13 to 2014/15, with the 2011/12 weighted share of KZN growing from 21.8 per cent in 2011/12 to 21.9 per cent in 2012/13 to 22 per cent in 2014/15.

The horizontal division of revenue among provinces, in rand terms, after changes in data and revisions to the PES are reflected in Table 4.5 below.

Table 4.5: Provincial equitable shares allocations, 2012/13 - 2014/15

R million	Allocation	Forward Estimates	
	2012/13	2013/14	2014/15
Eastern Cape	46 940	49 602	52 216
Free State	18 531	19 467	20 413
Gauteng	54 545	58 614	62 881
KwaZulu-Natal	**67 803**	**72 579**	**77 551**
Limpopo	38 721	40 969	43 170
Mpumalanga	24 874	26 288	27 698
Northern Cape	8 255	8 743	9 230
North West	20 615	21 906	23 215
Western Cape	28 772	30 753	32 977
Total	**309 057**	**328 921**	**349 351**

4.1.4 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, all of 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 4.6 reflects the revisions to the total conditional grant baseline allocations for 2012/13 to 2014/15.

Table 4.6: Revision to provincial conditional grants baseline allocations, 2012/13 – 2014/15

	Medium-term Estimates			Total
R million	**2012/13**	**2013/14**	**2014/15**	**Revisions**
Technical revisions	**(57)**	**(68)**	**(73)**	**(198)**
Health	**-**	**-**	**-**	**-**
Health Infrastructure grant	**(100)**	**(150)**	**(200)**	(450)
Revised to:				
Nursing Colleges and Schools grant	100	150	200	450
Public Works	**(57)**	**(68)**	**(73)**	(198)
EPWP Integrated Grant for Provinces	(32)	(40)	(42)	(115)
Social Sector EPWP Incentive Grant for Provinces	(24)	(28)	(30)	(83)
Savings created	**(1 042)**	**(937)**	**(1 453)**	**(3 433)**
Agriculture, Forestry and Fisheries	**(16)**	**(18)**	**(36)**	**(70)**
Comprehensive Agricultural Support Programme grant	(11)	(14)	(27)	(52)
Ilima/Letsemsa Projects grant	(4)	(5)	(9)	(18)
Arts and Culture	**(6)**	**(4)**	**(7)**	(17)
Commumity Library Services grant	(6)	(4)	(7)	(17)
Basic Education	**(203)**	**(190)**	**(350)**	(743)
Dinaledi Schools grant	(0.3)	(0.3)	(1)	(1)
Education Infrastructure grant	(180)	(168)	(309)	(657)
HIV and AIDS (Life-Skills Education) grant	(1)	(1)	(1)	(3)
National School Nutrition Programme grant	(22)	(20)	(37)	(79)
Technical Secondary Schools Recapitalisation grant	(1)	(1)	(1)	(3)
Health	**(505)**	**(376)**	**(390)**	(1 270)
Comprehensive HIV and AIDS grant	(62)	(73)	(132)	(266)
Health Infrastructure grant	(100)	(50)	-	(150)
Hospital Revitalisation grant	(282)	(184)	(124)	(590)
National Tertiary Services grant	(61)	(69)	(134)	(264)
Higher Education and Training	**-**	**-**	**(18)**	**(18)**
Further Education and Training Colleges Sector grant	-	-	(18)	(18)
Human Settlements	**(168)**	**(172)**	**(337)**	**(677)**
Human Settlements Development grant	(168)	(172)	(337)	(677)
Public Works	**(19)**	**(39)**	**(49)**	**(107)**
Devolution of Property Rates Fund grant	(19)	(39)	(49)	(107)
Sports and Recreation South Africa	**(5)**	**(3)**	**(5)**	(13)
Mass Participation and Sport Development grant	(5)	(3)	(5)	(13)
Transport	**(119)**	**(135)**	**(263)**	**(517)**
Provincial Roads Maintenance grant	(76)	(87)	(169)	(331)
Public Transport Operations grant	(44)	(48)	(94)	(186)
Addition to baselines	**1 805**	**2 530**	**3 742**	**8 076**
Agriculture, Forestry and Fisheries	**398**	**299**	**298**	**995**
Comprehensive Agricultural Support Programme grant	398	299	298	995
Basic Education	**119**	**159**	**-**	**278**
Education Infrastructure grant	119	159	-	278
Health	**450**	**950**	**2 318**	**3 718**
Comprehensive HIV and AIDS grant	-	-	1 100	1 100
Hospital Revitalisation grant	50	300	368	718
National Tertiary Services grant	250	300	350	900
National Health Insurance grant	150	350	500	1 000
Higher Education and Training	**52**	**55**	**58**	**166**
Further Education and Training Colleges Sector grant	52	55	58	166
Human Settlements	**295**	**699**	**700**	**1 694**
Human Settlements Development grant	295	699	700	1 694
Transport	**490**	**368**	**367**	**1 225**
Provincial Roads Maintenance grant	490	368	367	1 225
Net revisions/additions/(deductions) to baseline	**706**	**1 524**	**2 215**	**4 446**

Policy additions to provincial conditional grant baselines are R8.076 billion over the 2012/13 MTEF and, after taking account of savings of R3.433 billion on the grant baselines, and the net effect of the technical revisions, the net change to the provincial conditional grant baseline is R4.446 billion over the MTEF.

Technical revisions

Portion of Health Health Infrastructure grant reallocated to Nursing Colleges and Schools grant

Over the MTEF, R450 million has been reprioritised from the baseline of the Health Infrastructure grant. The Nursing Colleges and Schools grant is a specific purpose (Schedule 5) grant toward the refurbishment and upgrading of nursing colleges. These colleges will provide accommodation and learning environments for nurses in training, which is a critical component of the human resources strategy of the Department of Health.

The National Department of Health will play a more active role in the planning, packaging and procurement of projects funded through this grant than it does in other infrastructure grants. Provinces will be given the opportunity to enter into agreements with the national department to allow the national department to deliver services on their behalf.

EPWP Integrated Grant for Provinces and Social Sector EPWP Incentive Grant for Provinces

The EPWP grants have been reconfigured as a result of the slow uptake and response on incentives by provinces and municipalities. The 2011/12 incentive payments to provinces were calculated on the basis of the number of Full Time Equivalent (FTE) jobs created, as reported at the end of each quarter. The 2012/13 MTEF allocations are based on the actual performance in the previous year. Schedule 8 of the DORA falls away in 2012/13 and the EPWP grants for provinces are shifted to Schedule 5 allocations.

Savings created

As mentioned above, the formal functional groups of the 2012/13 budget process were required to identify savings of 0.4 per cent to their functions' baselines, provided that spending on key priorities was not eroded. In order to protect spending pressures, savings were then 'moved' around within the baselines of the functional groups over the MTEF. Net savings of R3.433 billion have been realised, to be reallocated to priority areas and to cover the carry-through costs of the 2011 wage agreement.

Additions to baselines

Comprehensive Agricultural Support Programme (CASP) grant

Amounts of R398 million in 2012/13, R299 million in 2013/14 and R298 million in 2014/15 have been added to the baseline for CASP, to be used mainly to build capacity so that newly settled and emerging farmers can receive quality extension services.

Education Infrastructure grant

Amounts of R119 million and R159 million have been allocated in 2012/13 and 2013/14 for repair work on schools and other education facilities.

Comprehensive HIV and AIDS grant

On 1 December 2009, the President announced that the CD4 count threshold for accessing HIV and AIDS treatment would be increasing to 350. This has increased the number of people who qualify for treatment and therefore additional funding is provided to respond to the increased demand, and R1.100 billion is added to this grant in 2014/15.

Hospital Revitalisation grant

The additions to the Hospital Revitalisation grant are R718 million over the MTEF and are set aside for large infrastructure projects that will be implemented through public private partnerships.

National Tertiary Services grant

The additions to the baseline of this grant are R900 million over the MTEF, to assist with the cost of the 2011 wage agreements for the health sector.

National Health Insurance (NHI) grant

This Schedule 5 grant will fund ten district NHI pilots aimed at strengthening primary health care as the platform on which the NHI will be implemented. It is also aimed at strengthening revenue collection and management in selected central hospitals. The pilots will test the feasibility of policy proposals in the NHI Green Paper and models of delivery such as district based clinical specialist support teams, school-based primary health care services, municipal ward based primary health care agents, general practitioner services and primary care clinics and allied health professional services.

Over the MTEF, R1 billion (R150 million in 2012/13, R350 million in 2013/14 and R500 million in 2014/15) has been set aside for this and the national department and provinces will agree on the most appropriate delivery and funding mechanisms during 2012/13.

Further Education and Training (FET) Colleges Sector grant

To ensure the successful transfer of the FET College function to the Department of Higher Education and Training, R52 million, R55 million and R58 million has been provided over the 2012/13 MTEF.

Human Settlements Development grant

To assist provinces progress toward the eradication of informal settlements, R1.694 billion is added to the Human Settlements Development grant over the MTEF (R295 million in 2012/13, R699 million in 2013/14 and R700 million in 2014/15). These funds will enable provinces to install the necessary infrastructure in smaller and less capacitated municipalities to upgrade informal settlements to be sustainable communities.

Provincial Roads Maintenance grant

Additions of R490 million, R368 million and R367 million over the MTEF were made to supplement provincial roads investments and support preventative, routine and emergency maintenance on the provincial road networks. Funding is furthermore aimed at ensuring that provinces implement and maintain road asset management systems, promote the use of labour-intensive methods in road maintenance and repair roads and bridges damaged by floods.

The revised provincial conditional grant baseline for the 2012/13 MTEF is R245.256 billion, as reflected in Table 4.7.

Provisions in respect of infrastructure conditional grants

In order to address slow and inefficient spending on social and economic infrastructure by provinces (and municipalities), the conditions of the grants have been adapted to improve planning, procurement and implementation procedures. The intention is to reward provincial departments that accelerate implementation and ensure efficient and cost effective delivery of services. Specific reporting requirements have been set that allow the relevant national department and National Treasury to assess expenditure and procurement processes and stop allocations if there are any signs of non-compliance.

As under-capacitated infrastructure units are a major stumbling block to infrastructure delivery, the revised conditions also require provinces to confirm that they have capacitation plans in place to build the organisational capacity in infrastructure units so that they are able to comply with the directives set by the Minister of Public Works.

The additions for repair of infrastructure in Education, Roads, Human Settlements and Agriculture are to flow through the most appropriate existing sector conditional grants. Conditions are included in these grant frameworks that require provinces to use only the disaster allocation for repair work and not any funds from the original conditional grant allocation for this purpose.

To assist provinces to respond to the damage caused by floods in January and February 2011, R3.029 billion over the MTEF (R1.300 billion, R1.100 billion and R665 million) has been made available. These funds will be administered through specific disaster management grants under the administration of the Departments of Human Settlements, Transport and Basic Education.

Table 4.7: Revised conditional grants allocations to provinces, 2012/13 – 2014/15

R million	Medium-term Estimates			Total
	2012/13	2013/14	2014/15	
Agriculture, Forestry and Fisheries	**2 067**	**2 147**	**2 194**	**6 408**
Comprehensive Agricultural Support Programme grant	1 535	1 600	1 665	4 800
Ilima/Letsema Projects grant	416	438	461	1 315
Land Care Programme grant	116	109	68	293
Arts and Culture	**565**	**598**	**632**	**1 795**
Community Library Services grant	565	598	632	1 795
Basic Education	**11 246**	**11 923**	**12 321**	**35 490**
Dinaledi Schools grant	100	105	111	316
Education Infrastructure grant	5 822	6 198	6 270	18 290
HIV and AIDS (Life-Skills Education) grant	209	220	233	662
National School Nutrition Programme grant	4 906	5 179	5 474	15 559
Technical Secondary Schools Recapitalisation grant	209	221	233	663
Co-operative Governance	**180**	**190**	**201**	**571**
Provincial Infrastructure Disaster Relief grant	180	190	201	571
Health	**25 692**	**28 749**	**31 793**	**86 234**
Comprehensive HIV and AIDS grant	8 763	10 534	12 211	31 508
Health Infrastructure grant	1 621	1 721	1 836	5 178
Health Professions Training and Development grant	2 076	2 190	2 322	6 588
Hospital Revitalisation grant	4 104	4 184	4 556	12 844
National Tertiary Services grant	8 878	9 620	10 168	28 666
National Health Insurance grant	150	350	500	1 000
Nursing Colleges and Schools grant	100	150	200	450
Higher Education	**4 757**	**5 318**	**5 618**	**15 693**
Further Education and Training Colleges Sector grant	4 757	5 318	5 618	15 693
Human Settlements	**15 726**	**16 984**	**17 808**	**50 518**
Human Settlements Development grant	15 726	16 984	17 808	50 518
Public Works	**2 429**	**2 672**	**2 824**	**7 925**
Devolution of Property Rates Fund grant	1 919	2 052	2 168	6 139
EPWP Integrated Grant for Provinces	293	362	383	1 038
Social Sector EPWP Incentive Grant for Provinces	217	258	273	748
Sport and Recreation South Africa	**470**	**498**	**526**	**1 494**
Mass Participation and Sport Development grant	470	498	526	1 494
Transport	**12 299**	**13 093**	**13 736**	**39 128**
Provincial Roads Maintenance grant	7 982	8 540	8 953	25 475
Public Transport Operations grant	4 317	4 553	4 783	13 653
Total conditional grants	**75 431**	**82 172**	**87 653**	**245 256**
Indirect transfers	**700**	**2 315**	**5 189**	**8 204**
School Infrastructure Backlogs grant	700	2 315	5 189	8 204
Total	**76 131**	**84 487**	**92 842**	**253 460**

4.1.5 The local government equitable share (LES) and conditional grants

Table 4.8 reflects the national transfers to local government, which grow from a Revised Estimate of R72.209 billion in 2011/12 to R82.432 billion, R89.519 billion and R96.545 billion over the 2012/13 MTEF. The national allocations to local government are made up of direct and indirect transfers. The direct transfers are appropriated in the DORA, 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 levy sharing with metros, as well as conditional grants.

Table 4.8: National transfers to local government, 2008/09 – 2014/15

R million	Audited Outcome			Revised Estimate	Medium-term Estimates		
	2008/09	2009/10	2010/11	2011/12	2012/13	2013/14	2014/15
Direct transfers to local government	**45 487**	**51 537**	**60 530**	**68 180**	**77 342**	**83 858**	**90 707**
Equitable share and related	**25 560**	**23 847**	**30 168**	**32 876**	**37 873**	**40 582**	**43 639**
Equitable share formula	16 300	20 283	26 388	28 991	33 483	35 879	38 538
Regional Service Council levy replacement	9 045	3 306	3 492	3 544	3 733	3 930	4 146
Support for councillor remuneration and ward committees	215	258	288	340	658	772	955
General fuel levy sharing with metros	**-**	**6 800**	**7 542**	**8 573**	**9 040**	**9 613**	**10 190**
Conditional grants	**19 928**	**20 891**	**22 821**	**26 732**	**30 429**	**33 663**	**36 878**
Infrastructure	18 562	18 759	20 870	24 846	28 029	31 222	34 301
Capacity building and other	1 366	2 132	1 951	1 886	2 400	2 440	2 577
Indirect transfers to local government	**2 418**	**3 088**	**2 996**	**4 029**	**5 088**	**5 661**	**5 836**
Infrastructure	2 038	2 763	2 682	3 781	4 956	5 348	5 509
Capacity building and other	380	326	314	247	133	313	328
Total transfers to local government	**47 906**	**54 626**	**63 526**	**72 209**	**82 432**	**89 519**	**96 545**

Direct transfers to local government

Direct transfers are made up of a local government equitable share portion and related allocations, a general fuel levy allocated to specific metros, as well as conditional grants geared toward infrastructure and capacity building.

Local government Equitable Share (LES)

Local government is responsible for the provision of water and sanitation, electricity, refuse removal, municipal health services, storm water management and municipal transport and roads. The functions performed by local government rely largely on self-financing. Substantial progress has been made in overcoming the service disparities of the past, through transfers from the national fiscus, but large backlogs remain. The LES helps municipalities to provide free basic services to poor households and subsidises the basic costs of running a municipal administration.

Over the 2012/13 MTEF, the LES grows from R33.483 billion to R38.538 billion in 2014/15. Additions to the equitable share cater for the increased cost of providing free basic services to poor households and subsidising poor municipalities, and recognise 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.

Further work will be done to review the formula, with revisions making use of the data from the 2011 Census, due to be released in March 2013. Allocations using the revised formula will be introduced from 2014/15 onward.

The allocation in respect of the Regional Service Council (RSC) levy replacement for 2008/09 includes allocations towards metros, whereas from 2009/10, metros receive a share of the General fuel levy. As part of continuing efforts to find a viable basket of tax instruments to replace the RSC levies that were abolished several years ago, from 2009/10, a share of the revenues from the General fuel levy have been earmarked for metropolitan (Category A) municipalities. The distribution of revenue among various metropolitan municipalities is to be phased in over four years, and will eventually be based on fuel sales in each metro. Each metro is to use these funds to boost budgets for roads and transportation infrastructure. Two new metros (Mangaung and Buffalo City) are entitled to their share of the fuel levy from 2011/12 onward, which explains the slight increase in the allocation from this year forward.

Local government conditional grants

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 the Infrastructure conditional grants from R28.029 billion to R34.301 billion over the 2012/13 MTEF. This allocation includes funding for an array of infrastructure grants, such as the Municipal Infrastructure grant (MIG), Urban Settlement Development grant (USDG), Integrated National Electrification Programme grant, Public Transport Infrastructure and Systems grant, Neighbourhood Development Partnership grant, Rural Roads Assets Management grant, as well as the Municipal Drought Relief grant.

In addition, provision of R7.417 billion is made over the 2012/13 MTEF as the Capacity building allocation, which in turn is made up of several grants, such as the Municipal Systems Improvement grant, Financial Management grant, Water Services Operating Subsidy grant, EPWP grant, Infrastructure Skills Development grant, Electricity Demand Side Management grant and Municipal Disaster grant.

Indirect transfers to local government

An amount of R16.585 billion is also made available over the MTEF for indirect transfers that will be spent by national departments on behalf of municipalities. As with the direct transfers, these transfers focus on infrastructure and capacity building, and consist of the Financial Management grant: DBSA, Electricity Demand Side Management grant and the Water Services Operating Subsidy grant.

4.2 Provincial receipts

4.2.1 Overall provincial position

Table 4.9 shows the actual and projected total revenue for the seven-year period, 2008/09 to 2014/15.

National transfers to the province, which comprise equitable share funding and conditional grants, make up 97.2 per cent of provincial revenue in 2012/13. Provincial own revenue makes up the balance of the total provincial funding, of 2.8 per cent.

Table 4.9: Analysis of total receipts

	Audited Outcome			Adjusted Appropriation	Medium-term Estimates			Average Annual Growth	
	2008/09	2009/10	2010/11	2011/12	2012/13	2013/14	2014/15	2008/09-2011/12	2011/12-2014/15
R thousand									
Transfers from national	51 490 462	60 826 209	69 985 468	76 990 750	82 230 360	88 144 931	94 286 335		
Equitable share	*44 223 509*	*51 972 804*	*57 632 201*	*63 584 195*	*67 802 913*	*72 579 341*	*77 551 103*		
Conditional grants	*7 266 953*	*8 853 405*	*12 353 267*	*13 406 555*	*14 427 447*	*15 565 590*	*16 735 232*		
Own revenue	1 698 353	1 857 195	2 041 364	1 942 965	2 338 953	2 499 628	2 671 396		
Total receipts	**53 188 815**	**62 683 404**	**72 026 832**	**78 933 715**	**84 569 313**	**90 644 559**	**96 957 731**		
% of total revenue									
Transfers from national	96.8	97.0	97.2	97.5	97.2	97.2	97.2		
Equitable share	*83.1*	*82.9*	*80.0*	*80.6*	*80.2*	*80.1*	*80.0*		
Conditional grants	*13.7*	*14.1*	*17.2*	*17.0*	*17.1*	*17.2*	*17.3*		
Own revenue	3.2	3.0	2.8	2.5	2.8	2.8	2.8		
Nominal growth (%)									
Transfers from national		18.1	15.1	10.0	6.8	7.2	7.0	14.4	7.0
Equitable share		*17.5*	*10.9*	*10.3*	*6.6*	*7.0*	*6.9*	*12.9*	*6.8*
Conditional grants		*21.8*	*39.5*	*8.5*	*7.6*	*7.9*	*7.5*	*22.6*	*7.7*
Own revenue		9.4	9.9	(4.8)	20.4	6.9	6.9	4.6	11.2
Total		**17.9**	**14.9**	**9.6**	**7.1**	**7.2**	**7.0**	**14.1**	**7.1**
Real growth (%)									
Transfers from national		11.1	10.4	4.9	1.4	1.6	1.9	8.8	1.6
Equitable share		*10.5*	*6.4*	*5.2*	*1.3*	*1.5*	*1.8*	*7.4*	*1.5*
Conditional grants		*14.6*	*33.9*	*3.5*	*2.2*	*2.3*	*2.4*	*16.7*	*2.3*
Own revenue		2.8	5.5	(9.2)	14.3	1.3	1.8	(0.5)	5.6
Total receipts		**10.8**	**10.3**	**4.5**	**1.7**	**1.6**	**1.9**	**8.5**	**1.7**

In the 2012/13 MTEF, the total provincial receipts are R84.569 billion, R90.645 billion and R96.958 billion, respectively. The largest share of national transfers to KZN is the equitable share of R67.803 billion in 2012/13, R72.579 billion in 2013/14 and R77.551 billion in 2014/15. Conditional grant funding provides a further R14.427 billion, R15.566 billion and R16.735 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 2008/09 to 2014/15, due to national transfers increasing at a faster rate than own revenue. Despite this, own revenue is showing a steady increase in nominal terms over the MTEF period.

Table 4.9 also shows the analysis of total provincial receipts in terms of percentage shares, as well as nominal and real average annual growth rates from 2008/09 to 2014/15. In real terms, total provincial revenue is set to increase over the 2012/13 MTEF by 1.7 per cent on average, which is lower than that of prior years, which was 8.5 per cent. The share of national transfers increases from 96.8 per cent in 2008/09 to 97.5 per cent in 2011/12, stabilising at 97.2 per cent over the MTEF. Provincial own revenue illustrates the opposite trend, decreasing from 3.2 per cent in 2008/09 to 2.8 per cent in the outer years.

In 2012/13, provincial own revenue is projected to yield R2.339 billion, rising to R2.500 billion and R2.671 billion in 2013/14 and 2014/15, respectively. In nominal terms, own revenue increased by an annual average of 4.6 per cent from 2008/09 to 2011/12. Over the 2012/13 MTEF, this annual average nominal growth is 11.2 per cent. In real terms, own revenue decreased at an annual average rate of 0.5 per cent between 2008/09 and 2011/12 and afterward increases to 5.6 per cent over the 2012/13 MTEF. This is largely due to lower revenue being collected in 2009/10 and 2010/11 from interest due to the provincial bank overdraft. 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 2008/09 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. Further to the real negative growth in provincial own revenue, Health collected substantially less in 2010/11 on patient fees when compared to 2009/10.

4.2.2 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 of the formula are updated annually with the release of official data.

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 PES is formula-based, and is the main source of revenue that enables the province to deliver its statutory obligations. Table 4.9 shows that the total equitable share allocation to the province for the 2012/13 MTEF will grow by an annual average of 1.5 per cent in real terms. This is a decrease from the annual average of 7.4 per cent between 2008/09 to 2011/12. For the period under review, the equitable share allocation to the province decreases from 83.1 per cent of total provincial revenue in 2008/09, to 80.2 per cent in 2012/13. The share of total provincial revenue remains fairly steady over the 2012/13 MTEF. The PES increases in nominal terms, the major reason for the decline in percentage share is mainly due to the conditional grants increasing at a faster rate than the equitable share. In nominal terms, the equitable share increases at an annual average rate of 12.9 per cent between the period 2008/09 to 2011/12 and then increases by only 6.8 per cent over the 2012/13 MTEF. This nominal growth will continue to provide for improved levels of service in KZN.

4.2.3 Provincial 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. 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. Relative to the equitable share, conditional grants are used for more specific purposes, *inter alia*, infrastructure provision, institutional capacity building, and the implementation of various national priorities (e.g., HIV and AIDS and school nutrition programmes).

As Table 4.9 shows, the KZN's conditional grant allocation has grown steadily since 2008/09 as a share of total revenue. From 2008/09 to 2011/12, the conditional grant allocation as a share of total revenue rises from 13.7 per cent to 17 per cent, remaining steady at 17.1 per cent to 17.3 per cent over the MTEF. Nominally, the conditional grant allocation grew at an average annual rate of 22.6 per cent 2008/09 to 2011/12. Over the 2012/13 MTEF, it is projected to grow at an average annual rate of 7.7 per cent.

Table 4.10 summarises conditional grant transfers per vote.

Relative to other provincial departments, the Department of Health is the largest recipient of grant allocation, receiving 33.4 per cent of total grants in 2012/13. Of the total grant to the department, the Comprehensive HIV and AIDS grant was increased substantially over the 2012/13 MTEF. Such efforts are in line with the national government's commitment of fighting the scourge of HIV and AIDS in the country. These include 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 period under review, increasing increases considerably from R3.108 billion in 2011/12 to R3.345 billion in 2012/13. Since 2010/11, the FET College Sector Recapitalisation grant was 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. In addition, Education received the Technical Secondary Schools Recapitalisation grant from 2010/11, and the Dinaledi Schools grant from 2011/12.

Table 4.10: Summary of national conditional grant transfers by vote

R thousand	Audited Outcome			Main Appropriation	Adjusted Appropriation	Revised Estimate	Medium-term Estimates		
	2008/09	2009/10	2010/11		2011/12		2012/13	2013/14	2014/15
Vote 3: Agriculture, Enviro. Affairs and Rural Dev.	**123 890**	**138 489**	**174 525**	**233 935**	**242 251**	**242 251**	**276 738**	**287 036**	**292 579**
Land Care Programme grant	7 345	8 227	8 721	9 244	9 244	9 244	20 304	18 746	10 854
Comprehensive Agricultural Support Programme	100 545	117 762	135 804	164 691	164 691	164 691	183 726	202 522	212 632
Agricultural Disaster Management grant	5 000	5 000	-	-	-	-	-	-	-
Ilima/Letsema Projects grant	11 000	7 500	30 000	60 000	60 000	60 000	63 000	65 768	69 093
EPWP Integrated Grant for Provinces	-	-	-	-	8 316	8 316	9 708	-	-
Vote 4: Economic Development and Tourism	**-**	**-**	**-**	**-**	**536**	**536**	**1 000**	**-**	**-**
EPWP Integrated Grant for Provinces	-	-	-	-	536	536	1 000	-	-
Vote 5: Education	**1 280 569**	**1 341 818**	**2 598 423**	**3 078 939**	**3 108 039**	**3 108 039**	**3 344 801**	**3 582 787**	**3 766 589**
Educaton Infrastructure grant (previously IGP)	602 756	746 136	1 035 501	1 158 136	1 175 956	1 175 956	1 247 477	1 318 435	1 373 989
HIV and AIDS (Life-Skills Education) grant	39 910	39 765	42 686	45 114	45 114	45 114	46 806	49 368	52 261
National School Nutrition Programme (NSNP) grant	458 233	555 917	855 285	1 070 013	1 070 013	1 070 013	1 151 644	1 214 985	1 283 755
FET College Sector Recapitalisation grant	162 974	-	-	-	-	-	-	-	-
FET College Sector grant	-	-	649 177	754 793	765 537	765 537	839 837	938 774	991 823
Education Disaster Management grant	16 696	-	-	-	-	-	-	-	-
Technical Secondary Schools Recapitalisation grant	-	-	15 274	38 563	38 563	38 563	40 490	42 716	45 193
EPWP Integrated Grant for Provinces	-	-	500	-	536	536	1 000	-	-
Dinaledi Schools grant	-	-	-	12 320	12 320	12 320	17 547	18 509	19 568
Vote 6: Provincial Treasury	**-**	**-**	**1 634**	**-**	**-**	**-**	**-**	**-**	**-**
Education and Health Infrastructure grants	-	-	1 634	-	-	-	-	-	-
Vote 7: Health	**2 634 190**	**3 114 646**	**3 924 609**	**4 434 669**	**4 435 205**	**4 435 205**	**4 820 849**	**5 437 034**	**6 091 231**
Health Professions Training & Development grant	212 092	222 425	235 771	249 917	249 917	249 917	261 860	276 262	292 837
Hospital Revitalisation grant	330 404	288 862	500 815	547 698	547 698	547 698	566 605	575 104	661 132
National Tertiary Services grant	911 892	983 948	1 102 585	1 201 831	1 201 831	1 201 831	1 323 114	1 415 731	1 496 427
Comprehensive HIV and AIDS grant	757 213	1 121 575	1 518 811	1 889 427	1 889 427	1 889 427	2 225 423	2 652 072	3 073 536
Health Infrastructure grant (was IGP)	294 832	359 717	400 238	358 471	358 471	358 471	393 367	416 969	427 845
Forensic Pathology Services grant	127 757	134 538	152 406	161 550	161 550	161 550	-	-	-
2010 World Cup Health Preparation Strategy grant	-	3 581	-	-	-	-	-	-	-
Social Sector EPWP Incentive Grant for Provinces	-	-	2 676	25 775	25 775	25 775	-	-	-
EPWP Integrated Grant for Provinces	-	-	11 307	-	536	536	1 000	-	-
National Health Insurance grant	-	-	-	-	-	-	33 000	77 000	110 000
Nursing Colleges and Schools grant	-	-	-	-	-	-	16 480	23 896	29 454
Vote 8 : Human Settlements	**1 622 053**	**2 330 448**	**2 768 502**	**2 769 871**	**2 801 547**	**2 801 547**	**2 915 297**	**3 148 736**	**3 305 541**
Human Settlements Development grant	1 622 053	2 180 448	2 634 109	2 769 871	2 769 871	2 769 871	2 915 297	3 148 736	3 305 541
Housing Disaster Relief grant	-	150 000	133 800	-	31 140	31 140	-	-	-
EPWP Integrated Grant for Provinces	-	-	593	-	536	536	-	-	-
Vote 9: Community Safety and Liaison	**-**	**-**	**-**	**-**	**-**	**-**	**1 673**	**-**	**-**
Social Sector EPWP Incentive Grant for Provinces	-	-	-	-	-	-	1 673	-	-
Vote 12 : Transport	**1 309 475**	**1 570 723**	**2 040 505**	**2 139 957**	**2 157 272**	**2 157 272**	**2 373 740**	**2 368 976**	**2 486 273**
Sani Pass Road grant	30 000	34 347	-	-	-	-	-	-	-
Transport Disaster Management grant	616 773	-	-	-	29 736	29 736	-	-	-
Public Transport Operations grant	-	587 396	714 587	773 473	773 473	773 473	808 279	852 325	895 350
EPWP Integrated Grant for Provinces	-	83 900	153 130	129 836	117 415	117 415	64 290	-	-
Provincial Roads Maintenance grant (was IGP)	662 702	865 080	958 390	1 236 648	1 236 648	1 236 648	1 501 171	1 516 651	1 590 923
Provincial Disaster Relief grant	-	-	214 398	-	-	-	-	-	-
Vote 13 : Social Development	**-**	**-**	**2 700**	**4 494**	**4 494**	**4 494**	**-**	**-**	**-**
Social Sector EPWP Incentive Grant for Provinces	-	-	2 700	4 494	4 494	4 494	-	-	-
Vote 14 : Public Works	**210 846**	**236 544**	**713 331**	**518 585**	**520 546**	**520 546**	**552 608**	**588 180**	**621 359**
Devolution of Property Rate Funds grant	210 846	236 264	709 891	518 585	518 585	518 585	551 100	588 180	621 359
EPWP Integrated Grant for Provinces	-	280	3 440	-	1 961	1 961	1 508	-	-
Vote 15 : Arts and Culture	**26 195**	**35 589**	**38 282**	**45 401**	**48 971**	**48 971**	**48 619**	**56 297**	**69 674**
Community Library Services grant	26 195	35 589	38 282	45 401	48 971	48 971	48 619	56 297	69 674
Vote 16: Sport and Recreation	**59 735**	**85 148**	**90 756**	**87 694**	**87 694**	**87 694**	**92 122**	**96 544**	**101 986**
Mass Participation and Sport Development grant	59 735	85 148	90 256	87 694	87 694	87 694	91 122	96 544	101 986
EPWP Integrated Grant for Provinces	-	-	500	-	-	-	1 000	-	-
Total	**7 266 953**	**8 853 405**	**12 353 267**	**13 313 545**	**13 406 555**	**13 406 555**	**14 427 447**	**15 565 590**	**16 735 232**

The Department of Human Settlements is the third largest recipient of grant allocation. This allocation shows a steady nominal increase over the 2012/13 MTEF. The bulk of this grant allocation consists of the Human Settlements Development grant. The Housing Disaster Relief grant allocation in 2010/11 was to repair houses ravaged by storms.

Over the MTEF period, the conditional grant funding for the Department of Transport increases from R2.374 billion in 2012/13 to R2.486 billion in 2014/15. This allocation comprises of the Provincial Roads Maintenance grant, Public Transport Operations grant and the EPWP Integrated Grant for Provinces. The Provincial Roads Maintenance grant (previously the Infrastructure Grant to Provinces) is aimed at accelerating the construction, maintenance, upgrading and rehabilitation of new and existing transport infrastructure. The framework for the IGP has been replaced with sector specific grants for Education, Health and Transport.

With regard to Public Works, a significant increase in the conditional grant funding is noted in the 2012/13 MTEF. The total grant allocation rises from R552.608 million in 2012/13 to R621.359 million in

2014/15. Of this amount, the bulk of the allocation relates to the Devolution of Property Rate Funds grant. This grant commenced in 2008/09 to provide for payments of provincially owned land and buildings' property rates to various municipalities. This function was previously administered by the National Department of Public Works.

The EPWP Integrated Grant for Provinces is allocated to provincial departments in line with schedules to the DORA. From 2012/13, this grant changes from being a Schedule 8 conditional grant to a Schedule 5 conditional grant. Allocations are made to departments based on the previous year's performance and as such, Transport receives R64.290 million in 2012/13, while Agriculture, Environmental Affairs and Rural Development receives R9.708 million. Economic Development and Tourism, Education, Health and Sport and Recreation each receive R1 million in 2012/13.

4.2.4 Total provincial own receipts (own revenue)

Tables 4.11 and 4.12 summarise provincial own revenue by economic classification and 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 collection category is *Sale of goods and services other than capital assets,* particularly Health patient fees, followed by *Transactions in financial assets and liabilities, Interest, dividends and rent on land, Fines, penalties and forfeits* and *Sale of capital assets*.

Table 4.11: Summary of provincial own receipts

R thousand	Audited Outcome			Main Appropriation	Adjusted Appropriation	Revised Estimate	Medium-term Estimates		
	2008/09	2009/10	2010/11	2011/12			2012/13	2013/14	2014/15
Tax receipts	1 207 899	1 327 599	1 439 970	1 492 700	1 492 700	1 567 703	1 702 324	1 827 020	1 953 088
Casino taxes	*267 943*	*283 970*	*305 583*	*320 788*	*320 788*	*320 788*	*336 827*	*355 352*	*374 896*
Horse racing taxes	*65 070*	*41 571*	*45 857*	*45 817*	*45 817*	*59 300*	*67 097*	*70 606*	*74 322*
Liquor licences	*4 282*	*4 831*	*5 023*	*46 095*	*46 095*	*5 784*	*48 400*	*51 062*	*53 870*
Motor vehicle licences	*870 604*	*997 227*	*1 083 507*	*1 080 000*	*1 080 000*	*1 181 831*	*1 250 000*	*1 350 000*	*1 450 000*
Sale of goods and services other than capital assets	302 546	345 775	326 565	353 354	353 354	363 962	359 551	377 949	402 608
Transfers received	921	-	1 255	-	-	-	-	-	-
Fines, penalties and forfeits	40 574	43 259	50 989	38 210	38 210	38 149	40 298	40 309	40 320
Interest, dividends and rent on land	43 444	32 384	34 598	8 398	8 398	283 884	186 161	201 239	216 348
Sale of capital assets	7 857	32 462	18 296	7 211	7 211	11 004	8 208	8 399	8 606
Transactions in financial assets and liabilities	95 112	75 716	169 691	43 092	43 092	318 659	42 411	44 712	50 426
Total receipts	**1 698 353**	**1 857 195**	**2 041 364**	**1 942 965**	**1 942 965**	**2 583 361**	**2 338 953**	**2 499 628**	**2 671 396**

Table 4.12: Summary of provincial own receipts by vote

R thousand	Audited Outcome			Main Appropriation	Adjusted Appropriation	Revised Estimate	Medium-term Estimates		
	2008/09	2009/10	2010/11	2011/12			2012/13	2013/14	2014/15
1. Office of the Premier	333 420	326 483	352 612	366 761	366 761	380 277	404 110	426 154	449 425
2. Provincial Legislature	3 828	594	4 076	601	601	1 095	629	663	703
3. Agriculture, Environmental Affairs and Rural Dev.	45 100	29 220	18 534	17 273	17 273	20 557	18 136	19 134	20 186
4. Economic Development and Tourism	4 787	5 556	105 494	46 281	46 281	6 551	48 595	51 267	54 087
5. Education	96 596	88 128	63 864	54 835	54 835	83 497	57 819	60 999	73 199
6. Provincial Treasury	15 553	9 881	30 826	8 848	8 848	270 385	185 505	200 556	215 611
7. Health	168 049	232 877	191 221	227 798	227 798	207 099	213 992	224 691	235 925
8. Human Settlements	1 405	6 555	8 117	1 136	1 136	269 305	1 250	1 318	1 439
9. Community Safety and Liaison	46	60	105	53	53	65	52	53	56
10. The Royal Household	87	89	513	93	93	150	98	103	109
11. Co-operative Governance and Traditional Affairs	10 870	5 490	5 622	2 083	2 083	1 698	2 703	2 838	2 995
12. Transport	1 008 826	1 139 462	1 245 979	1 207 948	1 207 948	1 330 246	1 395 850	1 500 900	1 605 950
13. Social Development	4 562	6 995	7 017	4 720	4 720	6 150	4 227	4 448	4 632
14. Public Works	4 573	4 982	6 608	4 120	4 120	5 372	5 498	5 999	6 549
15. Arts and Culture	522	470	609	360	360	537	394	405	425
16. Sport and Recreation	129	353	167	55	55	377	95	100	105
Total provincial own receipts	**1 698 353**	**1 857 195**	**2 041 364**	**1 942 965**	**1 942 965**	**2 583 361**	**2 338 953**	**2 499 628**	**2 671 396**
Provincial Legislature receipts not to be surrendered to the Provincial Revenue Fund	3 828	594	4 076	601	601	1 095	629	663	703
Total adjusted provincial own receipts	**1 694 525**	**1 856 601**	**2 037 288**	**1 942 364**	**1 942 364**	**2 582 266**	**2 338 324**	**2 498 965**	**2 670 693**

Table 4.11 includes *Tax receipts* which exhibit notable growth, averaging 9.1 per cent between 2008/09 and 2011/12. In nominal terms, *Tax receipts* increase from R1.208 billion in 2008/09 to R1.568 billion in

2011/12 with the main revenue collection category being *Motor vehicle licences*. Over the MTEF, *Tax receipts* are projected to rise from R1.702 billion in 2012/13 to R1.953 billion in 2014/15. This translates to an average annual nominal growth of 7.6 per cent over the period.

Tax receipts, as a percentage of total provincial own revenue, fell from 71.1 per cent in 2008/09 to 61 per cent in the 2011/12 Revised Estimate. This decrease is mainly due to other revenue categories becoming more significant, such as *Transactions in financial assets and liabilities* and *Interest, dividends and rent on land*. Over the MTEF period, this share is projected to average 73 per cent of provincial own revenue. In the medium term, the upward trend of *Interest, dividends and rent on land* is expected to continue because of the positive cash balances in the IGCC and PMG accounts.

Sale of goods and services other than capital assets is projected to rise from R359.551 million in 2012/13 to R402.608 million in 2014/15. As a percentage of total provincial own revenue, *Sale of goods and services other than capital assets* fell from 17.8 per cent in 2008/09 to 14.1 per cent in 2011/12 and is projected to stabilise at 15.2 per cent over the medium term. The 2011/12 Revised Estimate shows a spike at R363.962 million due to the Department of Transport over-collecting by R16.929 million against this category. This is due to higher than anticipated increases in the applications for learners' licences and renewal of drivers' licences, as well as the conversion of drivers' licences. In addition, an over-collection of R7.986 million was realised by the Department of Education, largely derived from higher than anticipated commission on PERSAL insurance and garnishee deductions. This over-collection is offset by the Department of Health as the budget for health patient fees was incorrectly based on a once-off peak in revenue collected in 2009/10. *Sale of goods and services other than capital assets* increases steadily over the MTEF.

Transactions in financial assets and liabilities increased from R42.411 million in 2012/13 to R50.426 million in 2014/15. The once-off peak in the 2011/12 Revised Estimate relates to funds paid into the Provincial Revenue Fund in relation to housing projects which did not go ahead as planned in previous financial years. More detail in this regard is included in the *EPRE* in the Human Settlements chapter. Trends in this category have always been difficult to project due to their volatility.

Interest, dividends and rent on land increased substantially from R43.444 million in 2008/09 to R283.884 million in 2011/12. The share of *Interest, dividends and rent on land* to provincial own revenue increases from 2.6 per cent in 2008/09 to 11 per cent in 2011/12, and stabilises at 8 per cent over the MTEF. This is largely due to the interest earned from the IGCC and PMG accounts. The revenue accrued from this source depends on cash balances and the prevailing interest rates, hence the fluctuating trend. The provincial *fiscus* was under severe strain from 2007/08 to 2009/10, resulting in the province going into overdraft. The province has had a positive cash balance since May 2010. However, *Interest, dividends and rent on land* is projected to decline between 2011/12 and 2012/13 as the high level of positive cash balances are not sustainable, especially in view of the 2011/12 projected year-end over-expenditure (largely due to spending pressures in Education).

Fines, penalties and forfeits falls marginally from R40.574 million in 2008/09 to R38.149 million in 2011/12. It is projected to remain steady over the 2012/13 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 lowest category by value is *Sale of capital assets.* Its share of provincial revenue is 0.5 per cent in 2008/09 decreasing marginally to 0.4 per cent in 2011/12. Over the MTEF, *Sale of capital assets* as a percentage of provincial own revenue, averages 0.3 per cent. The growth trend in this category reflects conservative projections by departments as it is difficult to determine with certainty the redundancy of capital assets such as motor vehicles.

The following section is a detailed analysis of revenue per vote. The most significant revenue contributors in the province are Transport, Office of the Premier, Health and Provincial Treasury. Economic Development and Tourism's increased revenue contribution over the MTEF is due to the implementation of the KZN Liquor Licensing Act and its associated tariffs. Other departments remain small contributors even though, in nominal terms, their collections have exhibited growth.

Transport

In Table 4.12, Transport continues to be the main contributor to total provincial own revenue, accounting for an average of 60.1 per cent of total provincial own revenue over the 2012/13 MTEF. The department's revenue has shown strong growth rising from R1.009 billion in 2008/09 to R1.330 billion in the 2011/12 Revised Estimate. This increase is set to continue to R1.396 billion in 2012/13 and R1.606 billion in 2014/15, growing at an annual average rate of 7 per cent over the MTEF period.

Revenue generated from *Motor vehicle licences* increased from R870.604 million in 2008/09 to R1.182 billion in 2011/12, and is projected to maintain a steady increase over the MTEF period to R1.450 billion in 2014/15. 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 Department of Transport to improve service delivery at the various registering authorities, for the registration and licensing of motor vehicles.

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, such as 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.

Office of the Premier

The Office of the Premier is another major own revenue contributor, yielding more than 16 per cent of total own revenue over the 2012/13 MTEF. The department's main sources of revenue are *Casino taxes* (including tax revenue from Limited Payout Machines) and *Horse racing taxes*.

Revenue generated from *Casino taxes* increased from R267.943 million in 2008/09 to R320.788 million in 2011/12. It is projected to further increase over the MTEF to R374.896 million in 2014/15 at an annual average growth rate of 5.3 per cent. The growth rate is lower than in previous years due to the effects of the global economic situation which left the public with less disposable income available for gaming activities. Since the enactment of the KZN Gaming and Betting Act and Gaming and Betting Tax Act, the Office of the Premier, Provincial Treasury and the KZNGBB are reviewing the fees and taxes for 2012/13.

Revenue generated from *Horse racing taxes* decreased from R65.070 million in 2008/09 to R59.300 million in 2011/12, as 2008/09 includes a once-off amount of R22 million received from the Bookmakers' Control Committee. *Horse racing taxes* continues to show positive growth over the 2012/13 MTEF, growing to R74.322 million in 2014/15. Revenue generated from gambling is unpredictable, as it largely depends on changes in disposable income of the population.

Economic Development and Tourism

Total revenue collection for the department grows from R4.787 million in 2008/09 to R6.551 million in 2011/12. The revenue collections peaked in 2010/11 at R105.494 million due to a once-off R100 million returned to the Provincial Revenue Fund by the Ithala Development Finance Corporation (Ithala) for direct transfer by the department to the Richards Bay Industrial Development Zone (RBIDZ). Over the 2012/13 MTEF period, the department's revenue contribution is projected to average at 2 per cent. The major source of revenue collected by the department is *Liquor licences*. The projected nominal increase in the departmental contribution is due to the enactment of the new KZN Liquor Licensing 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 receipts of the Department of Health rose from R168.049 million in 2008/09 to R207.099 million in 2011/12. In nominal terms, the department expects to increase its collections from R213.992 million in 2012/13 to R235.925 million in 2014/15. Health's largest proportion of revenue is from patient fees and board for accommodation paid by staff at the department's institutions.

The department 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. The department needs to continue to focus on clearing, *inter alia*, all medical aid and Road Accident Fund invoices that are accumulating in the back offices of institutions. 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 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

Provincial Treasury 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 R15.553 million in 2008/09 to R9.881 million in 2009/10 and increased to R30.826 million in 2010/11. It is projected to further increase to R270.385 million in the 2011/12 Revised Estimate. The department collects the bulk of its own revenue from interest earned on the IGCC account and the PMG account, which is reflected against the category *Interest, dividends and rent on land*. The fluctuations over the seven-year period under review are directly linked to the amount of cash on hand and changes in interest rates. The low revenue collected in 2008/09 and 2009/10 can be attributed to the over-expenditure incurred by the province. During that period, the funds available for investment in the IGCC account decreased significantly, hence the low revenue collected. The slight improvement in 2010/11 and the substantial increase in the 2011/12 Revised Estimate is due to the improvement in the level of funds available in the IGCC and PMG accounts, largely due to the collective implementation of cost-cutting measures by provincial departments.

The department has significantly increased its projections over the 2012/13 MTEF based on current positive balances. This increase is, however, lower than the 2011/12 Revised Estimate, as mentioned in more detail above.

4.2.5 Donor funding and agency receipts

Table 4.13 shows information on donor funding and agency receipts, per department, for the period under review.

Table 4.13: Donor funding and agency receipts

	Audited Outcome			Main Appropriation	Adjusted Appropriation	Revised Estimate	Medium-term Estimates		
R thousand	2008/09	2009/10	2010/11	2011/12			2012/13	2013/14	2014/15
Donor Funding	**203 843**	**95 516**	**119 789**	**57 869**	**58 439**	**58 908**	**21 081**	**21 081**	**-**
Office of the Premier	-	-	19 841	19 841	19 841	19 841	19 766	19 766	-
Provincial Legislature	1 003	-	-	-	-	-	-	-	-
Agriculture, Enviro Affairs and Rural Development	11 509	19 474	22 276	19 349	19 349	33 619	1 315	1 315	-
Economic Development and Tourism	55 043	31 291	42 626	18 679	18 679	1 171	-	-	-
Education	29 999	-	31 709	-	-	-	-	-	-
Health	91 985	36 072	1 294	-	-	3 707	-	-	-
Human Settlements	604	-	-	-	-	-	-	-	-
Co-operative Governance and Traditional Affairs	13 700	8 679	2 043	-	570	570	-	-	-
Agency Receipt	**776 514**	**44 835**	**17 454**	**7 420**	**7 420**	**7 420**	**7 858**	**8 290**	**8 290**
Office of the Premier	34 541	38 639	10 034	-	-	-	-	-	-
Transport	741 973	6 196	7 420	7 420	7 420	7 420	7 858	8 290	8 290
Total	**980 357**	**140 351**	**137 243**	**65 289**	**65 859**	**66 328**	**28 939**	**29 371**	**8 290**

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 *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, Provincial Treasury requires departments to report on donor funding and agency receipts on a quarterly basis. This is done mainly because, in some instances, 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.

4.2.5.1 Donor funding

The recipients of donor funding over the 2012/13 MTEF are the Office of the Premier and DAEARD.

The Office of the Premier receives funding from the National Skills Fund. The department receives R19.766 million in 2012/13 and it remains constant in 2013/14.

The Office of the Premier, through the 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.
- EPWP learnerships.

Over the MTEF period, DAEARD will receive R1.315 million in 2012/13 and 2013/14. This emanates entirely from the World Health Organisation (WHO). The WHO funds commenced in 2009/10 and were earmarked for dog rabies control in the province. Other donor funds, such as those from the Flemish government who co-funded the Empowerment for Food Security programme, have since lapsed.

4.2.5.2 Agency receipts

The Department of Transport 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 KZN. These agency receipts decrease from R741.973 million in 2008/09 to R6.196 million in 2009/10, and increase to R7.420 million in 2010/11 and remain unchanged in 2011/12. The decrease between 2008/09 and 2009/10 was due to the agency funding for bus subsidies from the National Department of Transport ending in 2008/09, and being replaced from 2009/10 onward by the Public Transport Operations grant to subsidise public transport.

Over the MTEF, the agency receipts increase steadily from R7.858 million in 2012/13 to R8.290 million in 2013/14 and remain constant in 2014/15. The budget remains constant in 2014/15 due to conservative budgeting, as a result of the uncertainty over the amount that will be transferred to the department.

5. PAYMENTS

5.1 Overall position

Total provincial payments increased from R55.529 billion in 2008/09 to an estimated R79.074 billion in 2011/12. This positive growth is set to continue over the 2012/13 MTEF, with the aggregated estimates rising to R95.701 billion in 2014/15. The additional funding, over and above the existing (2011/12 MTEF) growth within the various departments' baselines, caters for:

- Carry-through costs of the 2011/12 Adjustments Estimate (e.g. *Lungisisa Indlela* Village (LIV) Orphanage, Ulundi (Prince Mangosuthu Buthelezi) airport, etc.).
- Funding for the carry-through costs of the 2011 wage agreement, and additional funding for Education for personnel pressures.
- Growth in some conditional grants, as well as the introduction of new conditional grants in 2012/13, these being the NHI and the Nursing Colleges and Schools grants under Health.
- Revised allocations of the EPWP Integrated Grant for Provinces and Social Sector EPWP Incentive Grant for Provinces for 2012/13 only.
- Funding allocated to various provincial priorities such as the Youth Ambassadors programme, Operation *Sukuma Sakhe*, rehabilitation of the provincial road network, fencing and irrigation programmes, etc.

5.2 Payments by vote

Table 5.1 below illustrates the summary of provincial payments by vote. The trend analysis reveals that most departments' budgets are set to increase from the 2011/12 Main Appropriation to 2012/13 and over ensuing financial years. More detail of the payments and estimates is given under each vote's chapter in the *EPRE*.

Table 5.1: Summary of provincial payments and estimates by vote

R thousand	Audited Outcome			Main Appropriation	Adjusted Appropriation	Revised Estimate	Medium-term Estimates		
	2008/09	2009/10	2010/11		2011/12		2012/13	2013/14	2014/15
1. Office of the Premier	463 842	429 103	423 807	471 105	491 105	538 605	594 600	611 754	656 426
2. Provincial Legislature	247 649	288 238	310 909	374 702	401 373	401 373	402 377	422 871	448 227
3. Agriculture, Enviro. Affairs and Rural Development	1 752 824	1 970 012	2 045 856	2 460 585	2 481 989	2 481 989	2 653 834	2 857 997	3 018 973
4. Economic Development and Tourism	1 766 565	2 425 317	1 624 311	1 486 950	1 577 558	1 572 492	1 641 018	1 862 345	2 003 296
5. Education	22 991 742	26 230 746	28 746 616	32 618 276	33 227 001	34 301 590	34 764 633	37 159 915	39 523 694
6. Provincial Treasury	693 565	613 902	388 936	536 486	510 024	462 831	604 274	595 349	625 123
Operational budget	*492 298*	*434 989*	*364 300*	*523 962*	*463 962*	*416 769*	*515 865*	*541 867*	*570 892*
Growth and Development	*201 267*	*178 913*	*24 636*	*12 524*	*46 062*	*46 062*	*88 409*	*53 482*	*54 231*
7. Health	17 103 101	20 349 276	20 734 986	24 484 855	24 669 096	24 463 061	26 555 350	28 508 609	30 544 907
8. Human Settlements	1 876 146	2 492 647	3 089 237	3 053 315	3 084 991	3 084 991	3 300 935	3 465 289	3 641 059
9. Community Safety and Liaison	109 287	125 272	129 186	150 139	150 139	150 139	161 334	169 280	180 251
10. The Royal Household	47 853	40 407	50 627	55 028	60 643	60 643	59 566	64 203	55 334
11. Co-operative Governance and Traditional Affairs	1 020 672	1 023 420	1 014 392	1 138 289	1 155 995	1 155 995	1 208 003	1 262 467	1 337 973
12. Transport	5 025 223	5 164 996	5 958 923	6 573 729	6 628 044	6 628 044	7 418 873	7 764 144	8 723 942
13. Social Development	1 232 408	1 361 280	1 416 423	1 952 956	1 952 956	1 831 609	2 047 812	2 293 980	2 401 373
14. Public Works	731 259	796 169	1 114 209	1 220 407	1 267 970	1 212 841	1 311 171	1 387 173	1 460 500
15. Arts and Culture	253 289	259 157	349 369	364 856	369 818	369 818	470 392	612 434	659 163
16. Sport and Recreation	213 267	239 342	276 740	358 333	358 333	358 333	377 288	397 223	420 696
Total	**55 528 692**	**63 809 284**	**67 674 527**	**77 300 011**	**78 387 035**	**79 074 354**	**83 571 460**	**89 435 033**	**95 700 937**

The substantial increase in the Office of the Premier over the 2012/13 MTEF relates to additional funding allocated for various provincial priorities such as the LIV Orphanage project, Youth Ambassadors programme, the administrative costs of the merger of the horse racing regulator into the KZNGBB, Operation *Sukuma Sakhe* and the provision of piped water and roads at the Luwamba Clinic in the Ntambanana municipality. Details are provided under the vote's chapter in the *EPRE*.

Education reflects a significant increase from the 2010/11 Audited Outcome to the 2011/12 Main Appropriation and over the 2012/13 MTEF due to additional funding allocated for the carry-through costs of the higher than anticipated 2010 and 2011 wage agreements, funding for the Occupational Specific Dispensation (OSD) for educators and the expansion of provincial examination administration. The department received further additional funding in the 2012/13 MTEF in respect of the carry-through costs of the 2011 wage agreement, funding for personnel spending pressures, improving infrastructure support and national priorities, including the expansion of no-fee schools and the universalisation of Grade R. The department's growth over the seven-year period relates to the OSD for educators, the various higher than anticipated wage agreements, the filling of unfunded vacant posts and also various national priorities.

The Social Sector, comprising Education, Health and Social Development, reflects positive growth over the MTEF, mainly due to allocations for various national priorities allocated to the province in previous MTEFs and also those allocated in the 2012/13 MTEF and the introduction of two new conditional grants under Health. Also contributing to this growth is funding received for various OSDs and higher than anticipated wage agreements, including the 2011 wage agreement. In 2012/13, various provincial priorities were financed from provincial cash resources, as mentioned earlier.

Table 5.2 below shows an analysis of payments and estimates by major votes.

Table 5.2: Analysis of payments and estimates by major vote

	Audited Outcome			Adjusted Appropriation	Medium-term Estimates			Average Annual Growth	
	2008/09	2009/10	2010/11	2011/12	2012/13	2013/14	2014/15	2008/09-2011/12	2011/12-2014/15
R thousand									
Education	22 991 742	26 230 746	28 746 616	33 227 001	34 764 633	37 159 915	39 523 694		
Health	17 103 101	20 349 276	20 734 986	24 669 096	26 555 350	28 508 609	30 544 907		
Social Development	1 232 408	1 361 280	1 416 423	1 952 956	2 047 812	2 293 980	2 401 373		
Other Functions	14 201 441	15 867 982	16 776 502	18 537 982	20 203 665	21 472 529	23 230 963		
Total expenditure	**55 528 692**	**63 809 284**	**67 674 527**	**78 387 035**	**83 571 460**	**89 435 033**	**95 700 937**		
% of total expenditure									
Education	41.4	41.1	42.5	42.4	41.6	41.5	41.3		
Health	30.8	31.9	30.6	31.5	31.8	31.9	31.9		
Social Development	2.2	2.1	2.1	2.5	2.5	2.6	2.5		
Other Functions	25.6	24.9	24.8	23.6	24.2	24.0	24.3		
Nominal growth (%)									
Education		14.1	9.6	15.6	4.6	6.9	6.4	13.1	6.0
Health		19.0	1.9	19.0	7.6	7.4	7.1	13.0	7.4
Social Development		10.5	4.1	37.9	4.9	12.0	4.7	16.6	7.1
Other Functions		11.7	5.7	10.5	9.0	6.3	8.2	9.3	7.8
Total expenditure		**14.9**	**6.1**	**15.8**	**6.6**	**7.0**	**7.0**	**12.2**	**6.9**
Real growth (%)									
Education		7.3	5.2	10.3	(0.6)	1.3	1.3	7.6	0.6
Health		11.9	(2.2)	13.5	2.2	1.7	2.0	7.5	2.0
Social Development		3.9	(0.1)	31.5	(0.4)	6.2	(0.3)	10.9	1.8
Other Functions		5.1	1.5	5.4	3.5	0.7	3.0	4.0	2.4
Total expenditure		**8.1**	**1.8**	**10.5**	**1.2**	**1.4**	**1.9**	**6.7**	**1.5**

As mentioned above, Social Sector spending increases considerably, in both nominal and real terms, over the seven-year period under review. The sector projects steady growth over the 2012/13 MTEF, with a negative annual real growth of 0.6 per cent under Education in 2012/13, which can be ascribed to the shortfall in funding for the carry-through costs of the OSD for educators, various wage agreements and the filling of unfunded posts. The share of the Social Sector increases from 74.4 per cent in 2008/09 to 76.4 per cent in 2011/12, and decrease slightly to 75.7 per cent in 2014/15. The share of total expenditure for Other Functions reflects a minimal decline over the seven-year period, from 25.6 per cent in 2008/09 to 24.3 per cent in 2014/15 despite additional funding allocated for the maintenance of the provincial road network and infrastructure development at DTP. This indicates that there has been equivalent growth in the Social Sector's allocation over the 2012/13 MTEF, and as such the percentage shares remain largely steady.

The Department of Education remains the highest spending provincial department, at 42.4 per cent in 2011/12 and decreasing slightly to 41.3 per cent in 2014/15, due to other sectors receiving substantial additional funding. Examples are Transport which received additional funding for the maintenance of the provincial road network and Economic Development and Tourism for infrastructure development at DTP. Education's budget increases by an average annual nominal (real) growth of 13.1 (7.6) per cent between

2008/09 and 2011/12, and 6 (0.6) per cent between 2011/12 and 2014/15. The positive growth over the former period is largely in respect of OSD for educators and the various higher than anticipated wage agreements, the filling of unfunded posts and the expansion of provincial examination administration. Also contributing to this positive growth are allocations for various national priorities, such as the expansion of no-fee schools, universalisation of Grade R, reduction of the learner/teacher ratio, etc.

The Department of Health remains the second highest spending department in the province and is showing an increase in the share, from 30.8 per cent in 2008/09 to 31.9 per cent in 2014/15. The budget for Health reflects healthy average annual nominal (real) growth of 13 (7.5) per cent between 2008/09 and 2011/12 and 7.4 (2) per cent between 2011/12 and 2014/15. This increase is largely as a result of additional funding allocated over the seven-year period in respect of the OSD for medical personnel and various wage agreements, and also increases in conditional grants, in particular the Comprehensive HIV and AIDS grant. Health is showing a substantial increase in 2011/12 which is largely in respect of various national priorities, such as increasing the CD4 count threshold to 350, maternal and child health, OSD for doctors and therapeutic personnel, etc.

Social Development reflects an increase in the share of total expenditure, from 2.2 per cent in 2008/09 to 2.5 per cent in 2011/12, and remains steady at 2.5 per cent in 2012/13 and 2014/15, with a slight increase to 2.6 per cent in 2013/14. Social Development enjoys the largest annual average nominal (real) growth of 16.6 (10.9) per cent between 2008/09 and 2011/12, and 7.1 (1.8) per cent between 2011/12 and 2014/15. This strong growth over the 2012/13 MTEF caters for, among others, the expansion of home/community based care and early childhood development. In the 2012/13 MTEF, funding was allocated for the carry-through costs of the 2011 wage agreement, and child and youth care and victim empowerment.

Other Functions reflect higher average annual nominal (real) growth of 9.3 (4) per cent between 2008/09 and 2011/12 when compared to 7.8 (2.4) per cent between 2011/12 and 2014/15. The higher percentage share of 25.6 per cent in 2008/09 relates to once-off funding for the construction of the airport at DTP and the decrease in allocation largely explains the decrease in the share, to 23.6 per cent in 2011/12. The increase over the 2012/13 MTEF relates mainly to additional funding given to the Department of Transport, for the maintenance of the provincial road network and also to deal with the backlog thereof, and also to DEDT for infrastructure development at DTP, as mentioned above. Also contributing is significant additional funding to DAEARD for the maintenance of roads in conservation areas and expansion of protected areas. Also, growth in the Human Settlements Development grant contributes to this increase over the 2012/13 MTEF.

5.3 Payments by economic classification

5.3.1 Provincial summary of payments and estimates by economic classification

Table 5.3 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 2008/09 to 2014/15.

Current payments consume the bulk of the total provincial spending, and is set to increase from R62.304 billion in the 2011/12 Revised Estimate to R75.702 billion in 2014/15. The largest portion of this category relates to *Compensation of employees*, which is set to increase from R46.433 billion in the 2011/12 Revised Estimate to R54.717 billion in 2014/15. The bulk of this budget is allocated under Education, followed by Health.

Table 5.3: Summary of provincial payments and estimates by economic classification

R thousand	Audited Outcome			Main Appropriation	Adjusted Appropriation	Revised Estimate	Medium-term Estimates		
	2008/09	2009/10	2010/11	2011/12			2012/13	2013/14	2014/15
Current payments	**43 085 775**	**48 430 471**	**52 286 234**	**60 737 820**	**60 770 196**	**62 303 934**	**65 973 570**	**70 446 933**	**75 701 539**
Compensation of employees	31 062 640	35 608 907	39 312 068	44 039 402	44 645 148	46 432 895	48 035 685	51 010 496	54 716 934
Goods and services	11 884 124	12 716 062	12 958 017	16 598 418	16 096 048	15 869 691	17 887 885	19 386 437	20 934 605
Interest and rent on land	139 011	105 502	16 149	100 000	29 000	1 348	50 000	50 000	50 000
Transfers and subsidies to:	**6 878 930**	**8 729 974**	**9 228 306**	**9 262 713**	**9 772 851**	**9 405 631**	**10 118 836**	**11 403 213**	**12 129 775**
Provinces and municipalities	1 117 042	1 183 299	1 447 500	1 296 108	1 233 871	1 164 800	1 264 715	1 455 428	1 496 424
Departmental agencies and accounts	628 164	666 078	773 626	845 039	888 734	884 896	882 502	993 363	1 054 388
Universities and technikons	831	-	-	2 000	-	-	-	-	-
Foreign governments and international organisations	1 081	226	410	591	176	176	180	189	198
Public corporations and private enterprises	52 751	729 317	1 081 682	1 132 033	1 092 769	1 092 769	1 281 238	1 253 733	1 317 107
Non-profit institutions	3 588 630	4 003 614	3 253 010	3 795 814	3 840 320	3 505 860	4 013 480	4 860 672	5 226 173
Households	1 490 431	2 147 440	2 672 078	2 191 128	2 716 981	2 757 130	2 676 721	2 839 828	3 035 485
Payments for capital assets	**5 500 427**	**5 417 997**	**5 651 866**	**7 210 771**	**7 761 854**	**7 282 530**	**7 406 955**	**7 507 037**	**7 785 616**
Buildings and other fixed structures	4 661 497	4 604 839	4 985 532	5 832 022	5 765 659	5 783 022	5 853 391	6 302 753	6 741 851
Machinery and equipment	831 911	797 665	650 510	1 368 530	1 956 794	1 460 151	1 542 296	1 193 759	1 032 644
Heritage assets	262	-	323	-	5 275	5 275	-	-	-
Specialised military assets	-	-	-	-	-	-	-	-	-
Biological assets	-	360	222	354	15 354	15 354	523	553	586
Land and sub-soil assets	900	450	798	-	-	11	-	-	-
Software and other intangible assets	5 857	14 683	14 481	9 865	18 772	18 717	10 745	9 972	10 535
Payments for financial assets	**14 801**	**1 164 407**	**445 440**	**13 070**	**13 497**	**13 622**	**1 800**	**1 800**	**3 394**
Total	**55 479 933**	**63 742 849**	**67 611 846**	**77 224 374**	**78 318 398**	**79 005 717**	**83 501 161**	**89 358 983**	**95 620 324**
Statutory payments	48 759	66 435	62 681	75 637	68 637	68 637	70 299	76 050	80 613
Total economic classification (incl. stat. payment)	**55 528 692**	**63 809 284**	**67 674 527**	**77 300 011**	**78 387 035**	**79 074 354**	**83 571 460**	**89 435 033**	**95 700 937**

Transfers and subsidies shows steady growth between 2008/09 and 2010/11. The low growth in the 2011/12 Main Appropriation when compared to 2010/11 is mainly due to the reduction in transfers to DTP by Economic Development and Tourism, as the airport portion of the project was completed in 2010/11, therefore requiring a lower budget to be allocated to the project. A substantial portion of *Transfers and subsidies to: Provinces and municipalities* relate to transfers to municipalities for housing projects by Human Settlements. A large portion of *Transfers and subsidies to: Non-profit institutions* relates to transfers to public schools for norms and standards. It must be noted that there is a significant increase in 2011/12 due to more schools being allocated some of the Section 21 schools' functions.

The trend in *Payments for capital assets* reflects good growth over the seven-year period, increasing from R5.500 billion in 2008/09 to R7.786 billion in 2014/15. *Buildings and other fixed structures* reflects steady growth over the period due to government's emphasis on infrastructure development with the aim of boosting the economy and, subsequently, job creation. The bulk of spending on infrastructure is under Education, Health and Transport. These departments receive further funding, in addition to the provincial allocation, through the infrastructure grants from National Treasury. These grants, especially the Education Infrastructure grant, have seen some significant increases in funding over the period under review. A substantial portion of *Buildings and other fixed structures* relates to the Department of Education allocating funds (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 Early Childhood Development (ECD) classrooms. The infrastructure expenditure and budget of the Department of Transport increases substantially over the seven-year period (inclusive of the Provincial Roads Maintenance grant allocation) in respect of the maintenance of the provincial road network. The Department of Health shows steady growth over the seven-year period due to the ongoing focus on improving physical facilities.

The category *Payments for financial assets* shows the write-off of irrecoverable debts and, from 2009/10, this category includes the first charge amounts (in line with Section 34(2) of the PFMA) in respect of unauthorised expenditure for DAEARD, Education, Health, Human Settlements, Transport and the Royal Household. Details of these first charge amounts are included in each vote's chapter.

Table 5.4 below provides an analysis of payments by economic classification, looking at nominal and real average annual growth, and percentage share of various categories when compared to total expenditure.

Table 5.4: Analysis of payments and estimates by economic classification

	Audited Outcome			Adjusted Appropriation	Medium-term Estimates			Average Annual Growth	
	2008/09	2009/10	2010/11	2011/12	2012/13	2013/14	2014/15	2008/09-2011/12	2011/12-2014/15
R thousand									
Current	43 134 534	48 496 906	52 348 915	60 838 833	66 043 869	70 522 983	75 782 152		
Transfers	6 878 930	8 729 974	9 228 306	9 772 851	10 118 836	11 403 213	12 129 775		
Capital	5 500 427	5 417 997	5 651 866	7 761 854	7 406 955	7 507 037	7 785 616		
Financial assets	14 801	1 164 407	445 440	13 497	1 800	1 800	3 394		
Compensation	31 111 399	35 675 342	39 374 749	44 713 785	48 105 984	51 086 546	54 797 547		
Non-compensation	24 417 293	28 133 942	28 299 778	33 673 250	35 465 476	38 348 487	40 903 390		
Non-compensation (excl. transfers)	17 538 363	19 403 968	19 071 472	23 900 399	25 346 640	26 945 274	28 773 615		
Non-compensation non-capital (NCNC)	18 916 866	22 715 945	22 647 912	25 911 396	28 058 521	30 841 450	33 117 774		
NCNC (excl. transfers)	12 037 936	13 985 971	13 419 606	16 138 545	17 939 685	19 438 237	20 987 999		
Total expenditure	**55 528 692**	**63 809 284**	**67 674 527**	**78 387 035**	**83 571 460**	**89 435 033**	**95 700 937**		
% of total expenditure									
Current	77.7	76.0	77.4	77.6	79.0	78.9	79.2		
Transfers	12.4	13.7	13.6	12.5	12.1	12.8	12.7		
Capital	9.9	8.5	8.4	9.9	8.9	8.4	8.1		
Financial assets	0.0	1.8	0.7	0.0	0.0	0.0	0.0		
Compensation	56.0	55.9	58.2	57.0	57.6	57.1	57.3		
Non-compensation	44.0	44.1	41.8	43.0	42.4	42.9	42.7		
Non-compensation (excl. transfers)	31.6	30.4	28.2	30.5	30.3	30.1	30.1		
Non-compensation non-capital (NCNC)	34.1	35.6	33.5	33.1	33.6	34.5	34.6		
NCNC (excl. transfers)	21.7	21.9	19.8	20.6	21.5	21.7	21.9		
Nominal growth (%)									
Current		12.4	7.9	16.2	8.6	6.8	7.5	12.1	7.6
Transfers		26.9	5.7	5.9	3.5	12.7	6.4	12.4	7.5
Capital		(1.5)	4.3	37.3	(4.6)	1.4	3.7	12.2	0.1
Financial assets		7 767.1	(61.7)	(97.0)	(86.7)	-	88.6	(3.0)	(36.9)
Compensation		14.7	10.4	13.6	7.6	6.2	7.3	12.9	7.0
Non-compensation		15.2	0.6	19.0	5.3	8.1	6.7	11.3	6.7
Non-compensation (excl. transfers)		10.6	(1.7)	25.3	6.1	6.3	6.8	10.9	6.4
Non-compensation non-capital (NCNC)		20.1	(0.3)	14.4	8.3	9.9	7.4	11.1	8.5
NCNC (excl. transfers)		16.2	(4.0)	20.3	11.2	8.4	8.0	10.3	9.2
Real growth (%)									
Current		5.7	3.6	10.9	3.1	1.2	2.3	6.7	2.2
Transfers		19.4	1.5	1.0	(1.7)	6.8	1.3	6.9	2.1
Capital		(7.4)	0.1	31.0	(9.4)	(3.9)	(1.2)	6.7	(4.9)
Financial assets		7 299.0	(63.3)	(97.1)	(87.3)	(5.2)	79.6	(7.7)	(40.0)
Compensation		7.8	5.9	8.3	2.2	0.6	2.2	7.4	1.7
Non-compensation		8.4	(3.5)	13.5	0.0	2.5	1.6	5.9	1.4
Non-compensation (excl. transfers)		4.1	(5.7)	19.5	0.7	0.8	1.7	5.5	1.1
Non-compensation non-capital (NCNC)		12.9	(4.3)	9.1	2.8	4.2	2.3	5.7	3.1
NCNC (excl. transfers)		9.3	(7.9)	14.7	5.6	2.7	2.8	4.9	3.7

As a percentage of total expenditure, *Current* expenditure is the largest, but it is declining slightly over time, from 77.7 per cent in 2008/09 to 77.6 per cent in 2011/12, before increasing to 79.2 per cent in 2014/15. This category reflects an average annual nominal growth of 12.1 per cent for the period 2008/09 to 2011/12 and declines to 7.6 per cent for the period 2011/12 to 2014/15.

The share of total expenditure for *Transfers* increases over the period under review, from 12.4 per cent in 2008/09 to 13.6 per cent in 2010/11 before declining to 12.7 per cent in 2014/15. The declining share over the seven-year period is mainly attributed to the reduction in the funding for DTP, relating to the construction of the airport which was completed in 2009/10, and the construction and upgrading of soccer stadia ending in 2009/10. While DTP receives additional funding over the 2012/13 MTEF, it does not increase to the same level it was before the completion of the airport. This decline in share has a positive influence on the *Current* share.

While the expenditure trend for *Capital* reflects growth over the period under review, the share of total expenditure declines, from 9.9 per cent in 2008/09 to 8.1 per cent in 2014/15. This is indicative of the fact that major increases have been in respect of *Compensation of employees* due to the various higher than anticipated wage agreements and the various OSDs affecting mainly Education and Health. This category reflects fluctuations in the nominal average annual growth over the period under review, with a high growth of 37.3 per cent in 2011/12, relating to the increase in infrastructure grants, especially the Provincial Roads Maintenance grant and also equitable share funding allocated mainly in respect of the maintenance of the provincial road network. Increased spending on capital shows government's commitment toward strengthening investment in its capital stock, and hence stimulating economic growth in the province.

Compensation's share of total expenditure shows an increase from 56 per cent in 2008/09 to 57.3 per cent in 2014/15. This category shows an average annual real growth of 7.4 per cent for the period 2008/09 to 2011/12 and 1.7 per cent for the period 2011/12 to 2014/15 (reflecting the continued pressure in Education's personnel expenditure). *Non-compensation* shows a decline in the share of total expenditure, from 44 per cent in 2008/09 to 42.7 per cent in 2014/15. The higher share for *Compensation* compared to *Non-compensation* clearly shows that the annual higher than budgeted wage increases are crowding out the allocation of resources toward service delivery spending. There have been difficulties with the allocation of resources toward service delivery, as the province was often under-funded with regard to annual wage agreements, as well as the various OSDs requiring the reprioritization of funds to cover this shortfall. However, it must be noted that the province was fully funded for the 2011 wage agreement.

The percentage share of *Non-compensation non-capital* increases slightly, from 34.1 per cent to 34.6 per cent over the seven-year period under review. The category *Non-compensation (excluding transfers)* is also expected to increase slightly from 21.7 per cent in 2008/09 to 21.9 per cent in 2014/15. This confirms government's commitment to increasing output of non-personnel service delivery to match the increasing demand for government services.

5.3.2 Analysis of payments and estimates by economic classification – Education

Table 5.5 shows the Department of Education's summary of payments and estimates by economic classification.

Table 5.5: Analysis of payments and estimates summary by economic classification - Education

	Audited Outcome			Adjusted Appropriation	Medium-term Estimates			Average Annual Growth	
	2008/09	2009/10	2010/11	2011/12	2012/13	2013/14	2014/15	2008/09-2011/12	2011/12-2014/15
R thousand									
Current	20 137 451	23 109 269	24 880 844	28 435 879	29 721 748	31 579 941	33 586 732		
Transfers	1 625 964	1 602 910	1 724 719	2 311 572	2 459 420	2 985 645	3 221 974		
Capital	1 228 327	1 407 097	1 920 880	2 479 550	2 583 465	2 594 329	2 714 988		
Financial assets	-	111 470	220 173	-	-	-	-		
Compensation	18 038 091	20 864 307	22 609 337	25 061 155	26 325 100	27 765 323	29 599 262		
Non-compensation	4 953 651	5 366 439	6 137 279	8 165 846	8 439 533	9 394 592	9 924 432		
Non-compensation (excl. transfers)	3 327 687	3 763 529	4 412 560	5 854 274	5 980 113	6 408 947	6 702 458		
Non-compensation non-capital (NCNC)	3 725 324	3 959 342	4 216 399	5 686 296	5 856 068	6 800 263	7 209 444		
NCNC (excl. transfers)	2 099 360	2 356 432	2 491 680	3 374 724	3 396 648	3 814 618	3 987 470		
Total expenditure	**22 991 742**	**26 230 746**	**28 746 616**	**33 227 001**	**34 764 633**	**37 159 915**	**39 523 694**		
% of total expenditure									
Current	87.6	88.1	86.6	85.6	85.5	85.0	85.0		
Transfers	7.1	6.1	6.0	7.0	7.1	8.0	8.2		
Capital	5.3	5.4	6.7	7.5	7.4	7.0	6.9		
Financial assets	-	0.4	0.8	-	-	-	-		
Compensation	78.5	79.5	78.7	75.4	75.7	74.7	74.9		
Non-compensation	21.5	20.5	21.3	24.6	24.3	25.3	25.1		
Non-compensation (excl. transfers)	14.5	14.3	15.3	17.6	17.2	17.2	17.0		
Non-compensation non-capital (NCNC)	16.2	15.1	14.7	17.1	16.8	18.3	18.2		
NCNC (excl. transfers)	9.1	9.0	8.7	10.2	9.8	10.3	10.1		
Nominal growth (%)									
Current		14.8	7.7	14.3	4.5	6.3	6.4	12.2	5.7
Transfers		(1.4)	7.6	34.0	6.4	21.4	7.9	12.4	11.7
Capital		14.6	36.5	29.1	4.2	0.4	4.7	26.4	3.1
Financial assets		-	97.5	(100.0)	-	-	-	-	-
Compensation		15.7	8.4	10.8	5.0	5.5	6.6	11.6	5.7
Non-compensation		8.3	14.4	33.1	3.4	11.3	5.6	18.1	6.7
Non-compensation (excl. transfers)		13.1	17.2	32.7	2.1	7.2	4.6	20.7	4.6
Non-compensation non-capital (NCNC)		6.3	6.5	34.9	3.0	16.1	6.0	15.1	8.2
NCNC (excl. transfers)		12.2	5.7	35.4	0.6	12.3	4.5	17.1	5.7
Real growth (%)									
Current		7.9	3.3	9.0	(0.7)	0.7	1.3	6.7	0.4
Transfers		(7.3)	3.3	27.8	1.0	15.1	2.8	7.0	6.1
Capital		7.7	31.0	23.1	(1.1)	(4.8)	(0.3)	20.2	(2.1)
Financial assets		(5.9)	89.6	(100.0)	(5.0)	(5.2)	(4.8)	-	-
Compensation		8.8	4.0	5.7	(0.3)	(0.0)	1.5	6.2	0.4
Non-compensation		1.9	9.8	26.9	(1.9)	5.5	0.6	12.4	1.4
Non-compensation (excl. transfers)		6.4	12.5	26.6	(3.0)	1.6	(0.4)	14.8	(0.6)
Non-compensation non-capital (NCNC)		(0.0)	2.2	28.6	(2.2)	10.1	1.0	9.5	2.8
NCNC (excl. transfers)		5.6	1.5	29.2	(4.4)	6.4	(0.4)	11.4	0.4

Current expenditure comprises by far the highest proportion of the department's budget. *Current* expenditure's share of total expenditure decreases from 87.6 per cent in 2008/09 to 85 per cent in 2014/15, mainly as a result of an increase in *Capital* and *Transfers*, which is explained in detail below.

Transfers' share of total expenditure declines 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 declines slightly in 2010/11 due to the under-expenditure that occurred in that year, especially with regard to special schools and ECD centres, which resulted in the department procuring some items on their behalf, thus increasing *Current* expenditure. The increase between 2010/11 and 2011/12 is attributable to the conversion of Section 20 schools into Section 21 schools which now attain functions similar to Section 21 schools, such as the purchasing of textbooks, educational material and equipment for the school and paying for municipal services, among others. The share of total expenditure increases in the two outer years of the MTEF and is attributed to the increased transfers to FET colleges, which are funded by the FET College Sector grant, and the anticipation of all schools being allocated some of the Section 21 functions.

Capital, expressed as a share of total expenditure, increases slightly from 5.3 per cent in 2008/09 to 7 per cent in 2013/14, and decreases slightly to 6.9 per cent in 2014/15. The increase over the seven-year period can mainly be ascribed to the increase in the Education Infrastructure grant which has doubled over the period under review. A significant increase in *Capital* is reflected from 2010/11 onward, due to a further increase in the Education Infrastructure grant, specifically for Grade R infrastructure and special schools' infrastructure. However, it is worth noting that the 2010/11 Audited Outcome is significantly lower than the 2011/12 Adjusted Appropriation mainly due to cost-cutting on *Machinery and equipment*, as well as under-expenditure on infrastructure related to special schools and ECD in that year. The increase in *Transfers* reduces *Capital's* share of total expenditure in 2014/15. This, however, does not translate to a decreased budget for *Capital*, which increases by 7.9 per cent year-on-year from 2013/14.

Financial assets fluctuates over the seven-year period, with a share of total expenditure of 0.4 per cent and 0.8 per cent in 2009/10 and 2010/11, respectively. 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. Also included in 2010/11 is the amount related to the write-off of staff debts which could not be recovered during the debt recovery drive by the department.

Compensation's share of total expenditure shows a decrease from 78.5 per cent to 74.9 per cent between 2008/09 and 2014/15. While the percentage share of *Compensation* is decreasing, the expenditure is still increasing in real terms, with an annual average nominal growth rate of 11.6 per cent between 2008/09 and 2011/12, and declines to 5.7 per cent annual average over the MTEF. This increase caters for the various wage agreements, including the OSD for educators, which were implemented in 2008/09 and 2009/10, as well as funds for teacher assistants and additional support staff, reduction of the learner: educator ratio and the annual personnel inflationary adjustment over the MTEF. The decrease in the share of total expenditure from 2009/10 onward is an indication that other spending categories continue to increase at a faster rate, thus showing an increased focus on service delivery, especially infrastructure, transfers to schools, Learner Teacher Support Materials (LTSM), National School Nutrition Programme (NSNP), etc.

Current expenditure increases in real terms year-on-year at a rate of 7.9 per cent from 2008/09 to 2009/10, due to increased spending as a result of the implementation of OSD for educators. The increase normalises in 2010/11, and picks-up again in 2011/12 relating to additional funding allocated for the OSD for educators, NSNP, increased spending on LTSM, as well as additional funding allocated in the 2011/12 Adjustments Estimate to address spending pressures in *Compensation of employees*. The growth rate declines massively to a negative 0.7 per cent year-on-year in 2012/13, indicating the spending pressures that are likely to be experienced against this category due to the filling of unfunded posts, as well as the historical under-funding with regard to OSD for educators and various wage agreements. The growth rate in real terms is expected to increase slightly at 1.3 per cent in 2014/15.

Transfers declines by 7.3 per cent in real terms year-on-year from 2008/09 to 2009/10, attributed to the once-off additional allocation of R174 million in 2008/09 for the implementation of the NC(V). The significant real growth of 27.8 per cent in 2011/12 and 15.1 per cent in 2013/14 relates to the anticipation that more schools will attain some of the Section 21 functions, as well as the significant growth in the FET College Sector grant.

On *Capital*, the significant real growth of 31 per cent in 2010/11 relates to the reduction of the infrastructure budget during 2009/10 to offset spending pressures in *Compensation of employees,* resulting in the low baseline in that year. This was however not sustainable, as it was going to have a negative impact on infrastructure development, hence the high real growth in 2010/11. The substantial real growth of 23.1 per cent in 2011/12 is mainly influenced by the high real growth in *Machinery and equipment*, which was low in 2010/11 due to cost-cutting. Despite the high real growth rate against this category from 2010/11 to the 2011/12 Adjusted Appropriation, the department is projecting to under-spend in 2011/12 by R239.300 million on *Machinery and equipment* due to cost-cutting.

Compensation reflects a fairly high annual real growth rate of 8.8 per cent in 2009/10 and 5.7 per cent in 2011/12 due to the implementation of the OSD for educators and various wage agreements. The annual average real growth reflects a healthy increase of 6.2 per cent between 2008/09 and 2011/12. However, the real growth over the MTEF is minimal at 0.4 per cent between 2011/12 and 2014/15. Based on the 2011/12 Revised Estimate, *Compensation of employees* declines by an annual average of 2.4 per cent (not evident in the table above) in real terms between 2011/12 and 2014/15. The decline indicates that the department has under-budgeted for this category and will continue to experience excessive spending pressures over the MTEF, caused by the filling of unfunded vacant posts and the under-funding with regard to OSD for educators and various wage agreements dating back to 2009. In dealing with the issue, the department has devised a cost containment strategy which includes, among others, a moratorium on the filling of vacant posts, filling of educator posts by redeploying the excess teachers currently on the system, and continuous cost-cutting on non-core items. The plan will, however, only yield results, pending the department's commitment and adherence to it.

The significant real growth of 26.9 per cent in 2011/12 against *Non-compensation* is attributable to the increased allocation for LTSM, NSNP and the expansion of the no-fee policy. The average annual real growth is 12.4 per cent between 2008/09 and 2011/12, and minimal over the MTEF at an annual average rate of 1.4 per cent.

Non-compensation non-capital shows substantial real growth of 28.6 per cent year-on-year in 2011/12 due to the higher growth rates for both *Transfers* and various *Goods and services* items, as explained above. The average annual real growth decreases from 9.5 per cent between 2008/09 and 2010/11 to 2.8 per cent between 2011/12 and 2014/15 due to higher additional funding allocated in the previous MTEF periods for various education initiatives, such as the NSNP, LSTM, expansion of no-fee policy, etc.

5.3.3 Analysis of payments and estimates by economic classification – Health

Table 5.6 below shows the Department of Health's expenditure by economic classification.

As was the case in previous years, the largest share of total expenditure is in respect of *Current* payments*,* where the percentage drops from 90.4 per cent in 2008/09 to 86.2 per cent in 2009/10, before increasing to 91.6 per cent in 2010/11. The expenditure level drops to 88.6 per cent in 2011/12 and increases to 90.8 per cent in 2012/13, finally climbing to 91.8 per cent in 2014/15. The low of 86.2 per cent in 2009/10 is as a result of the first charge of R758 million (reflected under *Financial assets*) against the department, being the first repayment (in terms of Section 34(2) of the PFMA) of the accumulated over-spending incurred in 2007/08 and 2008/09. The increased share in 2010/11 relates to under-spending in *Capital* payments, particularly in the Hospital Revitalisation grant and the Infrastructure Grant to Provinces (now Health Infrastructure grant). The drop in share in 2011/12 is due to a significant increase in budget of R1.110 billion in 2011/12 with regard to *Capital* payments, largely because of significant increases in the Hospital Revitalisation and Health Infrastructure grants. From 2012/13 onward, the department has reprioritised funding away from *Capital* payments to *Maintenance and repairs*, thus boosting the share of *Current* payments to over 90 per cent. In addition, the carry-through costs of the higher than anticipated 2010 and 2011 wage agreements impact on the share of *Current* payments in the outer years of the

MTEF. The major share of *Current* payments is *Compensation of employees* which, although showing an erratic trend similar to *Current* payments, reflects a steady proportion of total expenditure from 2012/13, at an average of 62.5 per cent.

Table 5.6: Analysis of payments and estimates summary by economic classification - Health

	Audited Outcome			Adjusted Appropriation	Medium-term Estimates			Average Annual Growth	
	2008/09	2009/10	2010/11	2011/12	2012/13	2013/14	2014/15	2008/09-2011/12	2011/12-2014/15
R thousand									
Current	15 466 848	17 547 283	18 985 291	21 847 905	24 121 856	25 934 771	28 031 284		
Transfers	447 706	498 279	562 293	529 433	562 780	610 724	625 395		
Capital	1 188 449	1 545 699	1 181 773	2 291 664	1 870 714	1 963 114	1 888 228		
Financial assets	98	758 015	5 629	94	-	-	-		
Compensation	10 077 044	11 367 849	12 935 381	15 074 380	16 516 085	17 731 710	19 261 214		
Non-compensation	7 026 057	8 981 427	7 799 605	9 594 716	10 039 265	10 776 899	11 283 693		
Non-compensation (excl. transfers)	6 578 351	8 483 148	7 237 312	9 065 283	9 476 485	10 166 175	10 658 298		
Non-compensation non-capital (NCNC)	5 837 608	7 435 728	6 617 832	7 303 052	8 168 551	8 813 785	9 395 465		
NCNC (excl. transfers)	5 389 902	6 937 449	6 055 539	6 773 619	7 605 771	8 203 061	8 770 070		
Total expenditure	**17 103 101**	**20 349 276**	**20 734 986**	**24 669 096**	**26 555 350**	**28 508 609**	**30 544 907**		
% of total expenditure									
Current	90.4	86.2	91.6	88.6	90.8	91.0	91.8		
Transfers	2.6	2.4	2.7	2.1	2.1	2.1	2.0		
Capital	6.9	7.6	5.7	9.3	7.0	6.9	6.2		
Financial assets	0.0	3.7	0.0	0.0	-	-	-		
Compensation	58.9	55.9	62.4	61.1	62.2	62.2	63.1		
Non-compensation	41.1	44.1	37.6	38.9	37.8	37.8	36.9		
Non-compensation (excl. transfers)	38.5	41.7	34.9	36.7	35.7	35.7	34.9		
Non-compensation non-capital (NCNC)	34.1	36.5	31.9	29.6	30.8	30.9	30.8		
NCNC (excl. transfers)	31.5	34.1	29.2	27.5	28.6	28.8	28.7		
Nominal growth (%)									
Current		13.5	8.2	15.1	10.4	7.5	8.1	12.2	8.7
Transfers		11.3	12.8	(5.8)	6.3	8.5	2.4	5.7	5.7
Capital		30.1	(23.5)	93.9	(18.4)	4.9	(3.8)	24.5	(6.3)
Financial assets		773 384.7	(99.3)	(98.3)	(100.0)	-	-	(1.4)	(100.0)
Compensation		12.8	13.8	16.5	9.6	7.4	8.6	14.4	8.5
Non-compensation		27.8	(13.2)	23.0	4.6	7.3	4.7	10.9	5.6
Non-compensation (excl. transfers)		29.0	(14.7)	25.3	4.5	7.3	4.8	11.3	5.5
Non-compensation non-capital (NCNC)		27.4	(11.0)	10.4	11.9	7.9	6.6	7.8	8.8
NCNC (excl. transfers)		28.7	(12.7)	11.9	12.3	7.9	6.9	7.9	9.0
Real growth (%)									
Current		6.7	3.8	9.8	4.8	1.9	2.9	6.7	3.2
Transfers		4.7	8.3	(10.2)	0.9	2.8	(2.5)	0.6	0.4
Capital		22.3	(26.6)	85.0	(22.5)	(0.5)	(8.4)	18.4	(10.9)
Financial assets		727 362.6	(99.3)	(98.4)	(100.0)	(5.2)	(4.8)	(6.2)	(100.0)
Compensation		6.1	9.2	11.2	4.0	1.7	3.5	8.8	3.1
Non-compensation		20.2	(16.7)	17.3	(0.6)	1.7	(0.3)	5.5	0.3
Non-compensation (excl. transfers)		21.3	(18.1)	19.5	(0.7)	1.7	(0.2)	5.9	0.3
Non-compensation non-capital (NCNC)		19.8	(14.6)	5.3	6.2	2.3	1.5	2.5	3.3
NCNC (excl. transfers)		21.1	(16.2)	6.7	6.6	2.2	1.8	2.7	3.5

Compensation also shows a positive trend from 2011/12 to 2014/15, with an average annual real growth of 3.1 per cent. This will allow the department to continue the implementation of the various 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 each year from 2008/09 to 2011/12. There was also pressure from 2007/08 to 2009/10 due to the filling of posts for which there was no budget.

The share of *Transfers* reduced from 2.6 per cent in 2008/09 to 2.1 per cent in 2011/12, with a fluctuating trend over the period, largely due to delays with regard to transfers to municipal clinics. These were caused by problems in finalising service level agreements (SLAs) with municipalities, and finalisation of a number of SLAs is linked to the peak of 2.7 per cent in 2010/11. Thereafter, the share reduces to an average of 2.1 per cent over the 2012/13 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 total expenditure on *Capital* increases from 6.9 per cent in 2008/09 to 7.6 per cent in 2009/10, and decreases to 5.7 per cent in 2010/11, before increasing to 9.3 per cent in 2011/12. The reasons for the erratic trend were discussed under *Current* payments above. The declining share thereafter is due to previously mentioned reprioritisation of funding away from *Capital* payments to *Current* payments (*Maintenance and repairs)*.

In both nominal and real terms, the department is showing average annual growth from 2011/12 to 2014/15 in all categories except *Capital*. The growth rate is lower than it was from 2008/09 to 2011/12, due to the various spending pressures experienced by the department in 2008/09 and 2009/10. Significant allocations to the department in 2011/12 raised the base-year funding, resulting in lower growth rates, although real growth has been maintained.

The negative real average annual growth in *Capital* from 2011/12 to 2014/15 is attributable to the previously mentioned reprioritisation to *Current* payments (*Maintenance and repairs*).

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

Table 5.7 below shows Social Development's expenditure by economic classification.

Table 5.7: Analysis of payments and estimates summary by economic classification - Social Development

	Audited Outcome			Adjusted Appropriation	Medium-term Estimates			Average Annual Growth	
	2008/09	2009/10	2010/11	2011/12	2012/13	2013/14	2014/15	2008/09-2011/12	2011/12-2014/15
R thousand									
Current	743 966	859 264	846 623	1 126 427	1 214 658	1 260 772	1 306 106		
Transfers	392 608	404 750	476 927	618 183	640 566	800 638	859 943		
Capital	95 834	83 602	83 905	208 346	192 588	232 570	235 324		
Financial assets	-	13 664	8 968	-	-	-	-		
Compensation	413 540	510 860	576 981	739 364	809 852	829 489	875 084		
Non-compensation	818 868	850 420	839 442	1 213 592	1 237 960	1 464 491	1 526 289		
Non-compensation (excl. transfers)	426 260	445 670	362 515	595 409	597 394	663 853	666 346		
Non-compensation non-capital (NCNC)	818 868	836 756	830 474	1 213 592	1 237 960	1 464 491	1 526 289		
NCNC (excl. transfers)	426 260	432 006	353 547	595 409	597 394	663 853	666 346		
Total expenditure	**1 232 408**	**1 361 280**	**1 416 423**	**1 952 956**	**2 047 812**	**2 293 980**	**2 401 373**		
% of total expenditure									
Current	60.4	63.1	59.8	57.7	59.3	55.0	54.4		
Transfers	31.9	29.7	33.7	31.7	31.3	34.9	35.8		
Capital	7.8	6.1	5.9	10.7	9.4	10.1	9.8		
Financial assets	-	1.0	0.6	-	-	-	-		
Compensation	33.6	37.5	40.7	37.9	39.5	36.2	36.4		
Non-compensation	66.4	62.5	59.3	62.1	60.5	63.8	63.6		
Non-compensation (excl. transfers)	34.6	32.7	25.6	30.5	29.2	28.9	27.7		
Non-compensation non-capital (NCNC)	66.4	61.5	58.6	62.1	60.5	63.8	63.6		
NCNC (excl. transfers)	34.6	31.7	25.0	30.5	29.2	28.9	27.7		
Nominal growth (%)									
Current		15.5	(1.5)	33.0	7.8	3.8	3.6	14.8	5.1
Transfers		3.1	17.8	29.6	3.6	25.0	7.4	16.3	11.6
Capital		(12.8)	0.4	148.3	(7.6)	20.8	1.2	29.5	4.1
Financial assets		-	(34.4)	(100.0)	-	-	-	-	-
Compensation		23.5	12.9	28.1	9.5	2.4	5.5	21.4	5.8
Non-compensation		3.9	(1.3)	44.6	2.0	18.3	4.2	14.0	7.9
Non-compensation (excl. transfers)		4.6	(18.7)	64.2	0.3	11.1	0.4	11.8	3.8
Non-compensation non-capital (NCNC)		2.2	(0.8)	46.1	2.0	18.3	4.2	14.0	7.9
NCNC (excl. transfers)		1.3	(18.2)	68.4	0.3	11.1	0.4	11.8	3.8
Real growth (%)									
Current		8.6	(5.4)	26.9	2.4	(1.6)	(1.3)	9.2	(0.2)
Transfers		(3.0)	13.1	23.6	(1.6)	18.5	2.3	10.7	6.0
Capital		(18.0)	(3.7)	136.9	(12.2)	14.4	(3.6)	23.2	(1.1)
Financial assets		(5.9)	(37.0)	(100.0)	(5.0)	(5.2)	(4.8)	-	-
Compensation		16.2	8.4	22.2	4.0	(2.9)	0.5	15.5	0.5
Non-compensation		(2.3)	(5.3)	37.9	(3.1)	12.1	(0.7)	8.5	2.5
Non-compensation (excl. transfers)		(1.7)	(21.9)	56.7	(4.7)	5.3	(4.4)	6.3	(1.4)
Non-compensation non-capital (NCNC)		(3.9)	(4.7)	39.4	(3.1)	12.1	(0.7)	8.5	2.5
NCNC (excl. transfers)		(4.7)	(21.5)	60.6	(4.7)	5.3	(4.4)	6.3	(1.4)

As a share of the department's total expenditure, *Current* rises from 60.4 per cent in 2008/09 to 63.1 per cent in 2009/10. The trend then declines in 2010/11 to 59.8 per cent, declining further to 57.7 per cent in 2011/12 and 55 per cent in 2013/14. Despite this sharp decline in the share of total expenditure, this category shows an average annual real growth of 9.2 per cent between 2008/09 and 2011/12. The decrease in the share of *Current* payments to total budget over the 2012/13 MTEF is mainly due to increases in *Transfers* in respect of national priority funding for child and youth care and victim empowerment.

The rising trend in the first two years of the period under review is largely due to growing pressures in *Current (Goods and services)*, as well as a declining trend in *Payments for capital assets*, the latter being mainly attributable to the low spending on *Machinery and equipment* due to cost-cutting. Spending pressures in *Current* payments in 2008/09 and 2009/10 required some reprioritisation from other categories for both years, and this caused the share of *Transfers* to drop to a low of 29.7 per cent in 2009/10 from 31.9 per cent in 2008/09. The decrease in 2010/11 against *Current* is due to a decrease in *Goods and services* as a result of the Provincial Treasury SCM intervention. In the 2011/12 Adjusted Appropriation, the department shifted funds from *Transfers* to *Current* in order to correct misallocations with regard to national priority funding for ECD. Furthermore, a forensic investigation into entities receiving transfers added to this decline. 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 significant growth in national priority funding in 2010/11 and 2011/12 (in respect of ECD, Home/Community Based Care (HCBC) and children in conflict with the law) sees the share of *Transfers* reaching 33.7 per cent in 2010/11 and 31.7 per cent in 2011/12. The decrease in 2011/12 is due to delays in the signing of SLAs with non-governmental organisation (NGOs), and the fact that the implementation of transfers is from the date of signing, with no arrear payments, as per directive from the Auditor-General (A-G). *Transfers* experience real average growth from 2008/09 to 2011/12 of 10.7 per cent, declining to 6 per cent from 2011/12 to 2014/15. The decline is a result of the shifting of funds in 2011/12, from *Transfers* to *Current* in order to correct misallocations with regard to national priority funding for ECD.

Capital spending as a percentage of total expenditure decreased from 7.8 per cent in 2008/09 to 6.1 per cent in 2009/10, due to cost-cutting. The category shows a marked growth in share, particularly in 2011/12 and over the 2012/13 MTEF, due to additional funding allocated to the department to renovate existing state facilities, 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. This additional funding ends in 2013/14, in line with project requirements, hence the decline in 2014/15.

In 2009/10, *Compensation* accounted for 37.5 per cent of the total budget, which was significantly higher than in previous year. The main reason for this was the OSD for social workers, as well as the higher than anticipated wage agreement. Thereafter, *Compensation's* share increases to 40.7 per cent in 2010/11, due to the effects of the 2010 wage agreement, as well as the implementation of the OSD for social workers, which included back-pay to 2008. In 2011/12, *Compensation* decreased to 37.9 per cent due to non-filling of vacant posts. Over the 2012/13 MTEF, the share declines to an average of 37.4 per cent. The average annual real growth from 2011/12 to 2014/15 is at 0.5 per cent. The department budgeted for the filling of vacant posts in 2011/12, which accounts for the average real increase of 15.5 per cent from 2008/09 to 2011/12, and the low growth over the MTEF period.

Transfers account for the second largest share of total expenditure over the entire period, after *Current*. The lower share of total expenditure in 2008/09 and 2009/10 relates to the reprioritisation of funds from sustainable livelihood payments for one-stop development centres, as well as the forensic investigations into entity compliance to the PFMA. Over the 2012/13 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. The expenditure on *Transfers* is set to increase by an average annual real growth of 6 per cent between 2011/12 and 2014/15. 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 significantly in 2010/11 and 2011/12, as well as over the 2012/13 MTEF.

The positive real average annual growth of 6.3 per cent in *Non-compensation (excluding transfers)* from 2008/09 to 2011/12 indicates a turnaround from the pressures in *Goods and services* which included costs for SITA data lines, audit fees, lease payments, maintenance and repairs and shared facilities with SASSA. The department shifted funds from *Transfers* to *Current* in 2011/12 in order to correct misallocations with regard to national priority funding for ECD, as well as the removal of funding for existing infrastructure and maintenance in 2014/15, which resulted in a decline from 2011/12 to 2014/15.

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

Table 5.8 below shows the remaining departments' payments and estimates by economic classification (i.e. all departments excluding Education, Health and Social Development).

Table 5.8: Analysis of expenditure summary by classification - Other

	Audited Outcome			Adjusted Appropriation	Medium-term Estimates			Average Annual Growth	
	2008/09	2009/10	2010/11	2011/12	2012/13	2013/14	2014/15	2008/09-2011/12	2011/12-2014/15
R thousand									
Current	6 786 269	6 981 090	7 636 157	9 428 622	10 985 607	11 747 499	12 858 030		
Transfers	4 412 652	6 224 035	6 464 367	6 313 663	6 456 070	7 006 206	7 422 463		
Capital	2 987 817	2 381 599	2 465 308	2 782 294	2 760 188	2 717 024	2 947 076		
Financial assets	14 703	281 258	210 670	13 403	1 800	1 800	3 394		
Compensation	2 582 724	2 932 326	3 253 050	3 838 886	4 454 947	4 760 024	5 061 987		
Non-compensation	11 618 717	12 935 656	13 523 452	14 699 096	15 748 718	16 712 505	18 168 976		
Non-compensation (excl. transfers)	7 206 065	6 711 621	7 059 085	8 385 433	9 292 648	9 706 299	10 746 513		
Non-compensation non-capital (NCNC)	11 604 014	12 654 398	13 312 782	14 685 693	15 746 918	16 710 705	18 165 582		
NCNC (excl. transfers)	7 191 362	6 430 363	6 848 415	8 372 030	9 290 848	9 704 499	10 743 119		
Total expenditure	**14 201 441**	**15 867 982**	**16 776 502**	**18 537 982**	**20 203 665**	**21 472 529**	**23 230 963**		
% of total expenditure									
Current	47.8	44.0	45.5	50.9	54.4	54.7	55.3		
Transfers	31.1	39.2	38.5	34.1	32.0	32.6	32.0		
Capital	21.0	15.0	14.7	15.0	13.7	12.7	12.7		
Financial assets	0.1	1.8	1.3	0.1	0.0	0.0	0.0		
Compensation	18.2	18.5	19.4	20.7	22.1	22.2	21.8		
Non-compensation	81.8	81.5	80.6	79.3	77.9	77.8	78.2		
Non-compensation (excl. transfers)	50.7	42.3	42.1	45.2	46.0	45.2	46.3		
Non-compensation non-capital (NCNC)	81.7	79.7	79.4	79.2	77.9	77.8	78.2		
NCNC (excl. transfers)	50.6	40.5	40.8	45.2	46.0	45.2	46.2		
Nominal growth (%)									
Current		2.9	9.4	23.5	16.5	6.9	9.5	11.6	10.9
Transfers		41.0	3.9	(2.3)	2.3	8.5	5.9	12.7	5.5
Capital		(20.3)	3.5	12.9	(0.8)	(1.6)	8.5	(2.3)	1.9
Financial assets		1 812.9	(25.1)	(93.6)	(86.6)	-	88.6	(3.0)	(36.7)
Compensation		13.5	10.9	18.0	16.0	6.8	6.3	14.1	9.7
Non-compensation		11.3	4.5	8.7	7.1	6.1	8.7	8.2	7.3
Non-compensation (excl. transfers)		(6.9)	5.2	18.8	10.8	4.5	10.7	5.2	8.6
Non-compensation non-capital (NCNC)		9.1	5.2	10.3	7.2	6.1	8.7	8.2	7.3
NCNC (excl. transfers)		(10.6)	6.5	22.2	11.0	4.5	10.7	5.2	8.7
Real growth (%)									
Current		(3.2)	5.0	17.8	10.6	1.3	4.2	6.2	5.3
Transfers		32.7	(0.3)	(6.8)	(2.9)	2.8	0.9	7.2	0.3
Capital		(25.0)	(0.7)	7.7	(5.8)	(6.7)	3.3	(7.1)	(3.2)
Financial assets		1 699.1	(28.1)	(93.9)	(87.2)	(5.2)	79.6	(7.8)	(39.9)
Compensation		6.8	6.5	12.6	10.2	1.3	1.3	8.6	4.2
Non-compensation		4.7	0.3	3.7	1.7	0.6	3.5	2.9	1.9
Non-compensation (excl. transfers)		(12.4)	0.9	13.3	5.2	(1.0)	5.4	0.1	3.2
Non-compensation non-capital (NCNC)		2.6	1.0	5.2	1.8	0.6	3.5	2.9	2.0
NCNC (excl. transfers)		(15.9)	2.2	16.6	5.4	(1.0)	5.4	0.1	3.2

Current payments reflect very flat growth from 2008/09 to 2009/10 due to the introduction of cost-cutting which reduced *Goods and services* significantly. The share of *Current* payments to total budget is set to increase from 47.8 per cent in 2008/09, to 55.3 per cent in 2014/15. This is mainly reflected through an increase in the percentage share of total expenditure on *Compensation,* which can be attributed to the impact of the annual wage agreements and the various OSDs, showing that expenditure on service delivery is being crowded out by increased expenditure on *Compensation.*

Compensation reflects an average annual real growth rate of 4.2 per cent for the period 2011/12 to 2014/15. A number of departments are budgeting to fill various vacant posts as the moratorium on the filling of non-critical posts was lifted at the beginning of 2011/12. This category is also impacted on by the various OSDs affecting departments. The share of total expenditure on *Non-compensation* is expected to decrease from 79.3 per cent in 2011/12 to 78.2 per cent in 2014/15, largely due to the reduction in *Transfers* and *Capital*, which is explained in greater detail below.

The category *Transfers* shows minimal average annual real growth of 0.3 per cent from 2011/12 to 2014/15, mainly due to the following:

- *Transfers and subsidies to: Public corporations and private enterprises* against Economic Development and Tourism decreases in the 2011/12 Adjusted Appropriation, mainly due to the reprioritisation of the transfer for the KZN Liquor Entity to *Goods and services* for the establishment costs of the KZN Liquor Entity, and to strategic events such as the Top Gear and World Golf Championship projects, as well an increased transfer to the KZN Sharks Board (KZNSB) to fund a biometric access control system.

- Human Settlements showed slow spending on its Human Settlements Development grant (which is mainly allocated against *Transfers and subsidies to: Households* and *Provinces and municipalities*) in 2009/10 and 2010/11. As a result, a portion of this grant was deducted by National Treasury over the 2011/12 MTEF, and allocated as an USDG to the eThekwini Metro. National Treasury reduced the 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 municipalities can prove that they can deliver on the projects themselves.

Capital payments show a negative annual average real growth of 3.2 per cent between 2011/12 and 2014/15, with the share of total expenditure decreasing from 15 per cent in 2011/12 to 12.7 per cent in 2014/15 mainly due to the following:

- Public Works shows a decrease against *Machinery and equipment* in 2012/13 due to funds being reprioritised to *Compensation of employees*, in respect of the filling of key vacant posts, such as critical service delivery posts, e.g. architects, surveyors, draughtsmen, etc.
- CoGTA shows a decrease in 2014/15 against *Machinery and equipment*, which is attributable to the decrease in funding in respect of new and replacement vehicles and this will be reviewed in future MTEFs.
- Human Settlements shows a substantial decrease against *Buildings and other fixed structures* in the 2011/12 Adjusted Appropriation, which is ascribed to slow spending due to failure to deliver by the appointed service providers for the Social and Economic Facilities programme, resulting in slow delivery on the ground.

The 2009/10 and 2010/11 payments for *Financial assets* show a significant increase due to the implementation of the first charges against some departments' votes, in line with Section 34(2) of the PFMA. The bulk of the first charge payment was effected against the Department of Transport in line with the unauthorised expenditure incurred by this department. Other departments affected by the first charge are Agriculture, Environmental Affairs and Rural Development, Human Settlements and the Royal Household. This category shows a negative annual average real growth of 36.7 per cent between 2011/12 and 2014/15, with the share of total expenditure decreasing from 0.1 per cent in 2011/12, to 0 per cent in 2014/15. This line item is seldom budgeted for due to its uncertain nature.

5.4 Payments and estimates by district municipal area

Table 5.9 below provides a summary of payments and estimates per district municipal area from 2010/11 to 2014/15. The detail of departmental spending within each district municipal area is provided in the departmental chapters in the *EPRE*.

While most departments exclude administrative costs from this table, the spending per district municipal area by the Departments of Education and Sport and Recreation includes administrative costs, such as compensation and travel and subsistence, as the functions of their personnel impact directly on service delivery in the respective municipal area. Provincial Treasury has also included administrative costs. Provincial Treasury'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.

Table 5.9: 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	2010/11	2011/12	2012/13	2013/14	2014/15	2010/11	2011/12	2012/13	2013/14	2014/15	2010/11 - 2013/14
eThekwini	17 478 769	20 119 168	20 917 765	22 623 741	24 330 801	27.7	27.3	26.9	27.1	27.2	6.5
Ugu	3 808 651	4 412 330	4 585 702	4 975 005	5 323 708	6.0	6.0	5.9	6.0	6.0	6.5
uMgungundlovu	14 744 679	17 260 296	18 479 812	19 791 173	21 124 012	23.4	23.4	23.8	23.7	23.6	7.0
Uthukela	3 154 260	4 066 639	4 194 130	4 506 497	4 860 406	5.0	5.5	5.4	5.4	5.4	6.1
Umzinyathi	2 552 280	2 940 532	3 121 443	3 307 755	3 506 119	4.0	4.0	4.0	4.0	3.9	6.0
Amajuba	2 415 085	2 842 463	3 077 961	3 335 714	3 575 602	3.8	3.9	4.0	4.0	4.0	7.9
Zululand	4 535 308	5 336 381	5 643 543	6 029 692	6 446 012	7.2	7.2	7.3	7.2	7.2	6.5
Umkhanyakude	3 703 411	4 188 430	4 419 777	4 650 316	4 944 110	5.9	5.7	5.7	5.6	5.5	5.7
uThungulu	5 184 265	6 262 684	6 667 008	7 172 237	7 735 204	8.2	8.5	8.6	8.6	8.7	7.3
Ilembe	3 015 279	3 512 020	3 642 138	3 883 656	4 103 607	4.8	4.8	4.7	4.7	4.6	5.3
Sisonke	2 547 187	2 860 955	2 986 814	3 203 216	3 420 030	4.0	3.9	3.8	3.8	3.8	6.1
Unallocated	-	-	32 000	32 960	33 949	-	-	0.0	0.0	0.0	-
Total	**63 139 174**	**73 801 898**	**77 768 093**	**83 511 963**	**89 403 560**	**100.0**	**100.0**	**100.0**	**100.0**	**100.0**	**6.6**

Despite the inclusion of a regional identifier in the BAS structure, departments still found it difficult to quantify their operations by district municipality in 2011/12. However, this approach is still considered to be of importance and, therefore, continues to receive attention in the 2012/13 MTEF. The 2012/13 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 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 PGDS and national priorities.

There is a significant increase in provincial spending from 2010/11 to 2014/15. Spending per district municipal area fluctuates, due to varying projects undertaken by departments at different intervals.

Spending in the eThekwini Metro increased significantly from R17.479 billion in 2010/11 to R24.331 billion in 2014/15. This can be ascribed to the allocation of province-wide projects such as:

- Public Service Training Academy (Office of the Premier).
- DTP (Economic Development and Tourism).
- The high number of schools and training institutions in the Metro (Education).
- 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 (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 in the Metro include Cornubia, *Ethafuleni, Ntuzuma,* and *Tambo* Plaza. Most hostels that are being upgraded are also in the Metro. There is also extensive rehabilitation of former R293 townships in the Metro. The slight percentage decrease in the spending in this area in 2012/13 is due to the Department of Human Settlements adjusting the basis of the allocation of its spending across districts on set housing criteria. These factors influence the department's spending patterns in the various districts (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, as well as the Public Transport Operations grant (Transport).
- Spending relating to other organisations, such as major art centres and public entities (DTP, KZN Tourism Authority (TKZN) and the KZNSB, among others) are concentrated mainly in the area (Economic Development and Tourism).
- The provincialisation of public libraries and museums also impacts on the eThekwini Metro, with substantial funding provided for this, especially in the two outer years. The allocation to this district also provides for a new mega-library building project (Arts and Culture).

The increase in spending in uMgungundlovu from R14.745 billion in 2010/11 to R21.124 billion in 2014/15 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 in this region. The spending is also affected by the increase in the allocation to Education over time where the allocation increased from R6.899 billion in 2010/11 to R9.485 billion in 2014/15, the bulk of which is comprised of *Compensation of employees.* Spending in this area is further affected by the allocation of funding to the Pietermaritzburg airport (Provincial Treasury), provincialisation of libraries and museums (Arts and Culture), Learner Transport where the department will shift the funding to the relevant districts, once the amounts have been finalised (Transport), psychiatric, regional and tertiary services (Health), and the demand for housing where projects, such as the *Vulindlela* housing project, are undertaken in this area (Human Settlements).

The Amajuba district shows the fastest growth in the province, with an annual growth rate of 7.9 per cent between 2011/12 and 2014/15. The largest contributors to the spending in this district are the Departments of Education and Health, and the growth in spending over the period is in line with the baseline growth of these departments and the demand for services that exist in this area.

The lowest growth in spending is in the Ilembe district with an average growth of 5.3 per cent between 2011/12 and 2014/15, which is in line with inflationary growth.

The *Unallocated* amounts over the 2012/13 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.

5.5 Payments and estimates by functional area

Table 5.10 shows the summary of payments and estimates by policy area, details of which are shown in Table 1.E(b) of the *Annexure* to *OPRE.* 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 reflects healthy growth from 2008/09 to 2014/15.

Table 5.10: Summary of payments and estimates by policy area

	Audited Outcome			Main Appropriation	Adjusted Appropriation	Revised Estimate	Medium-term Estimates		
R thousand	2008/09	2009/10	2010/11		2011/12		2012/13	2013/14	2014/15
General Public Services	3 222 729	3 467 704	3 693 472	4 100 602	4 158 989	4 108 282	4 408 815	4 629 441	4 892 625
Public Order and Safety	553 510	604 972	646 884	769 348	759 348	759 348	832 130	893 820	951 267
Economic Affairs	7 490 117	8 158 468	8 052 986	8 836 410	8 996 600	8 990 209	9 951 036	10 509 492	11 644 220
Environmental Protection	510 184	586 370	634 476	704 501	718 010	718 010	750 127	836 266	887 037
Housing and Community Amenities	1 876 146	2 492 647	3 089 237	3 053 315	3 084 991	3 084 991	3 300 935	3 465 289	3 641 059
Health	16 690 644	19 912 324	20 266 012	23 961 172	24 151 499	23 973 641	25 992 324	27 895 866	29 894 009
Recreation, Culture and Religion	527 198	535 250	652 550	755 029	759 925	759 925	899 868	1 064 750	1 138 255
Education	23 436 459	26 702 112	29 235 391	33 181 138	33 819 177	34 864 223	35 402 859	37 861 369	40 267 170
Social Protection	1 221 705	1 349 437	1 403 519	1 938 496	1 938 496	1 815 725	2 033 366	2 278 740	2 385 295
Total	**55 528 692**	**63 809 284**	**67 674 527**	**77 300 011**	**78 387 035**	**79 074 354**	**83 571 460**	**89 435 033**	**95 700 937**

The bulk of the provincial budget is spent on *Education*, and is anticipated to grow from R35.403 billion in 2012/13 to R40.267 billion in 2014/15. The growth is an indication of KZN's commitment to the development of human capability and is ascribed to the increase in various national priorities such as the LTSM, the expansion of no-fee schools and the universalisation of Grade R. A large proportion of the Education budget relates to *Compensation of employees*, which has been affected by the annual higher than anticipated wage agreements, implementation of various OSDs, the filling of posts, among others.

Health has the second largest spending, and is expected to increase from R25.992 billion in 2012/13 to R29.894 billion in 2014/15. This reflects the province's commitment to provide effective and efficient health care services to the people of the province. The growth can also be attributed to the growth in the

Comprehensive HIV and AIDS grant and the inclusion of a few new national conditional grants, such as the National Health Insurance grant to provide financial support for the development of projects directed at improving health delivery in the province in line with the requirements of the introduction of the NHI. The Nursing Colleges and Schools grant was also introduced to supplement provincial funding of health infrastructure, to accelerate the provision of health facilities, including office furniture and related equipment, as well as to ensure proper maintenance of provincial health infrastructure for nursing colleges and schools.

Economic Affairs (comprising the Departments of Transport, DAEARD, DEDT and a portion of Provincial Treasury) also shows significant growth from 2009/10 onward, due to major projects such as the DTP and the King Shaka International Airport (KSIA), maintenance of the provincial road network, agrarian revolution and unlocking of the Makhathini Flats. Other projects contributing to the increase in this area are the Growth and Enterprise Development Funds, the RBIDZ, and other projects relating to the 2010 World Cup. The growth over the MTEF is mainly due to allocations in respect of the road maintenance backlog (Transport), fencing and irrigation scheme programmes (DAEARD), an allocation for the UCI/BMX cycling event and for DTP in respect of strategic projects, such as cargo shed ramp handing facilities, additional agri-zone works and re-capitalisation of the cargo terminal (DEDT), among others.

The growth against *Environmental Protection* can be ascribed to the road maintenance and protected area expansion for EKZNW in 2013/14 and 2014/15, as well as the budget for the Alien Invasive Species programme administered by DAEARD.

The growth in *Recreation, Culture and Religion* is largely in respect of the substantial additional allocation relating from the provincialisation of public libraries and museums in the province (Arts and Culture), and the Mass Participation and Sport Development (MPSD) conditional grant comprising of school sport, community mass participation and club development (Sport and Recreation).

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 (Provincial Treasury) as a result of the over-expenditure of some provincial departments in prior years which caused the provincial bank account to be in overdraft up to April 2010. In addition, the implementation of GIAMA (Public Works), the Provincial Nerve Centre (Office of the Premier) and major projects such as the construction of the Moses Mabhida Stadium (Provincial Treasury) and roads linking to DTP and KSIA (DEDT and Transport), etc., also account for the strong growth. The increase over the MTEF is due to additional funding allocated for various projects, such as improving Pubic Works' capacity for infrastructure support, the provision of piped water and proper roads at the Luwamba Clinic in the Ntambanana Municipality (Office of the Premier) and the funding provided for Strategic Cabinet Initiatives (Provincial Treasury).

The growth against *Housing and Community Amenities* (Human Settlements) can mainly be attributed to the increase in the Human Settlements Development grant which is used to promote the provision of low income housing and essential services. This grant caters for projects in respect of the Community Residential Unit (CRU) programme and the implementation of certain priority projects, such as Cornubia, *Vulindlela*, Cato Crest and *Emapheleni*, as well as the Social and Economic Facilities projects such as Stepmore, *Umziki* and Task Valley.

The growth against *Social Protection* (Social Development) can mainly be attributed to funding for the child and youth care and victim empowerment national priority, the OSD for social workers, an increase in the number of personnel, as well as the rehabilitation and repair of various facilities, including secure care centres and old age homes.

5.6 Infrastructure

5.6.1 Infrastructure management

Economic development can be achieved through investment in infrastructure, which creates and preserves jobs. For this reason, among others, there is a substantial increase in the provincial infrastructure budgets over the 2012/13 MTEF, thus boosting the construction industry, as well as assisting local suppliers. These investments will contribute to higher productivity and a better quality of life for communities, by creating jobs across KZN during the construction of a broad range of much needed public infrastructure such as schools, roads, decent housing and health facilities. Infrastructure development will assist in steering KZN toward the 2030 vision of maximising its position as a gateway to South and Southern Africa.

Most of the objectives of the MTSF are reliant on infrastructure development across the country. The formulation and development of the PGDS is underpinned by, and aligned to, the National Development Plan 2030 (NDP). Both the NDP and the PGDS emphasise the need for improved co-ordination, alignment and integration of infrastructure planning. The Provincial Planning Commission, through the Provincial Growth and Development Plan (PGDP), identified the need for the establishment of an Infrastructure Co-ordination Work Group to facilitate all integrated and co-ordinated provincial infrastructure planning. This is especially relevant in KZN as it is one of the most significant provinces in terms of population and geographical location. This Infrastructure Co-ordination Work Group will also provide an effective infrastructure governance structure that has been lacking in KZN.

Infrastructure Delivery Improvement Programme (IDIP)

IDIP is a partnership between National Treasury, the Construction Industry Development Board (CIDB), the Development Bank of Southern Africa, the National Departments of Public Works, Education and Health. A Programme Management Unit (PMU) was established at National Treasury and a programme manager was appointed to manage IDIP.

IDIP is implemented in all nine provincial Departments of Health, Education and Public Works, and is co-ordinated by the Provincial Treasuries. IDIP has been running in these departments since the roll-out of IDIP to provinces, which commenced in 2007/08. The programme was initially set to run from 2007/08 to 2009/10. The initial three-year period has been successful to a certain 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, with a possible extension by another year to March 2014.

Each of these departments hosts a built environment Technical Assistant (TA), who assists the departmental officials in utilising best practices for construction planning, procurement and implementation, in the successful delivery of departmental infrastructure.

The Infrastructure Delivery Management System (IDMS), is part and parcel of IDIP together with the supportive amended Infrastructure Delivery Management (IDM) Toolkit, which was finalised in 2010. Training and the roll out of the IDMS was conducted in KZN in 2011. Implementation of the IDMS will further enhance mandates, roles and responsibilities between government departments, implementing agents (IAs) and Provincial Treasury in an effort to streamline and clarify functions, planning and delivery of infrastructure in the province. A HR Capacitation Strategy has been developed with the Department of Public Service Administration (DPSA) for a sustainable IDMS in departments.

IDIP assists departments by identifying areas for 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, programme and portfolio management. IDIP's success is based on the premise of effective, co-ordinated and proper planning by both the department as a client and the chosen IA. The client departments have improved their infrastructure planning capabilities considerably. The programme management of the departments' respective projects has also improved, as implemented by their various 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 KZN.

Education and Health are recipients of the Education and Health Infrastructure grants, and their infrastructure budgets are highest after those of Transport and Human Settlements. The success of IDIP, 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.

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 essential to successfully implement projects and to realise value for money.

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 and Cabinet approval of a provincial Infrastructure Service Delivery Model (ISDM). The ISDM looks at the optimisation of built environment skills in departments and avoidance of duplication, wherein the intended outcome is a department that is capacitated to deliver on its mandate. The process has already been started by Provincial Treasury, through the development of an ISDM discussion document that looks at all the factors that impact negatively on infrastructure service delivery and provides options for service delivery models, based on the departments' mandates.

The ideal ISDM is a national conundrum. Several approaches have been looked at, sometimes with assured success, but without a clear implementation plan that identifies key targets to measure its sustainability. The formulation of the KZN Infrastructure Co-ordination Work Group will assist in the development and approval of the KZN ISDM that will be based on the IDMS and the IDM toolkit 2010. The process will commence initially with an infrastructure framework agreement between the four IDIP departments, which will define the roles and responsibilities between these departments for the institutionalisation of the IDMS. This will set the base for the implementation of the capacitation strategy.

Infrastructure Crack Team

Another initiative to improve the return on infrastructure investment and to realise value for the money spent in KZN, was the formation of the Infrastructure Crack Team, which was launched in 2011/12. Provincial Treasury appointed a panel of 18 consultants to form the Infrastructure Crack Team, and the aim is to assist in increasing the delivery capacity at project implementation level and to identify bottlenecks that prohibit successful implementation of infrastructure projects in both provincial and local government.

Provincial Treasury plays a monitoring and evaluation role for certain infrastructure related projects in the province in respect of spending, output performance, effectiveness and efficiency of methods utilised. The deployment of the members of the panel is intended to provide necessary expertise and hands on management of projects that are in various stages of the project cycle.

Training

Part of the problems facing the construction industry country-wide is the massive shortage of suitable qualified professional project managers within public sector infrastructure.

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 as a matter of urgency, through collaboration between government and the construction industry. This 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.

Rigorous strategies on staff recruitment, retention, talent management and employee health and well-being are therefore imperative. This will ensure continued and sustainable investment in strategic human resources, in return realising quality in spending of funds and the promotion of an environment that facilitates effective and seamless service delivery.

Delivery by Public Works

Public Works is the custodian of public infrastructure and is also an IA in most provincial departments, in particular in Education and Health. The infrastructure budget for Health and Education has grown considerably in the last five years, and this growth is expected to continue over the 2012/13 MTEF. It is noted that, of the departments' total infrastructure budget, the allocation of infrastructure projects implemented by Public Works was only R1.700 billion (or 15 per cent) of the 2011/12 total infrastructure budget of R11.700 billion. While Health and Education remain Public Works' main client departments, from their Infrastructure Programme Management Plan (IPMPs) for 2012/13, the budget allocation to Public Works is 57 per cent of Health's infrastructure budget, while Education is allocating a reduced 34 per cent of their infrastructure budget to Public Works.

Due to various reasons, client departments often bypass Public Works when implementing infrastructure. Although this is 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 start 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 huge unemployment problem, coupled with a low skills base of the potential workforce. Infrastructure delivery can contribute toward remedying the situation, by employing some of the unemployed workforce in construction projects, in an effort to realise 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 job creation agenda is to ensure that public infrastructure and maintenance thereof is 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 grant.

Establishing dedicated, long-term, labour intensive maintenance programmes will assist in creating sustainable employment opportunities, enabling departments to access the EPWP wage incentive. The bulk of the EPWP work done by KZN is reported under the *Zibambele* road maintenance programme which falls under Transport.

Maintenance

KZN 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.

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.

5.6.2 Trends in infrastructure payments and estimates

Table 5.11 below shows the summary of infrastructure payments and estimates from 2008/09 to 2014/15.

Table 5.11: Summary of infrastructure payments and estimates by category

	Audited Outcome			Main Appropriation	Adjusted Appropriation	Revised Estimate	Medium-term Estimates		
R thousand	2008/09	2009/10	2010/11	2011/12			2012/13	2013/14	2014/15
New and replacement assets	**1 318 680**	**1 579 153**	**1 222 640**	**2 394 177**	**2 078 872**	**1 987 345**	**1 645 022**	**2 486 864**	**2 521 576**
Existing infrastructure assets	**5 332 348**	**4 925 072**	**6 232 027**	**6 563 512**	**7 092 835**	**7 122 531**	**8 546 753**	**8 270 203**	**9 251 670**
Upgrades and additions	3 028 420	2 592 036	2 461 898	2 487 662	2 805 216	2 790 125	3 053 458	2 775 827	3 067 937
Rehabilitation, renovations and refurbishments	444 026	541 732	1 351 323	1 059 441	1 232 411	1 300 636	1 514 916	1 333 603	1 413 970
Maintenance and repairs	1 859 902	1 791 304	2 418 806	3 016 409	3 055 208	3 031 770	3 978 379	4 160 773	4 769 763
Infrastructure transfers	**3 046 113**	**4 024 929**	**3 429 316**	**2 796 452**	**3 257 686**	**3 263 683**	**3 259 335**	**3 646 960**	**3 783 151**
Current	139 500	174 876	91 953	39 091	109 000	109 000	101 713	44 007	46 648
Capital	2 906 613	3 850 053	3 337 363	2 757 361	3 148 686	3 154 683	3 157 622	3 602 953	3 736 503
Capital infrastructure	*7 697 739*	*8 562 974*	*8 373 224*	*8 698 641*	*9 265 185*	*9 232 789*	*9 371 018*	*10 199 247*	*10 739 986*
Current infrastructure	*1 999 402*	*1 966 180*	*2 510 759*	*3 055 500*	*3 164 208*	*3 140 770*	*4 080 092*	*4 204 780*	*4 816 411*
Total	**9 697 141**	**10 529 154**	**10 883 983**	**11 754 141**	**12 429 393**	**12 373 559**	**13 451 110**	**14 404 027**	**15 556 397**

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 RBIDZ.

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 growing from R12.429 billion in the 2011/12 Adjusted Appropriation to R15.556 billion in 2014/15. This increase indicates a concerted 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 in KZN. In fact, the proportion of funding allocated to *Maintenance and repairs* has increased from 34.9 per cent of *Existing infrastructure assets* in 2008/09 to 51.6 per cent in 2014/15. This indicates a shift in focus to maintaining fixed assets before deterioration that requires a more expensive intervention.

Table 5.12 shows the split of infrastructure payments and estimates by vote. The growth in the infrastructure allocations mentioned above is reflected against most departments, and especially the major infrastructure departments such as Transport, Human Settlements, Health and Education.

Table 5.12: Summary of infrastructure payments and estimates by vote

R thousand	Audited Outcome			Main Appropriation	Adjusted Appropriation	Revised Estimate	Medium-term Estimates		
	2008/09	2009/10	2010/11		2011/12		2012/13	2013/14	2014/15
Social Sector Infrastructure									
5. Education	1 237 408	1 392 251	1 920 280	2 197 741	2 216 097	2 216 097	2 404 154	2 506 238	2 649 479
7. Health	1 097 722	1 374 801	1 082 210	1 681 207	1 831 516	1 775 749	1 885 949	2 088 098	2 142 136
13. Social Development	70 597	85 035	79 647	166 479	204 479	204 479	190 378	211 782	193 391
Economic Infrastructure									
3. Agriculture, Environmental Affairs and Rural Developm	92 429	99 559	64 365	119 390	119 390	119 390	138 624	147 697	156 386
4. Economic Development and Tourism	1 299 313	1 705 265	684 621	423 739	507 970	507 970	494 926	649 397	717 562
8. Human Settlements	1 520 730	2 104 315	2 792 860	2 390 520	2 702 375	2 705 800	2 874 075	3 059 710	3 164 426
12. Transport	3 931 911	3 310 471	4 063 294	4 536 965	4 570 280	4 570 280	5 172 918	5 492 365	6 294 119
Other Infrastructure									
1. Office of the Premier	4 876	6 698	2 403	1 905	2 441	2 441	11 000	13 100	13 886
2. Provincial Legislature	1 504	3 735	2 652	4 454	13 554	13 554	6 917	4 419	4 685
6. Provincial Treasury	150 000	150 000	5 435	-	39 038	39 038	39 315	4 000	4 300
9. Community Safety and Liaison	-	-	-	-	-	-	-	-	-
10. The Royal Household	3 000	1 339	997	11 528	11 528	7 413	14 349	16 588	5 008
11. Co-operative Governance and Traditional Affairs	162 642	158 256	24 180	45 000	34 177	34 150	26 948	20 250	20 750
14. Public Works	65 693	80 616	73 978	86 423	83 275	83 925	90 744	95 735	101 000
15. Arts and Culture	22 598	29 624	68 908	49 773	51 752	51 752	50 025	43 616	42 655
16. Sport and Recreation	36 718	27 189	18 153	39 017	41 521	41 521	50 788	51 032	46 614
Total	**9 697 141**	**10 529 154**	**10 883 983**	**11 754 141**	**12 429 393**	**12 373 559**	**13 451 110**	**14 404 027**	**15 556 397**

The Department of Transport's infrastructure expenditure and budget increase substantially over the seven-year period under review. This is due to the increase in construction activities in respect of infrastructure investment in the province, as well as construction projects relating to the 2010 World Cup (such as the DTP and KSIA), and additional funding in respect of the maintenance of the provincial road network with regard to the provincial maintenance backlog. The high 2008/09 amount is inflated by the over-expenditure incurred in that year. The construction of the P700 (Ulundi to Hluhluwe/Mfolozi Game Reserve), the construction of the P577 (Duffs Road to KwaDabeka) and the upgrading of access roads (to clinics and schools) and pedestrian bridges is also provided for by this department. The department also provides for the upgrade and additions to roads, which include several large road construction projects, including the P318 Sani Pass, the roads to support DTP and KSIA, the P496 (the John Ross Highway linking Empangeni and Richards Bay), ARRUP road projects and access roads. The department also undertakes repairs to roads damaged by floods as and when such disasters occur. Finally, the amounts shown in the table cater for routine, preventative, mechanical and other maintenance. The increase over the MTEF includes additional funding in respect of the maintenance of the provincial road network.

Health's infrastructure shows low growth, mainly due to similar trends in the Health Infrastructure and Hospital Revitalisation grants. Over the seven year period under review, the department provided for the building of additional community health centres and community health clinics, in line with its service delivery plan, as well as the upgrading or replacement of hospitals and unsuitable clinics. The decrease in 2010/11 is caused by under-spending on the two above-mentioned conditional grants, as well as the late provision of the budget to institutions as a result of intensive restructuring of the department's budget by the joint Treasury/Health task team. The decrease in the 2011/12 Revised Estimate relates to major medical equipment ordered, but delivery only expected in 2012/13.

The Human Settlements infrastructure allocation takes into account the 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, and includes major developments such as the *Vulindlela* rural housing project and Cornubia projects in uMgungundlovu and eThekwini, respectively. Over the seven-year period, spending on infrastructure grows year-on-year, with the exception of 2011/12, where there is a substantial drop from 2010/11 to the 2011/12 Main Appropriation. This is the result of the Human Settlements Development grant being reduced and allocated directly to the eThekwini Metro as an USDG.

The Education infrastructure budget shows significant growth over the seven year period. The strong growth over the 2012/13 MTEF, which corresponds to the increase in the Education Infrastructure grant, should enable the department to make provision for pressing infrastructural needs, particularly in respect of the roll-out of Grade R, building of special schools, and non-school buildings.

Despite the economic climate, the infrastructure budget has grown strongly with an approximate growth of 60 per cent between 2008/09 and 2014/15.

5.6.3 Public Private Partnerships (PPP)

There are currently eight active PPP projects in the province, and three projects which have been stopped.

Active projects

King Edward VIII Hospital
The Department of Health has identified the need for the upgrading and refurbishment of King Edward VIII Hospital and this need has been confirmed by the departmental PPP business case. This is one of five hospitals identified as possible PPP projects by the National Department of Health.

The Department of Health has entered into a Joint Implementation Agreement with the relevant parties to this project. The transaction advisors for this project have been appointed through the Development Bank of South Africa and the feasibility study is currently being undertaken.

Education's Schools and Office project
The Department of Education has registered the Schools and Office project with National Treasury and has issued a request for proposals from interested parties to act as transaction advisors for the project. The project is intended as a pilot to address the issues of design, delivery, rehabilitation, maintenance and funding over the life span of the assets. Based on the outcomes, the department intends to replicate and adapt the model in order to extend it to the rest of the province over the medium to long term. The terms of reference for the appointment of the transaction advisors has been finalised and the evaluation of bids will be undertaken during February 2012.

Hibiscus Coast Municipality – Beachfront 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 (Provincial Treasury provides views and recommendations to the municipality based on the transaction 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. If the preferred bidder fails to satisfy the municipality, a request for proposals will be issued to the open market.

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. A draft Request for Proposals has been submitted for views and recommendations.

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 in 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 transaction advisors should go ahead with the assessment. It was anticipated that this process would be finalised early in 2011, but the new council raised concerns and requested that more information be submitted by the transaction advisors for consideration. Progress is slow and is still in the feasibility study stage.

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 redevelopment 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 has not yet appointed a transaction advisor to undertake the feasibility study and the project may be de-registered.

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 Municipal Finance Management Act (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 but the council was not satisfied with the work done and has terminated the appointment. The way forward will be discussed with the municipality early in 2012.

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 France S.A.) 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. 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 failed and further discussion will take place during 2012/13.

Abandoned projects

Provincial Government Precinct

It was decided not to proceed with the project as a PPP as the province's financial position at the time deemed this project to be unaffordable. It has been suggested though, that the Department of Public Works uses the feasibility study as a basis to provide office accommodation for government departments in Pietermaritzburg.

Eco-tourism in Nature Conservation Service areas

The Board of EKZNW has decided not to proceed with the outsourcing of the eco-tourism and commercial functions at the Royal Natal National Park and certain surrounding parks in the Ukhahlamba area under its control. This project will be de-registered.

uMhlathuze Municipality – Water services

In 2008, the City of uMhlathuze entered into a five-year concession contract for the establishment and maintenance of water services infrastructure for the delivery of basic services. The municipality has decided not to proceed.

5.7 Transfers

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

Table 5.13 shows the summary of provincial transfers to public entities by department. Transfers to public entities reflect a fluctuating trend from 2008/09 to 2011/12, largely attributable to various once-off allocations to public entities. These are discussed in greater detail below.

Table 5.13: Summary of provincial transfers to public entities by transferring department

R thousand	Audited Outcome			Main Appropriation	Adjusted Appropriation	Revised Estimate	Medium-term Estimates		
	2008/09	2009/10	2010/11	2011/12			2012/13	2013/14	2014/15
Vote 1: Office of the Premier	**75 594**	**46 989**	**36 688**	**41 394**	**41 394**	**41 394**	**62 235**	**65 682**	**69 623**
KwaZulu-Natal Gaming and Betting Board	40 293	14 148	16 356	17 337	17 337	17 337	35 775	37 809	40 077
Amafa aKwaZulu-Natali	35 301	32 841	20 332	24 057	24 057	24 057	26 460	27 873	29 546
Vote 3: Agric., Enviro. Affairs and Rural Dev.	**360 401**	**407 744**	**561 924**	**587 239**	**625 259**	**625 259**	**616 942**	**705 375**	**747 742**
Ezemvelo KZN Wildlife	340 829	397 598	431 382	486 917	491 317	491 317	511 942	595 125	631 428
Mjindi Farming (Pty) Ltd	9 572	10 146	26 470	24 922	33 181	33 181	45 000	47 250	49 849
Ithala Development Finance Corporation	10 000	-	-	-	-	-	-	-	-
Agri-business Development Agency	-	-	104 072	75 400	100 761	100 761	60 000	63 000	66 465
Vote 4: Economic Development and Tourism	**1 426 166**	**1 856 609**	**984 459**	**838 134**	**914 365**	**914 367**	**941 726**	**1 120 251**	**1 212 400**
Ithala Development Finance Corporation	-	100 000	280 000	284 300	246 810	246 810	289 500	305 423	320 694
of which									
Co-operatives	-	-	-	*84 300*	-	-	-	-	-
SMMEs	-	*100 000*	*180 000*	*100 000*	-	-	-	-	-
Enterprise Development Fund	-	-	-	-	*174 300*	*174 300*	*189 500*	*199 923*	*209 919*
Ithala Share Capital	-	-	*40 000*	-	-	-	-	-	-
Growth Fund	-	-	*60 000*	*100 000*	*72 510*	*72 510*	*100 000*	*105 500*	*110 775*
Ezemvelo KZN Wildlife	-	-	-	-	970	970	-	-	-
KZN Sharks Board	23 297	25 337	25 551	29 084	41 334	41 334	30 938	32 485	34 109
KZN Tourism Authority	61 556	78 602	71 444	79 111	89 381	89 381	87 776	92 165	96 773
Agri-business Development Agency	-	-	24 051	20 000	26 000	26 000	36 591	38 676	41 032
Dube TradePort Corporation	1 299 313	1 598 254	526 905	364 103	448 334	448 335	432 308	583 335	647 535
Trade and Investment KZN	42 000	54 416	56 508	61 536	61 536	61 537	64 613	68 167	72 257
Vote 11: COGTA	**2 700**	**2 800**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
Provincial Planning and Development Commission	2 700	2 800	-	-	-	-	-	-	-
Vote 15: Arts and Culture	**5 350**	**5 751**	**6 096**	**6 401**	**6 401**	**6 401**	**6 721**	**7 057**	**7 445**
The Playhouse Company	5 350	5 751	6 096	6 401	6 401	6 401	6 721	7 057	7 445
Total	**1 870 211**	**2 319 893**	**1 589 167**	**1 473 168**	**1 587 419**	**1 587 421**	**1 627 624**	**1 898 365**	**2 037 210**

From the 2011/12 Adjusted Appropriation and over the 2012/13 MTEF, transfers reflect an increasing trend.

Vote 1: Office of the Premier

- The KZNGBB was established in 2011/12, to ensure that all gambling authorised in terms of the KZN Gaming and Betting Act, 2010 is conducted in a manner that promotes the integrity of the horse racing, betting and gaming industry. This entity embodies the merger of the KZN Gambling Board and the KZN Bookmaker's Control Committee. Prior to 2011/12, a transfer was made to the KZN Gambling Board to fund operations, and the Bookmaker's Control Committee operations were funded by a portion of revenue that it was permitted to retain in terms of the previous gambling and betting legislation. With the advent of the new KZN Gaming and Betting Act, no legislative provision was made for the retention of revenue to fund the operational overheads of the horse racing regulator, and provision i thus made for this in the allocation to the KZNGBB from 2012/13 onward. This is being financed through additional revenue collected by the newly amalgamated entity.

  The high amount in 2008/09 includes a once-off allocation to the KZNGBB in respect of an out-of-court settlement reached, following a legal dispute over the awarding of a tender for the route and site inspection surveillance contract.

- Amafa aKwaZulu-Natali (Amafa) is responsible for administering heritage conservation and supporting cultural tourism in the province. The high amount in 2008/09 includes a roll-over to fund the completion of the Emakhosini Multi-Media Centre. In addition, funding of R18.885 million was received in 2009/10 in respect of the completion of the Emakhosini Multi-Media Centre.

  Additional funding was received over the 2011/12 MTEF for various heritage projects, including the operational costs of the Emakhosini Multi-Media Centre.

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 an increasing trend 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.

In 2010/11, the entity received additional funding for the improved terms and conditions of employment negotiated with organised labour, as well as a once-off allocation of R17.850 million to reduce the entity's high leave liability. The increase in the 2011/12 Adjusted Appropriation caters for the higher than anticipated 2011 wage agreement. The increase over the 2012/13 MTEF relates to additional funding for protected area expansion and for road maintenance in the protected areas, particularly from 2013/14 onward.

- Mjindi Farming (Pty) Ltd (Mjindi), 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 the continuation of the entity to form an integral part of the development of the Makhathini Flats area. The entity was reconstituted with a new board and a new mandate and accordingly, the allocation increases from 2010/11 to provide for operational costs to assist the entity to become fully functional. The 2011/12 Adjusted Appropriation includes funds for specific projects that the entity will be implementing. Significant increases from 2012/13 onward make provision for the carry-through costs of the 2011 wage agreement, the shortfall in respect of electricity costs, as well as for the implementation of projects.
- In 2008/09, the DAEARD made use of Ithala, which falls under the auspices of DEDT, for the facilitation of assistance to farmers affected by the 2007 and 2008 veld fires.
- With effect from 2010/11, the department commenced transferring funds to the Agri-business Development Agency (ADA), a public entity which was established under the control of DEDT, in line with a Cabinet decision to implement land reform projects and provide post settlement support to land reform beneficiaries in the province. The increase in the 2011/12 Adjusted Appropriation relates to additional funds given to ADA for the implementation of specific projects. The allocation decreases from 2012/13 onward in line with project requirements.

Vote 4: Economic Development and Tourism

- Ithala was established with the aim of providing financing for historically marginalised communities. The department transfers funds on a project-specific funding basis to Ithala, who then oversees the financing and control of the projects.

  In 2009/10, the allocation consisted of allocations to Small Medium Micro Enterprises (SMMEs) only, whereas the funding was spread across the SMMEs and Growth Funds in 2010/11. In 2010/11 a once-off amount was transferred to the Ithala Share Capital account, to ensure that the bank remained within the capital adequacy ratios prescribed by the South African Reserve Bank. The 2011/12 Main Appropriation makes provision for allocations to the Co-operatives, SMMEs and Growth Funds. However, as a result of slow uptake of loans to co-operatives, and subsequent underperformance of the fund, it was decided to combine the Co-operatives and the SMME Funds into the Enterprise Development Fund during the 2011/12 Adjustments Estimate process. Similarly, as a result of the slow spending by the Growth Fund, savings were reprioritised towards other areas of spending pressure during the 2011/12 Adjustments Estimate. Planned improvements in respect of the funds from 2012/13 onward are expected to yield positive results, and the allocations to the Enterprise Development and Growth Funds increase accordingly over the 2012/13 MTEF.
- In the 2011/12 Adjusted Appropriation, DEDT allocated funds to EKZNW toward social investment projects that build dams for communities in drought-stricken areas of the province.
- The allocation to the KZNSB rises steadily over the seven-year period, except in the 2011/12 Adjusted Appropriation, when the entity was allocated additional funding toward the once-off implementation of a biometric access control system to improve security measures at the KZNSB head quarters and base stations, as well as to undertake critical roof repairs. This explains the apparent reduction in the allocation in 2012/13, after which the allocation increases at an inflationary rate over the remainder of the 2012/13 MTEF.
- The allocation to the TKZN in 2009/10 increases substantially due to additional funding allocated for the costs of the 2010 Tourism *Indaba*. The province has recently been awarded the right to hold the

Tourism *Indaba* for five years, commencing in 2011/12. In addition, the entity was allocated funding for the Tour of SA cycling, which includes the UCI/BMX championships.

In the 2011/12 Adjusted Appropriation, additional funding was allocated to the entity for the promotion of the East 3 Route, which links northern KZN, Mozambique and Swaziland, as well as for the UCI/BMX event. The allocation rises steadily over the 2012/13 MTEF.

- In 2010/11, ADA received funding from DEDT for establishment and operational costs. In the 2011/12 Adjusted Appropriation, additional funding was provided to cover the shortfall in its baseline for operational costs, as well as toward the expansion of technical staff capacity. The entity receives a further increase in funding over the 2012/13 MTEF, in order for it to fund business growth and expansion, specifically focusing on farmer support, capacity building and on-and-off farm infrastructure interventions.
- The significant transfer allocated to the DTP over the seven-year period 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 capital projects. The allocation to this project decreased significantly from 2010/11, due to the completion of the airport portion of the project. In the 2011/12 Adjusted Appropriation, DTP was allocated an additional R84.231 million once-off for various strategic projects, such as cargo shed ramp handling facilities, additional agri-zone works and recapitalisation of the cargo terminal, to name a few. The significant growth over the 2012/13 MTEF relates to major capital projects as set out in DTP's sixty-year Master Plan, for which it received additional funds over the MTEF.
- The allocation to Trade and Investment KZN (TIK), whose main objective is to attract foreign and domestic investment and to generate exports and export capacity in KZN, grows steadily over the seven-year period.

Vote 11: Co-operative Governance and Traditional Affairs

- The department funded the Provincial Planning and Development Commission (PPDC) up to 2009/10, after which the allocation ceased, following the implementation of the KZN Provincial Planning and Development Act, 2008, which dissolved the entity at the end of 2010/11.

Vote 15: Arts and Culture

The Playhouse Company is a national public entity, charged with the development and promotion of artistic works that are representative of the diverse South African artistic and cultural heritage. The allocation increases steadily over the seven-year period.

5.7.2 Transfers to other entities

Table 5.14 summarises departmental transfers to other entities, other than public entities, by vote.

Table 5.14: Summary of departmental transfers to other entities by Vote

	Audited Outcome			Main Appropriation	Adjusted Appropriation	Revised Estimate	Medium-term Estimates		
R thousand	**2008/09**	**2009/10**	**2010/11**		**2011/12**		**2012/13**	**2013/14**	**2014/15**
1. Office of the Premier	284	30	-	2 000	12 000	12 000	8 000	-	-
2. Provincial Legislature	-	-	-	-	-	-	-	-	-
3. Agriculture, Environmental Affairs and Rural Dev.	34 925	27 925	62 986	19 445	16 484	16 484	19 239	9 812	10 376
4. Economic Development and Tourism	14 085	114 662	207 942	139 516	112 848	112 848	151 352	154 532	163 329
5. Education	1 581 608	1 560 426	1 673 156	1 919 661	1 925 476	1 906 681	2 054 974	2 282 498	2 431 493
6. Provincial Treasury	3	-	-	-	-	-	-	-	-
7. Health	243 734	278 846	289 009	266 787	283 265	271 404	296 679	310 403	304 718
8. Human Settlements	-	-	-	-	-	-	-	-	-
9. Community Safety and Liaison	-	-	-	-	289	289	-	-	-
10. The Royal Household	-	-	5 857	22 000	12 000	7 700	12 000	21 000	23 560
11. Co-operative Governance and Traditional Affairs	21 000	-	-	-	-	-	-	-	-
12. Transport	-	593 250	715 294	773 473	810 473	810 473	900 360	852 325	895 350
13. Social Development	390 393	398 352	472 605	706 064	609 075	563 842	631 789	791 553	850 388
14. Public Works	-	-	-	-	-	-	-	-	-
15. Arts and Culture	17 857	18 420	19 349	22 447	22 725	22 725	22 949	24 281	25 393
16. Sport and Recreation	8 392	5 200	6 000	8 600	8 600	8 600	11 000	11 883	12 600
Total	**2 312 281**	**2 997 111**	**3 452 198**	**3 879 993**	**3 813 235**	**3 733 046**	**4 108 342**	**4 458 287**	**4 717 207**

Ten departments will make transfer payments to these entities over the 2012/13 MTEF period, with thirteen departments having made transfers sometime over the period 2008/09 to 2011/12. Details of these are provided in each department's chapter in the *EPRE. Transfers to other entities* increases from R2.312 billion in 2008/09 to R4.717 billion in 2014/15

Vote 1: Office of the Premier
The department made donations and sponsorships to various organisations from 2008/09 to 2012/13. The amount in 2008/09 relates to once-off transfers made to HIV and AIDS non-profit institutions. In 2009/10, a donation of R30 000 was made to *Nyonini Emnyama* Catholic Church in Zion for the purchase of chairs, as pledged by the Premier.

The amount of R2 million reflected in the 2011/12 Main Appropriation relates to the implementation of the provincial Bursary Programme. However, this was a misclassification, as the bursaries provided to students is an all encompassing benefit to the students and does not only include payments to institutions. Accordingly, this amount was shifted to *Transfers and subsidies to: Households* in the 2011/12 Adjusted Appropriation to correct the classification of the Bursary Programme.

The amounts reflected under the 2011/12 Adjusted Appropriation and Revised Estimate, as well as in 2012/13, pertain to the LIV Orphanage. The funds are to assist the orphanage with building a holistic village, both to house vulnerable and orphaned children, as well as to empower them to be self employed and to sustain a reasonable livelihood by learning basic skills. These funds are once-off in line with the Premier's undertaking to provide R20 million to this project, over two years.

Vote 3: Agriculture, Environmental Affairs and Rural Development
The transfers in 2008/09, continuing into 2009/10, are largely due to partnerships entered into by the department with various sugar mills, including Tongaat-Hulett and Illovo, to provide essential support and assistance to land reform beneficiaries in respect of sugarcane farming. These partnerships were discontinued in 2010/11, as the recently established ADA was to implement land reform projects. Also in 2008/09, the department transferred funds to the KwaZulu-Natal Agricultural Union (KWANALU) for the hosting of the KWANALU Black Economically Empowered and Emerging Farmers' Information Day. The high spending in 2010/11 is due to a once-off transfer to the SA Sugar Association for the provision of specialist extension services to assist small scale extension farmers. The partnership with the SA Sugarcane Research Institute, which was formed in 2010/11, continues over the MTEF.

In the 2011/12 Main Appropriation, a new transfer of R400 000 per annum was introduced to the Wildlife and Environmental Society of South Africa (WESSA), relating to environmental education programmes. The two-year partnership with the Pietermaritzburg SPCA, in terms of which the entity will provide assistance in implementing the rabies control programme in KZN, commenced in 2011/12. The fact that this transfer ends in 2013/14 accounts for the decrease in that year.

Vote 4: Economic Development and Tourism
Over the 2012/13 MTEF, the department transfers funds to various entities, including the RBIDZ, the KZN Liquor Entity, the Moses Kotane Institute, the KZN Film Commission (2012/13 only), the Durban Film Festival, the Okhahlamba Development Agency, the old Durban International Airport (2012/13 only), and the KZN Music Studio.

The increase in 2010/11 is due to RBIDZ's allocation being increased by R100 million, which relates to funding allocated to Ithala in previous years for land purchased for the project, and which was returned to the Provincial Revenue Fund and re-allocated for direct transfer to RBIDZ. In addition, the allocation to the Moses Kotane Institute increased substantially in respect of the operational costs of the entity. In 2010/11 and 2011/12, once-off additional funding was reprioritised for transfer to the entity in order to finalise the establishment of offices in four additional districts. Also, in prior years, the funding for the KZN Music Studio was allocated to *Goods and services.* However, due to control and management issues, as well as the difficulty in finding a service provider, the department intends to utilise a private entity for the operation of the studio. The 2010/11 allocation, therefore, includes the once-off establishment costs of this entity which explains the lower allocation in the 2011/12 Main Appropriation.

The decrease of R26.668 million from the 2011/12 Main to the Adjusted Appropriation is mainly due to delays in the establishment of the KZN Liquor Entity because of registration and establishment processes. This led to a portion of the allocation to the entity being moved to fund increased transfers to ADA to provide for various operational costs not covered by its existing budget, the Moses Kotane Institute, to cater for additional funds in respect of the already established FET college laboratories' fixed costs, and to the KZNSB for critical repairs to the roofing of the entity's headquarters in Umhlanga. In addition, funds were shifted to *Goods and services* for the set-up costs of the KZN Liquor Entity.

Vote 5: Education

The largest portion of transfers that the Department of Education makes is in respect of Section 21 schools, relating to the transfers of norms and standards funding. Special schools has an increased budget from 2008/09 onward, which 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 all schools will attain Section 21 functions from 2012/13 onward, thus obviating the need to provide petty cash payments.

Additional allocations for the expansion of Grade R in public schools and community centres, coupled with transfers to Section 21 schools and FET colleges, mainly account for the increase over the 2012/13 MTEF.

Vote 6: Provincial Treasury

The amount of R3 000 in 2008/09 relates to a donation made to the Imbali Psycho-Social Community Youth Resource Centre toward 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 doctors who qualify for OSD in certain institutions. The effect of the wage agreements and the OSD for doctors is transferred to those institutions which qualify for the state salary increases.

The increase in 2009/10 relates to the ceasing of donations from the Global Fund. This fund supported activities at the Dream Centre, Genesis Care Centre and Ethembeni *via* donor funding, and these are now funded through transfers by the department.

The decrease from 2010/11 to the 2011/12 Main Appropriation 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, whereby these amounts are now included under *Current payments*. The increase from the 2011/12 Main to the Adjusted Appropriation includes the additional funding for the higher than anticipated 2011 wage agreement for medical staff employed by NGOs. In the 2011/12 Revised Estimate and the subsequent two years, the department will transfer funds to the KZN Children's Hospital Trust for the development and refurbishment of the Children's Hospital in eThekwini.

Vote 9: Community Safety and Liaison

In the 2011/12 Adjusted Appropriation, the department transferred R289 000 for the procurement and transfer of a park-home in Umlazi to a community policing Non-Government Organisation (NGO).

Vote 10: The Royal Household

The amounts from 2010/11 onward relate to transfers to the Royal Trust, which was established as an entity in terms of the KZN Royal Household Trust Act. In 2010/11 and 2011/12, funds were transferred to the Royal Trust to cater for its set-up costs, the remuneration of the Board, as well as various costs of the Royal Household which were administered by the Royal Trust. This included municipal costs, fuel, food and food supplies etc, relating to His Majesty's Queens and other members of the Royal Family.

In the 2011/12 Adjusted Appropriation, according to a Cabinet resolution, the Royal Trust received an additional R5 million for the establishment (i.e. set-up and operational costs) of the Royal Trust. The department also shifted R15 million from the Royal Trust to *Compensation of employees* and *Goods and services.* An amount of R12 million was moved to the former category, as the transfer of staff to the Royal Trust did not materialise, as a result of the department having to first engage with organised labour. These funds were shifted back to *Compensation of employees*, where the salaries of the staff continue to be paid from. It is anticipated that negotiations with organised labour will have been concluded toward the end of 2012/13. The department moved the remaining R3 million to *Goods and services*, as it continues to perform many of the functions that the Royal Trust was anticipated to perform, such as purchasing groceries for His Majesty's Queens, etc.

The substantial increase from 2013/14 is due to the fact that it is anticipated that the transfer of staff will have commenced, and the Royal Trust will be fully functional in conducting all of its operations.

Vote 11: Co-operative Governance and Traditional Affairs

The amount in 2008/09 relates to a once-off transfer to the Department of Human Settlements for the building of 17 *Amakhosi* houses.

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 increase in the 2011/12 Adjusted Appropriation and in 2012/13 relates to funds suspended from Vote 5: Education for the department to undertake part of the provincial learner transport functions, such as the planning of routes and procurement of operators. These funds will be transferred to various learner transport service providers. The department is still finalising details of the funding for the last two years of the MTEF with the Department of Education.

Vote 13: Social Development

The transfers under this vote relate mainly to funding given to various NPOs, NGOs and faith-based organisations (FBOs). The drop in the 2011/12 Adjusted Appropriation as well as the Revised Estimate from the Main Appropriation is due to delays in the signing of SLAs with NPOs. Also affecting the decrease in the 2011/12 Adjusted Appropriation and Revised Estimate is a correction relating to the funding received for various national priorities (mainly ECD and HCBC), where a large portion was originally allocated to *Transfers and subsidies*, 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 2012/13 and increasing the stipends for HCBC caregivers serving people infected and affected by HIV and AIDS from R1 000 to R1 500 per month.

Vote 15: Arts and Culture

The transfers under this vote relate mainly 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.

- *Community art centres:* The department funds community art centres, which contribute to the development and training of artists. Art centres which are funded by the department include, among others, the Jambo Art Centre, Ladysmith, Mbazwana and the Ekhaya Art Centre. Two new transfer payments to the Catalina and Ewushini Art Centres were introduced in 2012/13.

- *Arts and culture support:* Arts and culture support funding is provided to various organisations to assist with providing a platform for emerging artists. The department enters into MOUs with these institutions and detailed business plans are provided for the funds that are allocated. In 2008/09, a number of new transfers were made to various organisations such as the KZN African Film Festival, the MTN Jazz Festival and the South African Traditional Music Awards (SATMA). In 2011/12, three new transfer payments were introduced, thus increasing transfers from 2010/11 to the 2011/12 Main Appropriation. These were the Sakhisizwe Organisation, Maskandi Festival and a Jazz

Festival. In the 2011/12 Adjusted Appropriation, a new transfer to the Twist Theatre Development and a once-off transfer to NB Productions for a television documentary on KZN artists, were introduced. Arts and culture support continues to receive funding over the 2012/13 MTEF.

- *Arts councils:* Funds in respect of arts councils are transferred to properly constituted arts, culture and craft organisations that develop and preserve arts and culture in the province. These arts councils will continue to receive funding over the 2012/13 MTEF.
- *Museum subsidies:* Funding is provided to non-profit institutions to cover operational and staffing costs. Museums 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. In the 2011/12 Adjusted Appropriation, transfers to various museums were reduced and funding reprioritised to *Goods and services* to provide support services for the provincialisation of museums process.

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 in KZN. 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. The decrease from 2008/09 to 2009/10 relates to enforced savings in respect of the Provincial Recovery Plan. The increase from 2011/12 to 2012/13 and onward is to cater for the increase in the number of requests from sport federations for financial assistance.

5.7.3 Transfers to local government

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 local government, indicating transfers per department and per grant type to each municipality. A summary of this information is given in Table 5.15 below. Details are given in the *Annexure to OPRE* (Tables 1.G (i) (ii) and (iii)), and in the detailed departmental information provided in the *EPRE*.

Table 5.15 provides a summary of provincial transfers to local government 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.

The total provincial transfers to local government reflect good growth over the period. There are three categories of municipalities in terms of the Constitution. Below the table is a brief description of each of the categories, and a summary of the provincial transfers to local government by municipal category is contained in Table 5.15.

Table 5.15: Summary of provincial transfers to local government by category

R thousand	Audited Outcome			Main Appropriation	Adjusted Appropriation	Revised Estimate	Medium-term Estimates		
	2008/09	2009/10	2010/11		2011/12		2012/13	2013/14	2014/15
Category A	711 659	614 414	734 085	949 546	582 518	499 419	864 025	946 634	966 062
Category B	153 959	260 448	436 498	334 903	556 221	562 365	358 632	469 276	481 425
Category C	248 379	302 869	270 479	11 649	87 913	95 395	32 050	9 595	17 600
Unallocated	24	-	-	-	212	442	1 200	20 570	21 532
Total	**1 114 021**	**1 177 731**	**1 441 062**	**1 296 098**	**1 226 864**	**1 157 621**	**1 255 907**	**1 446 075**	**1 486 619**

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 Metro spending and budget shows a fluctuating trend, which can be attributed to various projects such as the construction of the Moses Mabhida Stadium, transfers to municipal clinics, payment of property rates and the maintenance of R293 hostels which are undertaken over varying timeframes. The slight decrease in 2009/10 is mainly due to delays in the approval of CRUs.

The decrease in the 2011/12 Adjusted Appropriation is largely attributed to delays in the maintenance of R293 hostels and the CRU projects, hence the significantly high 2011/12 Main Appropriation. The increase over the MTEF is mainly ascribed to the inclusion of the provincialisation of public libraries and museums, funding for the construction of a mega-library, funding requirements of clinics, as well as inflationary increments.

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 increased in 2010/11, mainly due to additional funding in respect of arrear rates payments relating to the Devolution of Property Rate Funds grant (Public Works). Also, CoGTA originally budgeted for the majority of municipal projects such as Corridor Development, the Massification Programme and the Small Town Rehabilitation Programme against *Goods and services*. The department then reclassifies the funds in the Adjustments Estimate, if it becomes evident that the municipalities have the required capacity to implement the projects themselves. This accounts for the decrease in the 2011/12 Main Appropriation and over the MTEF and the increase in the 2011/12 Adjusted Appropriation. This category also includes funding over the period in respect of various projects and activities such as the development of airports (Provincial Treasury), the Greenest Municipality Competition (DAEARD), the provincialisation of clinics (Health), as well as the provision for transfers for museums and building of libraries and the provincialisation of museums and libraries (Arts and Culture), etc.

Category C (district municipality) refers to municipalities that have municipal executive and legislative authority in an area that includes more than one municipality. Human Settlements paid arrear rates and taxes in 2009/10, accounting for the decrease in 2010/11. As explained above, CoGTA budgets for some municipal projects against *Goods and services,* pending evidence that the municipalities have the required capacity to implement the projects themselves. This partly explains the decrease in the 2011/12 Main Appropriation and over the MTEF, and the increase in the 2011/12 Adjusted Appropriation. In addition, various other transfers to municipalities are catered for, such as the establishment of trading centres (DEDT), the development of Integrated Waste Management Plans (IWMPs), Environmental Management Frameworks (EMFs), and Strategic Environmental Assessments (SEAs) (under DAEARD). The prescribed local government levy (Provincial Treasury), which has since been discontinued due to a change in legislation, among others, is also catered for under this category.

The amounts against *Unallocated* are usually allocated to specific recipients during the course of the year, and are formalised during the Adjustments Estimate annually. The amount in the 2011/12 Adjusted Appropriation relates to property rates for properties owned by the province, but located in other provinces (Public Works). These property rates are also provided for under this category in 2012/13 and 2013/14 only (Public Works). The amounts over the MTEF are also in respect of the construction of sport facilities by the Department of Sport and Recreation. These amounts are allocated against this category as it is not possible to identify the recipient municipalities at this stage. The department undertakes a comprehensive facilities audit, which is used to allocate funding to individual municipalities, based on the needs established through the audit. This category also includes minimal funding in respect of the Greenest Municipality Competition over the MTEF (DAEARD).

A summary of the transfers to individual local and district municipalities is contained in the *Annexure to OPRE,* while Table 5.16 presents a summary of provincial transfers to local government by vote and grant type over the seven-year period from 2008/09 to 2014/15.

It should be noted that detailed analysis of these transfers to local government is provided in the individual votes in the *EPRE*. The main ones are summarised below the table:

Table 5.16: Summary of departmental transfers to local government by department and grant type

R thousand	Audited Outcome			Main Appropriation	Adjusted Appropriation	Revised Estimate	Medium-term Estimates		
	2008/09	2009/10	2010/11	2011/12			2012/13	2013/14	2014/15
Vote 1: Office of the Premier	**4 538**	**4 823**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
Transfer to Zululand DM iro airport	4 538	4 823	-	-	-	-	-	-	-
Vote 3: Agriculture, Enviro. Affairs and Rural Dev	**2 415**	**5 700**	**6 960**	**1 030**	**1 030**	**1 030**	**1 000**	**1 000**	**1 000**
Upgrading of Khanya Village	-	2 000	-	-	-	-	-	-	-
Dev. of EMFs, SEAs and IWMPs	1 310	2 000	6 000	-	-	-	-	-	-
Waste Management for 2010	-	800	-	-	-	-	-	-	-
Greenest Municipality Competition	1 105	900	960	1 030	1 030	1 030	1 000	1 000	1 000
Vote 4: Economic Development and Tourism	**1 626**	**-**	**100**	**-**	**-**	**-**	**3 516**	**3 692**	**3 877**
International Newcastle Alliance Summit	-	-	100	-	-	-	-	-	-
Joint Project Funding	1 626	-	-	-	-	-	3 516	3 692	3 877
Vote 6: Provincial Treasury	**158 963**	**159 646**	**15 664**	**-**	**39 038**	**39 038**	**39 315**	**4 000**	**4 300**
Casino Levies Pay-Over	8 963	9 646	10 229	-	-	-	-	-	-
Moses Mabhida Stadium	150 000	150 000	-	-	-	-	-	-	-
Pietermaritzburg Airport	-	-	5 435	-	18 538	18 538	16 027	-	-
Ulundi Airport	-	-	-	-	10 000	10 000	20 000	-	-
Richards Bay Airport	-	-	-	-	10 500	10 500	-	-	-
Development of Other Airports	-	-	-	-	-	-	3 288	4 000	4 300
Vote 7: Health	**50 493**	**81 058**	**123 888**	**94 173**	**94 185**	**95 206**	**84 293**	**82 828**	**86 969**
Subsidy: Municipal Clinics	50 493	81 058	123 888	94 173	94 185	95 206	84 293	82 828	86 969
Vote 8: Human Settlements	**257 730**	**209 973**	**353 525**	**587 658**	**213 593**	**212 110**	**393 591**	**462 510**	**438 834**
Capacity building	-	-	-	4 505	-	-	-	-	-
Trans of R293 staff	-	-	-	-	1 455	1 455	3 111	3 326	-
CRU programme	125 000	43 000	128 000	375 553	65 098	65 098	203 240	344 606	316 104
Municipal rates and taxes	20 700	44 303	15 525	34 000	17 000	15 517	20 000	21 381	21 381
Maintenance of R293 hostels & EEDBS	112 030	122 670	210 000	173 600	130 040	130 040	167 240	93 197	101 349
Vote 11: CoGTA	**369 946**	**438 803**	**394 813**	**16 961**	**240 528**	**240 528**	**14 900**	**12 595**	**23 500**
Government Experts	-	-	5 800	-	-	-	-	-	-
Implementation of Pound Act	-	-	12 000	-	-	-	-	-	-
Inter-governmental Relations	1 000	1 000	4 170	-	-	-	-	-	-
Municipal Governance	3 500	3 000	-	-	-	-	-	-	-
Provincial Interventions	700	-	1 300	-	-	-	-	-	-
Umzimkulu Support	43 326	56 008	36 873	-	25 320	25 320	-	-	-
Uthukela Water	-	2 000	-	-	-	-	-	-	-
Prov. Management Assistance Prog.	13 200	6 400	-	-	-	-	-	-	-
Spatial Development	4 250	-	-	-	-	-	-	-	-
Municipal Development Info. Services	6 750	-	-	-	-	-	-	-	-
Schemes Support Programme	-	-	-	-	2 250	2 250	-	-	-
Town Settlement Formalisation Support	-	-	800	-	1 000	1 000	-	-	-
Development Administration	3 250	-	-	-	-	-	-	-	-
IDP Support	-	-	-	-	-	-	-	-	900
District Growth Development Summit	-	-	-	-	-	-	4 000	-	-
Corridor Development	121 950	118 132	114 068	-	96 447	96 447	-	-	-
Municipal LED	-	-	6 400	-	12 080	12 080	-	-	-
Small Town Rehabilitation Programme	-	55 000	92 769	-	74 220	74 220	-	-	-
Massification Programme	-	30 500	101 000	-	-	-	-	-	-
Infra provision for soccer stadia	139 500	149 963	-	-	-	-	-	-	-
Infrastructure support	20 000	-	-	-	-	-	-	-	-
Disaster Management Centres	2 500	6 000	11 500	-	3 000	3 000	-	-	-
Community participation in IDPs	-	-	-	-	-	-	2 000	2 000	3 000
Development Planning Shared Services	-	10 800	4 227	5 461	5 461	5 461	2 000	2 000	2 100
Strategic Support	10 020	-	-	-	-	-	-	-	-
Community Development Projects	-	-	-	-	5 250	5 250	4 900	6 595	15 500
Urban Development Framework	-	-	3 758	-	-	-	-	-	-
Construction of TSCs	-	-	-	3 500	6 000	6 000	-	-	-
Operational support for TSCs	-	-	148	4 000	5 000	5 000	2 000	2 000	2 000
Provincial Security (MPCCs)	-	-	-	4 000	4 500	4 500	-	-	-
Vote 12: Transport	**6 000**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
Municipal Transport Planning & Infra.	6 000	-	-	-	-	-	-	-	-
Vote 14: Public Works	**216 688**	**240 566**	**515 348**	**521 699**	**563 994**	**495 213**	**554 280**	**591 462**	**625 106**
Property Rates	216 688	240 566	515 348	521 699	563 994	495 213	554 280	591 462	625 106
Vote 15: Arts and Culture	**22 627**	**16 805**	**22 567**	**57 807**	**55 222**	**55 222**	**146 652**	**268 618**	**282 501**
Museum subsidies	1 090	1 078	1 170	10 055	7 068	7 068	7 065	7 553	7 971
Library building projects	15 286	9 336	421	-	-	-	-	-	-
Provincialisation of libraries	-	-	11 136	29 393	30 822	30 822	116 555	240 841	254 063
Community Library Services grant	6 251	6 391	9 840	18 359	17 332	17 332	23 032	20 224	20 467
Vote 16: Sport and Recreation	**22 995**	**20 357**	**8 197**	**16 770**	**19 274**	**19 274**	**18 360**	**19 370**	**20 532**
Infrastructure	22 995	20 357	8 197	15 120	15 974	15 974	15 960	16 838	17 848
Maintenance grant	-	-	-	1 650	3 300	3 300	2 400	2 532	2 684
Total	**1 114 021**	**1 177 731**	**1 441 062**	**1 296 098**	**1 226 864**	**1 157 621**	**1 255 907**	**1 446 075**	**1 486 619**

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

- Amounts against Vote 3: Agriculture, Environmental Affairs and Rural Development over the MTEF relate to the Greenest Municipality Competition.
- The transfers under Vote 4: Economic Development and Tourism over the MTEF relate to joint project funding in the Mthonjaneni and the Mandeni municipalities for establishing trading centres.
- The transfers under Vote 6: Provincial Treasury show a decrease in 2010/11 due to the discontinuation of funding for the construction of the Moses Mabhida Stadium which was completed in 2009/10. The amounts in 2010/11 are in respect of the transfer to the Msunduzi Municipality for the upgrade of the infrastructure of the Pietermaritzburg airport, as well as the casino levies pay-over, which relates to a prescribed local government levy. This levy is inclusive of casino taxes collected by the Gambling Board and paid over to the Provincial Revenue Fund. This levy has since been discontinued, following a change in legislation. The amounts in the 2011/12 Adjusted Appropriation are in respect of the infrastructure development of the Pietermaritzburg, Richards Bay and Ulundi (Prince Mangosuthu Buthelezi) airports. Allocations over the MTEF are in respect of various airport projects, as well as the continuation of the infrastructure development of the Pietermaritzburg and Ulundi (Prince Mangosuthu Buthelezi) airports in 2012/13 only.
- The transfers under Vote 7: Health show a varying trend, due to the anticipated provincialisation of the municipal clinics. It is anticipated that the majority of the municipal clinics will be taken over by the department by the end of 2011/12, and funding for the 2012/13 MTEF has only been provided for the eThekwini Metro and uMhlathuze Municipality. In addition, funding has been provided in 2012/13 in the first quarter to enable the finalisation of the provincialisation of clinics in the Umlalazi Municipality (uThungulu District), as well as municipalities in the uMgungundlovu and Ilembe Districts.
- The transfers under Vote 8: Human Settlements relate mainly to the maintenance of R293 hostels in eThekwini, CRUs and the payment of arrear rates and taxes. The decrease in the 2011/12 Adjusted Appropriation is mainly due to delays in the maintenance of R293 houses and the CRU programme.
- Some of the transfer payments under Vote 11: CoGTA are budgeted for under *Goods and services* but are reclassified as *Transfers and subsidies to: Provinces and municipalities* annually during the Adjustments Estimate. CoGTA budgets for some municipal projects against *Goods and services,* pending evidence that the municipalities have the required capacity to implement the projects themselves. The 2011/12 Revised Estimate decreases compared to the Audited Outcome in previous years, largely due to the discontinuation of soccer stadia funding in 2009/10. The high 2010/11 amount in comparison to 2011/12 can be ascribed to the number of projects approved in 2010/11 as submitted by municipalities. Hence, the fluctuation in expenditure and allocations over the seven-year period reflects funding made to different departmental projects. The 2012/13 MTEF allocations are in respect of the District Growth Development summit, community participation in IDPs, IDP Support, Development Planning Shared Services, Community Development Project and Operational Support for TSCs.
- The transfer under Vote 12: Transport relates to the Municipal Transport Planning and Infrastructure project in respect of the construction and upgrading of public transport infrastructure in support of the Taxi Recapitalisation Programme. There are no amounts from 2009/10, as the department has taken over these functions.
- The transfers under Vote 14: Public Works relate to the Devolution of Property Rate Funds grant in respect of property rates. The transfers increase significantly in 2010/11 due to additional funding allocated in respect of arrear rates from previous financial years. These transfers continue to grow steadily over the MTEF. The decrease in the 2011/12 Revised Estimate is due to disputed invoices with the eThekwini Metro which were resolved, as the properties concerned were identified as belonging to the Metro and national departments and not to the province.

- The transfers under Vote 15: Arts and Culture reflect provision made to municipalities for library building projects, museum subsidies, and for the provincialisation of libraries and museums. Spending in 2008/09 included transfers for library building projects, as well as operational costs of the libraries. The reduction in 2009/10 reflects the department's decision to build libraries itself rather than use municipalities as implementing agents. Spending in 2010/11 includes provincialisation transfers for public libraries and museums. The significant increase in the 2011/12 Main Appropriation relates to a transfer to the eThekwini Metro, for portion of the costs of building a mega-library, funding for the purchase of library materials, as well as for the provincialisation of libraries and museums. The decrease in the 2011/12 Adjusted Appropriation resulted from a reduction in the transfer to the eThekwini Metro for the mega-library due to a lower final cost for 2011 in terms of the business plan. The substantial increase over the 2012/13 MTEF relates to further funding for the provincialisation of public libraries, which includes funding for eThekwini and Msunduzi, as well as transfers in 2012/13 and 2013/14 to the eThekwini Metro for the completion of the mega-library.

- 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. The substantial decrease in 2010/11 is due to delays in respect of transfer payments to municipalities for the construction of sport facilities. According to the department, the municipalities experienced challenges such as adverse weather which hampered the completion of sport fields by constructors. The increase in the 2011/12 Adjusted Appropriation is due to spending pressures relating to commitments which remained incomplete as at 31 March 2011 in respect of the *Ingangane, Mpofana* and *Nkosi Bhambatha* projects. The increase over the 2012/13 MTEF is due to inflationary increments.

5.8 Personnel numbers and costs

Table 5.17 below provides a summary of personnel numbers, by vote, as well as the total personnel costs for the province.

Table 5.17: Summary of personnel numbers and costs by vote[1]

Personnel numbers	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	As at 31 March 2015
1. Office of the Premier	322	328	329	1 957	2 343	2 342	2 347
2. Provincial Legislature	146	144	155	216	244	244	244
3. Agriculture, Environmental Affairs and Rural Development	3 358	3 302	3 365	3 867	4 056	4 056	4 056
4. Economic Development and Tourism	237	301	303	362	409	409	409
5. Education	100 082	103 119	105 742	101 723	101 723	101 723	101 723
6. Provincial Treasury	306	365	310	428	469	469	469
7. Health	66 069	64 849	68 889	76 931	80 037	80 037	80 037
8. Human Settlements	858	857	796	879	917	917	917
9. Community Safety and Liaison	108	108	108	109	126	126	126
10. The Royal Household	150	150	143	143	145	145	145
11. Co-operative Governance and Traditional Affairs	1 198	1 169	1 203	1 522	1 561	1 597	1 629
12. Transport	4 175	4 296	3 995	4 218	4 533	4 623	4 700
13. Social Development	2 825	2 678	2 855	3 143	3 429	3 543	3 564
14. Public Works	2 264	2 167	2 096	2 118	2 269	2 269	2 269
15. Arts and Culture	436	432	423	507	523	523	523
16. Sport and Recreation	1 600	1 888	2 353	1 308	2 329	2 309	2 292
Total	**184 134**	**186 153**	**193 065**	**199 431**	**205 113**	**205 332**	**205 450**
Total personnel cost ('R thousand)	31 062 640	35 608 907	39 312 068	44 039 402	44 645 148	46 432 895	48 035 685
Unit cost ('R thousand)	169	191	204	221	218	226	234

1. Full-time equivalent

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. The increase can be attributed to most departments anticipating to fill vacant posts over the MTEF, according to their organisational structures.

The Office of the Premier has included the youth ambassadors in their personnel numbers and costs from 2011/12 and over the 2012/13 MTEF. The youth ambassadors are contract workers but are paid via PERSAL. Other contract workers in the Office of the Premier are the Premier's special advisors, as well as personnel required for special programmes.

The substantial increase in both personnel numbers and costs against Agriculture, Environmental Affairs and Rural Development from 2011/12 onward relates to the new organisational structure (which is currently on hold, pending negotiations with labour). Vacant posts have been budgeted for over the MTEF, on the assumption that the structure will be implemented in 2012/13.

With regard to Education, the personnel numbers indicated from 2011/12 onward are not the actual headcount that currently exists within the department. The 101 723 personnel indicated in the table above are the number of personnel that can be accommodated within the budget. The department's numbers on PERSAL as at the end of December 2011 indicate almost 8 411 filled posts that are unfunded. This is mainly due to the continuous filling of unfunded posts by the department, which aggravated the spending pressures that existed due to the historic shortfall in funding for various wage agreements and OSDs for educators. The department has put in place a cost-containment plan from 2011/12 onward which includes control measures, such as a moratorium on the filling of vacant post, and the filling of educator posts by redeploying excess educators, among others. As can be seen in the table, the personnel numbers reflect no growth over the 2012/13 MTEF, as the department cannot afford to appoint new employees with the current budget provision.

The decrease in headcount in 2009/10 against Health relates to cost-cutting, which included a moratorium on new appointments. The increase from 2011/12 is due to the restructuring of the department, with the focus being placed on the less expensive and more efficient primary health care services. This has required the employment of additional professional staff, as well as community health workers. In an attempt to control the spending pressures experienced under *Compensation of employees,* the department is keeping its personnel numbers constant from 2012/13 onward.

The Department of Community Safety and Liaison kept its staff numbers at 109 in 2011/12, due to vacant posts not being filled, pending the finalisation of the departmental restructuring, as well as staff leaving the department due to retirement or natural attrition. It is anticipated that the department's revised structure will be implemented from 2012/13, explaining the increase in staff numbers from that year.

The Department of Transport sees a reduction in personnel in 2010/11, resulting from the high staff turnover in respect of engineers, land surveyors, etc., as well as the non-filling of vacant posts. The department could not fill the vacant posts due to a review of the department's organisational structure. The department uses contract workers for support functions. The department is anticipating the review to be completed by the end of 2011/12, and will start filling posts from 2012/13 onward.

The gradual increase over the seven-year period against Social Development is attributable to the revision of the departmental structure, to accommodate various policy changes, such as the implementation of SCM and the district municipality model to improve service delivery. This will be phased-in over the 2012/13 MTEF. Also contributing to the escalating personnel costs are the increased number of social work staff, the social worker retention strategy (salary upgrades) and the annual salary improvements.

The Department of Public Works shows a slight increase in personnel numbers and costs from 2011/12 in line with the department's structure. Staff numbers are anticipated to increase in 2012/13 in line with reprioritisation and the additional funding received for improving infrastructure support.

The increase in the staffing number of the Department of Sport and Recreation from 2012/13 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. The department anticipated implementing the new structure during 2011/12 but, due to union resistance, this did not occur.

5.9 Information on training

Table 5.18 below provides a summary of the amounts spent by department on training. Payments and estimates on training have increased substantially, from R839.895 million in 2008/09 to R1.595 billion in 2014/15, reflecting healthy growth.

The main contributors are Health, Education and Transport, as discussed in more detail below. The Revised Estimate in 2011/12 is lower than the Adjusted Appropriation for a number of departments, due to the effects of the cost-cutting measures implemented to curtail over-expenditure. 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 spending within each vote is provided in the departmental chapters in the *EPRE*.

Table 5.18 Summary of provincial payments and estimates on training by vote

	Audited Outcome			Main Appropriation	Adjusted Appropriation	Revised Estimate	Medium-term Estimates		
R thousand	2008/09	2009/10	2010/11	2011/12			2012/13	2013/14	2014/15
1. Office of the Premier	2 390	1 268	1 187	3 764	3 882	3 882	22 482	2 777	2 945
2. Provincial Legislature	788	1 270	929	3 239	3 600	3 600	1 844	2 538	2 792
3. Agriculture, Enviro Affairs and Rural Development	5 618	8 600	7 829	16 685	14 031	14 031	18 134	19 254	20 024
4. Economic Development and Tourism	1 006	1 458	866	1 318	859	1 534	1 540	1 617	1 706
5. Education	97 968	62 785	63 037	212 419	212 419	65 325	204 595	215 598	229 847
6. Provincial Treasury	1 566	1 538	485	1 693	1 938	1 789	1 321	1 430	1 625
7. Health	676 601	793 186	851 143	933 442	944 587	896 799	998 051	1 079 590	1 149 358
8. Human Settlements	1 656	2 963	462	2 830	1 471	1 471	2 710	2 827	3 056
9. Community Safety and Liaison	336	755	504	2 006	3 638	3 638	7 022	7 815	8 688
10. The Royal Household	5	-	-	-	-	-	-	-	-
11. Co-operative Governance and Traditional Affairs	1 887	2 055	2 249	2 500	1 115	714	600	750	750
12. Transport	32 808	22 853	14 148	112 406	112 406	112 406	123 644	130 446	137 620
13. Social Development	2 748	4 906	1 928	7 812	7 812	8 269	8 240	8 692	9 169
14. Public Works	12 264	4 652	3 526	6 499	4 874	3 870	5 376	5 663	5 974
15. Arts and Culture	640	551	1 265	850	864	864	1 322	1 461	1 563
16. Sport and Recreation	1 614	2 455	4 419	14 919	13 675	13 675	17 025	18 366	19 999
Total	**839 895**	**911 295**	**953 977**	**1 322 382**	**1 327 171**	**1 131 867**	**1 413 906**	**1 498 824**	**1 595 116**

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 skills. These include training at nursing colleges, the Cuban doctors' training programme, as well as registrar training programmes in respect of specialist medical training.

The Department of Education's payments on training increase over the period under review. The training budget is set to increase over the 2012/13 MTEF, in order to address the educators' skills gaps and improve the quality of education provided to learners.

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* projects. The number of personnel trained decreased in 2009/10 and 2010/11 due to a reduction in the number of internships offered, as well as a reduction in training opportunities in respect of Tertiary and Seminars conducted due to cost-cutting.

Table 5.19 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 5.19 Information on training

	Audited Outcome			Main Appropriation	Adjusted Appropriation	Revised Estimate	Medium-term Estimates		
	2008/09	2009/10	2010/11	2011/12			2012/13	2013/14	2014/15
Number of staff	184 134	186 153	193 065	189 982	197 342	199 431	205 113	205 332	205 450
Number of personnel trained	69 501	67 991	67 524	58 759	59 016	30 031	39 764	39 689	37 221
of which									
Male	26 692	30 375	26 634	19 846	19 909	11 358	13 678	13 933	13 742
Female	42 809	37 616	40 890	38 913	39 107	18 673	26 086	25 756	23 479
Number of training opportunities	43 382	63 655	16 805	17 064	17 505	20 828	20 823	22 419	91 503
of which									
Tertiary	10 920	13 236	2 057	2 087	2 091	4 734	5 134	5 838	6 594
Workshops	28 671	39 564	3 330	3 354	3 375	4 035	4 221	4 441	4 634
Seminars	2 340	2 497	223	277	308	298	323	352	67 795
Other	1 451	8 358	11 195	11 346	11 731	11 761	11 145	11 788	12 481
Number of bursaries offered	4 146	4 558	4 973	5 179	5 392	1 990	2 048	2 134	2 222
External	847	1 163	1 150	1 082	1 122	1 175	1 101	1 114	1 149
Internal	3 299	3 395	3 823	4 097	4 220	815	947	1 020	1 073
Number of interns appointed	1 493	1 397	1 140	1 215	1 238	1 261	1 351	1 417	1 489
Number of learnerships appointed	278	447	427	822	777	1 080	1 104	1 128	1 138
Number of days spent on training	8 214	7 458	8 097	7 995	8 051	8 067	7 999	8 122	8 159

6. 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.

6.1 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 toward 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 on the other hand.

The availability of budget information according to uniform budget structures 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, Sport and Recreation, Arts and Culture, Office of the Premier, Human Settlements, Economic Development and Tourism, Community Safety and Liaison, Transport and Public Works remain unchanged from what was agreed to and implemented as part of the 2010/11 budget.

Some changes and improvements have been made to the uniform programme and budget structures of DAEARD, CoGTA and the Provincial Legislature.

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. However, 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 Plans (SPs) and Annual Performance Plans (APPs) 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 and Annual Performance Plans 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 and public entities 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 and public entities 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, Community Safety and Liaison, CoGTA and Sport and Recreation will report on standardised sector-specific performance measures for 2012/13. 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 *EPRE*, 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 Social Development, Agriculture, Environmental Affairs and Rural Development, Human Settlements, Arts and Culture, CoGTA 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 2012/13, but the measures contained in the APP must be reported on.

6.2 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 the overall progress made with the implementation of the departments' 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.

6.3 Performance audit of non-financial measures

During 2011/12, the A-G conducted a performance audit of a number of departments' non-financial measures in order to determine the state of readiness of the province to comply with audit standards. It is intended that the A-G will provide an opinion on non-financial, as well as financial records for each department as part of the 2011/12 audit process.

Part of the findings was that many of the measures did not meet the SMART principles, namely being specific, measurable, attainable, realistic and timely. Departments were encouraged to revisit all their measures (even sectoral measures) to ensure that they comply, in order to avoid negative audit opinions going forward.

Another area that was found to be weak was the amount of technical support provided by oversight departments such as Provincial Treasury and the Office of the Premier. This will be addressed in 2012/13 with additional workshops and inter-active sessions, as well as *ad hoc* support when requested by departments. National Treasury will also be requested to assist in adding their support to this activity.

7. REVIEW OF MUNICIPAL FINANCIAL MANAGEMENT

7.1 Introduction

On 18 May 2011, South Africans voted in the country's fourth local government election. Service delivery formed the basis of most political parties' manifestos for the 2011 local government election. It is against this backdrop that the financial sustainability of municipalities and the challenges that hamper the meaningful delivery of municipal services need to be closely examined.

Due to the slow recovery of the economy, which has had an impact on municipal revenues, the importance of prioritising spending is paramount. Good governance is critical in this regard. While there are many examples of councils, mayors and municipal managers striving to provide effective leadership and making progress with strengthening governance, there are still instances where poor governance remains. The processes that are under the greatest pressures are procurement, billing and revenue collection, staff appointments and the planning and zoning functions.

Since 2008, National Treasury has taken further steps to improve the transparency, credibility, timeliness and usefulness of municipal financial information. Key initiatives include the introduction of the Municipal Budget and Reporting Regulations, improvement of the Section 71 quarterly financial reporting processes, improved monitoring and enforcement of DORA and the publication of a wider range of municipal financial information on National Treasury's website. Collectively, these initiatives aim to help municipalities realise better value for money in the use of public resources. They also provide councils and communities with key information for holding their municipalities accountable.

In keeping with the constitutional mandate to monitor the state of local government financial management and finances, and concurrently promoting good budget and fiscal management by municipalities, the Provincial Treasury monitors the preparation and performance of municipal budgets in order to establish whether municipalities implement sound fiscal management, as well as provide technical support to municipalities that are in financial distress. Provincial Treasury endeavors to improve financial governance, budgeting, accountability and performance oriented financial management at all municipalities. To this end, Provincial Treasury constructively engages with all delegated municipalities to ensure that the standards of performance that are required in terms of the MFMA are achieved.

7.2 Municipal budget – 2011/12 budget assessment process

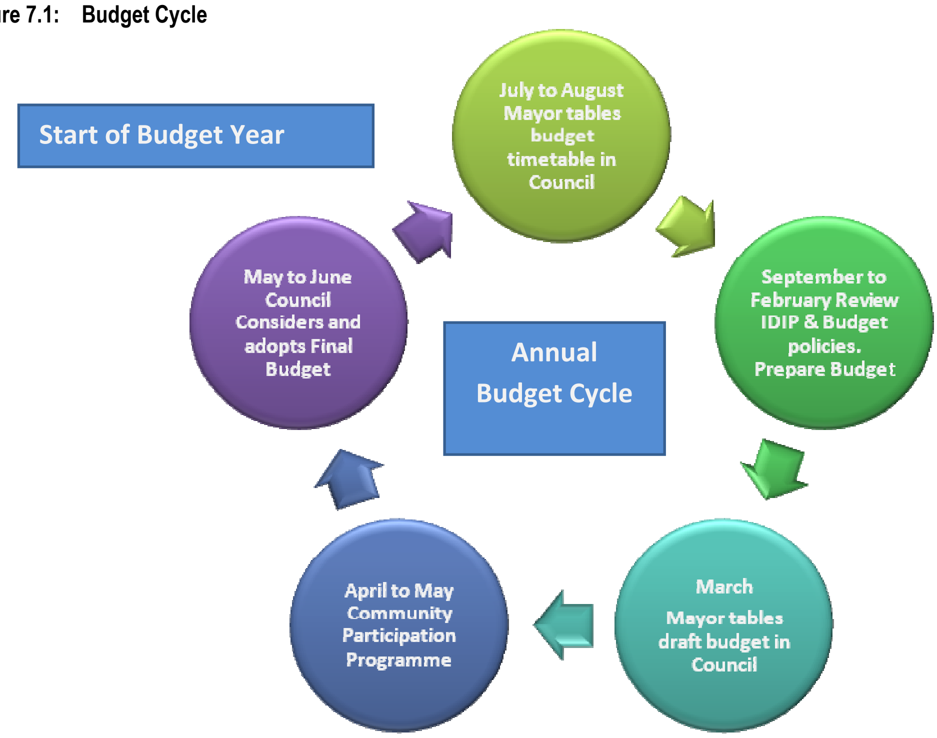
As part of the reform process, National Treasury developed a new budget reporting format comprising of ten main tables (A tables), in terms of the Municipal Budget and Reporting Regulations (Gazette No. 32141 dated 17 April 2009). Since the introduction of the budget reforms, municipalities have been required to prepare their annual budgets in accordance with these regulations.

To ensure compliance with the new budget format, National and Provincial Treasury conducted workshops, issued guidance through circulars and provided technical support to municipalities on the implementation of these regulations.

Figure 7.1 illustrates the municipal budget process that commences in July each year and ends in June the following year.

A timetable must be tabled in council by 31 August each year, which sets out the key actions and timeframes required to ensure that the annual budget process and the review of the IDPs are completed before the start of the next financial year.

Figure 7.1: Budget Cycle



Municipalities are required to submit their draft budget to Provincial Treasury after it has been tabled in council as per Section 22(b)(i) of the MFMA. Furthermore; Section 23(1) of the MFMA requires the municipal council to consider the views of National Treasury and Provincial Treasury on the budget.

Provincial Treasury conducted an assessment during 2011/12 to determine which municipalities required technical support in the preparation of the budget. Of the 58 delegated municipalities, 10 municipalities were supported through on-site technical support during March and April 2011.

In total, 54 of the 58 delegated municipalities tabled their budgets in council by 31 March 2011 as required by Section 16(2) of the MFMA. Four municipalities did not comply with the above-mentioned section and the MEC for Finance sent non-compliance letters to these municipalities. Subsequently, all municipalities tabled their draft budgets in council.

All 58 delegated municipalities submitted their 2011/12 draft budgets to Provincial Treasury. It was identified that 17 municipalities did not table their draft budget in council in the format required in terms of the Budget and Reporting Regulations. A total of 54 of the 58 draft budgets received were assessed by Provincial Treasury. The remaining 4 draft budgets could not be assessed due to late submissions, as well as failure to provide the majority of the required information. Provincial Treasury conducted compliance checks on the 54 draft budgets. Based on the outcome of the verifications, all 54 draft budgets did not provide all the required information and the respective municipalities were requested *via* written correspondence to submit the outstanding information. Provincial Treasury was also invited by four municipalities to discuss the comments on the draft budget. All KZN municipalities approved their final budgets by 30 June 2011.

The final approved budgets for the 2011/12 municipal financial year, as well as the two outer years, are reflected in Table 7.1.

Table 7.1: Consolidated municipal expenditure budgets for MTREF 2011/12 - 2013/14

			2011/12			2012/13			2013/14		
R thousand			Capital	Operating	Total	Capital	Operating	Total	Capital	Operating	Total
A	KZN2000	eThekwini	5 097 529	21 466 600	26 564 129	5 213 560	24 075 368	29 288 928	6 475 822	27 538 910	34 014 732
B	KZN211	Vulamehlo	18 729	48 020	66 749	17 947	37 170	55 117	18 851	37 170	56 021
B	KZN212	Umdoni	13 614	122 598	136 212	-	134 858	134 858	-	141 601	141 601
B	KZN213	Umzumbe	38 962	69 449	108 411	42 079	74 943	117 022	45 445	80 939	126 384
B	KZN214	uMuziwabantu	32 098	78 248	110 346	17 766	81 895	99 661	8 912	89 418	98 330
B	KZN215	Ezinqoleni	18 182	24 895	43 077	17 025	26 467	43 492	17 922	28 748	46 670
B	KZN216	Hibiscus Coast	204 953	526 878	731 831	-	564 170	564 170	-	598 067	598 067
C	DC21	Ugu DM	366 519	680 918	1 047 437	384 845	712 034	1 096 879	404 087	751 322	1 155 409
Total: Ugu Municipalities			**693 057**	**1 551 006**	**2 244 063**	**479 662**	**1 631 537**	**2 111 199**	**495 217**	**1 727 265**	**2 222 482**
B	KZN221	uMshwathi	33 485	72 415	105 900	-	74 611	74 611	-	80 217	80 217
B	KZN222	uMngeni	18 506	225 863	244 369	16 228	245 124	261 352	17 120	262 288	279 408
B	KZN223	Mpofana	14 514	126 232	140 746	12 833	101 002	113 835	13 587	106 971	120 558
B	KZN224	Impendle	15 293	28 751	44 044	14 561	30 478	45 039	13 548	32 304	45 852
B	KZN225	Msunduzi	411 313	3 339 106	3 750 419	310 819	3 551 108	3 861 927	214 215	3 711 581	3 925 796
B	KZN226	Mkhambathini	13 038	49 142	62 180	15 542	45 660	61 202	14 077	49 056	63 133
B	KZN227	Richmond	21 592	49 146	70 738	20 430	47 506	67 936	21 575	51 533	73 108
C	DC22	uMgungundlovu DM	101 772	419 318	521 090	106 291	316 115	422 406	110 127	335 027	445 154
Total: uMgungundlovu Municipalities			**629 513**	**4 309 973**	**4 939 486**	**496 704**	**4 411 604**	**4 908 308**	**404 249**	**4 628 977**	**5 033 226**
B	KZN232	Emnambithi/Ladysmith	74 119	564 917	639 036	115 571	594 276	709 847	96 149	650 210	746 359
B	KZN233	Indaka	16 770	79 665	96 435	20 391	-	20 391	21 513	-	21 513
B	KZN234	Umtshezi	47 352	253 354	300 706	65 046	287 885	352 931	51 460	329 361	380 821
B	KZN235	Okhahlamba	24 893	127 367	152 260	33 076	118 787	151 863	35 550	115 980	151 530
B	KZN236	Imbabazane	45 531	59 597	105 128	28 990	62 430	91 420	29 169	70 030	99 199
C	DC23	Uthukela DM	171 697	579 920	751 617	229 956	642 481	872 437	262 088	699 434	961 522
Total: Uthukela Municipalities			**380 362**	**1 664 820**	**2 045 182**	**493 030**	**1 705 859**	**2 198 889**	**495 929**	**1 865 015**	**2 360 944**
B	KZN241	Endumeni	34 858	172 001	206 859	4 411	193 234	197 645	3 767	219 922	223 689
B	KZN242	Nquthu	25 699	111 626	137 325	25 558	118 208	143 766	26 963	133 208	160 171
B	KZN244	Msinga	26 581	72 201	98 782	26 000	76 588	102 588	29 500	81 803	111 303
B	KZN245	Umvoti	45 367	137 979	183 346	43 766	572 846	616 612	28 490	607 217	635 707
C	DC24	Umzinyathi DM	168 886	174 854	343 740	207 694	187 423	395 117	225 545	202 296	427 841
Total: Umzinyathi Municipalities			**301 391**	**668 661**	**970 052**	**307 429**	**1 148 299**	**1 455 728**	**314 265**	**1 244 446**	**1 558 711**
B	KZN252	Newcastle	312 846	1 478 551	1 791 397	228 366	1 579 183	1 807 549	183 194	1 763 359	1 946 553
B	KZN253	eMadlangeni	9 913	43 927	53 840	10 558	47 512	58 070	11 139	50 888	62 027
B	KZN254	Dannhauser	36 352	24 283	60 635	38 878	11 885	50 763	41 155	12 529	53 684
C	DC25	Amajuba DM	85 346	106 968	192 314	51 889	112 261	164 150	54 734	120 402	175 136
Total: Amajuba Municipalities			**444 457**	**1 653 729**	**2 098 186**	**329 691**	**1 750 841**	**2 080 532**	**290 222**	**1 947 178**	**2 237 400**
B	KZN261	eDumbe	16 146	57 671	73 817	5 498	62 843	68 341	18 351	64 676	83 027
B	KZN262	uPhongolo	31 693	96 037	127 730	39 451	100 489	139 940	37 622	106 016	143 638
B	KZN263	Abaqulusi	48 248	363 002	411 250	55 504	386 930	442 434	44 906	424 310	469 216
B	KZN265	Nongoma	51 834	77 239	129 073	72 352	82 446	154 798	40 987	86 878	127 865
B	KZN266	Ulundi	64 485	117 764	182 249	66 759	124 936	191 695	64 002	133 405	197 407
C	DC26	Zululand DM	248 052	318 834	566 886	293 240	298 300	591 540	309 359	316 716	626 075
Total: Zululand Municipalities			**460 458**	**1 030 547**	**1 491 005**	**532 804**	**1 055 944**	**1 588 748**	**515 227**	**1 132 001**	**1 647 228**
B	KZN271	Umhlabuyalingana	73 127	40 827	113 954	39 205	41 764	80 969	39 537	44 817	84 354
B	KZN272	Jozini*	490	59 888	60 378	209	66 811	67 020	218	24 421	24 639
B	KZN273	The Big 5 False Bay	-	23 511	23 511	-	24 755	24 755	-	26 686	26 686
B	KZN274	Hlabisa*	24 412	50 278	74 690	42 513	40 010	82 523	27 750	43 249	70 999
B	KZN275	Mtubatuba	-	69 687	69 687	-	74 653	74 653	-	79 132	79 132
C	DC27	Umkhanyakude DM	222 741	206 615	429 356	227 304	209 246	436 550	239 806	222 374	462 180
Total: Umkhanyakude Municipalities			**320 770**	**450 806**	**771 576**	**309 231**	**457 239**	**766 470**	**307 311**	**440 679**	**747 990**
B	KZN281	Mfolozi	17 624	43 875	61 499	21 650	48 350	70 000	22 368	52 632	75 000
B	KZN282	uMhlathuze	220 734	2 046 274	2 267 008	254 320	2 617 643	2 871 963	302 345	3 101 086	3 403 431
B	KZN283	Ntambanana	11 718	18 623	30 341	13 823	23 189	37 012	14 562	24 561	39 123
B	KZN284	uMlalazi	33 318	178 565	211 883	34 432	196 522	230 954	40 006	218 474	258 480
B	KZN285	Mthonjaneni	31 998	44 358	76 356	20 473	48 189	68 662	20 703	51 400	72 103
B	KZN286	Nkandla	18 697	47 857	66 554	28 248	51 140	79 388	43 192	55 356	98 548
C	DC28	uThungulu DM	196 755	441 811	638 566	243 251	451 151	694 402	273 512	460 918	734 430
Total: uThungulu Municipalities			**530 844**	**2 821 363**	**3 352 207**	**616 197**	**3 436 184**	**4 052 381**	**716 688**	**3 964 427**	**4 681 115**
B	KZN291	Mandeni	70 198	105 991	176 189	105 044	110 476	215 520	100 957	118 289	219 246
B	KZN292	KwaDukuza	390 853	813 164	1 204 017	358 880	856 362	1 215 242	363 688	914 887	1 278 575
B	KZN293	Ndwedwe	47 524	60 229	107 753	53 383	63 854	117 237	57 744	71 615	129 359
B	KZN294	Maphumulo	39 127	55 172	94 299	40 252	58 670	98 922	34 322	62 908	97 230
C	DC29	Ilembe DM	254 825	364 029	618 854	218 756	391 743	610 499	227 669	422 607	650 276
Total: Ilembe Municipalities			**802 527**	**1 398 585**	**2 201 112**	**776 315**	**1 481 105**	**2 257 420**	**784 380**	**1 590 306**	**2 374 686**
B	KZN431	Ingwe	41 604	47 520	89 124	57 491	48 786	106 277	44 553	51 839	96 392
B	KZN432	Kwa Sani	8 374	26 163	34 537	7 261	27 528	34 789	10 757	29 107	39 864
B	KZN433	Greater Kokstad	90 441	303 040	393 481	111 812	343 727	455 539	74 003	319 107	393 110
B	KZN434	Ubuhlebezwe	27 222	61 794	89 016	26 336	65 459	91 795	30 202	68 123	98 325
B	KZN435	Umzimkulu	52 704	101 316	154 020	-	106 686	106 686	-	112 554	112 554
C	DC43	Sisonke DM	294 808	304 550	599 358	185 230	330 948	516 178	181 515	355 330	536 845
Total: Sisonke Municipalities			**515 153**	**844 383**	**1 359 536**	**388 130**	**923 134**	**1 311 264**	**341 030**	**936 060**	**1 277 090**
Total			**10 176 061**	**37 860 473**	**48 036 534**	**9 942 753**	**42 077 114**	**52 019 867**	**11 140 340**	**47 015 264**	**58 155 604**

Source: NT LG database

7.3 Capital expenditure

Central to the priorities of National Government is the provision of basic services to all South Africans within the constraints of available resources. The provision of infrastructure is integral in the realisation of this goal. The Minister of Finance, Pravin Gordhan, in his 2011 Budget Speech, stated that “The challenge of intensifying infrastructure spending over the period ahead will require attention to planning, budgeting and contract management by the national and provincial departments and municipalities.” It is within this context that there is an increased focus on municipalities’ capital spending to encourage them to prioritise and increase capital spending in order to address the needs of their communities and improve service delivery.

Table 7.2 shows actual capital expenditure against the adjusted budget for 2008/09, 2009/10 and 2010/11.

Table 7.2: Actual capital expenditure against the adjusted budget

R thousand	2008/09	2009/10	2010/11
Budget	10 280 521	10 280 635	9 837 579
Actual	8 441 006	9 604 729	7 518 004
% Spent	**82.11%**	**93.43%**	**76.42%**

Source: National Treasury

The 2008/09 and 2009/10 actual capital expenditure is based on the audited AFS and the 2010/11 actual capital expenditure is based on the unaudited 2010/11 AFS.

Actual capital expenditure increased significantly from 2008/09 to 2009/10. The increase was primarily driven by projects related to the 2010 World Cup, and hence the budget and expenditure for these two years was slightly higher than the 2010/11 budget and expenditure.

Actual capital expenditure for KZN municipalities decreased significantly by 17 per cent from 2009/10 to 2010/11. Only the eThekwini Metro spent 95 per cent of its capital budget, while all the other municipalities spent an average of 55 per cent of their capital budgets in 2010/11. Previously, all municipalities, excluding eThekwini, spent an average of 71 per cent and 60 per cent of their capital budget in 2008/09 and 2009/10, respectively.

The low capital expenditure by municipalities could be attributed to the following factors, among others:

- Municipalities do not budget for multi-years.
- Municipalities only start to compile their plans for capital projects at the beginning of the financial year and, as a result, capital spending is delayed and a large portion of capital grant funding remains unspent at the end of the financial year.
- Poorly managed procurement processes (resulting in further delays and outcomes that get contested).
- Possible political interference in both the capital planning and procurement processes.
- The appointment of unsuitably qualified contractors and project managers resulting in delays in the completion of capital projects within the required timelines.

The low capital expenditure will delay the delivery of infrastructure for basic services and exacerbate the current backlogs. This may impact negatively on the reliability and quality of municipal services, as well as the municipalities’ ability to contribute to supporting economic growth in their region.

To assist municipalities in resolving the above problems, a provincial Infrastructure Crack Team has been established. The team is made up of engineers, town planners, lawyers, project managers and quantity surveyors. It will assist municipalities with on site monitoring and unblocking blocked projects (whether as a result of SCM issues and/or poor workmanship, etc.). It is expected that the services of this team will improve internal capacity at municipalities by augmenting the required skills, and thereby improving spending on capital projects/infrastructure.

7.4 Municipal Support Programme (MSP)

Provincial Treasury commenced the Municipal Support Programme (MSP) in November 2007 to support municipalities in improving their financial position, 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.

To date, 30 municipalities have been assisted in various work streams through the MSP since its inception in November 2007. Consequent to the success achieved by its implementation, it has been decided to extend the support to more municipalities over the next three years.

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 financial statements, was developed.

In this exercise, Provincial Treasury assesses the status of municipalities' cashflows, debtors, actual capital expenditure and the overall viability of the municipality. In addition, the audit opinions of the previous three financial 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.

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.
- Inadequately skilled and qualified financial staff.

The methodology adopted by Provincial Treasury in implementing the MSP encompasses the following:

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

The support has had a significant impact on the 2008/09 and 2009/10 audit opinions of those municipalities supported by the programme.

7.5 Future plans

National and provincial government is directing its focus toward obtaining clean audit reports in municipalities. This is a clear indication that government is concerned about the poor financial records and management in municipalities and the need to address the shortcomings. It is also recognised that municipalities are the direct service delivery arm of government and are best placed to improve the living conditions of the community. In this regard, sustainability of municipalities is imperative to ensure the continued delivery of services.

Municipal Finance will continue to focus on improving the technical support it provides to delegated municipalities in the province. This technical support includes 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.

A monthly reporting tool is in the process of being developed which will assist the municipal budget analysts in rigorously interrogating and analysing the expenditure reports of municipalities. This will further enable analysts to identify challenges in the implementation of the municipal budget and improve reporting by municipalities.

The MSP has had a positive impact on the financial management of municipalities. 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 the above in mind, Phase 4 of the MSP will see the following work streams being implemented in addition to the basic level of support offered to municipalities, over the next 3 to 5 years:

- Cashflow management.
- Clearing of Audit findings by the A-G.
- Ongoing audit support/co-ordination.
- Budget reviews to improve credibility.
- Internal Audit function.
- SCM.
- Improving the control environment.
- Improving Information Technology general controls.
- Focus on sustainability.
- Performance information measurement, collection and reporting.
- Governance review and improvement.

7.6 Conclusion

A firm foundation of financial management systems and capacity is key to the successful implementation of infrastructure programmes, service delivery expansion efforts and the reliability and frequency of services provided by municipalities. It is therefore absolutely critical that correct skills, mindset and expertise are located at the right places in the municipality. It is within this reality that the services of the provincial Infrastructure Crack Team is expected to improve the internal capacity at municipalities by augmenting the required skills, thereby improving spending on capital projects/infrastructure.

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		
	2008/09	2009/10	2010/11		2011/12		2012/13	2013/14	2014/15
Tax receipts	**1 207 899**	**1 327 599**	**1 439 970**	**1 492 700**	**1 492 700**	**1 567 703**	**1 702 324**	**1 827 020**	**1 953 088**
Casino taxes	267 943	283 970	305 583	320 788	320 788	320 788	336 827	355 352	374 896
Horse racing taxes	65 070	41 571	45 857	45 817	45 817	59 300	67 097	70 606	74 322
Liquor licences	4 282	4 831	5 023	46 095	46 095	5 784	48 400	51 062	53 870
Motor vehicle licences	870 604	997 227	1 083 507	1 080 000	1 080 000	1 181 831	1 250 000	1 350 000	1 450 000
Sale of goods and services other than capital asset	**302 546**	**345 775**	**326 565**	**353 354**	**353 354**	**363 962**	**359 551**	**377 949**	**402 608**
Sale of goods and services produced by dept. (excl. capital assets)	301 218	343 208	324 861	342 250	342 250	360 034	358 998	377 343	401 942
Sales by market establishments	13 092	13 896	26 481	15 232	15 232	18 586	24 868	26 127	27 452
Administrative fees	126 662	100 797	142 349	125 505	125 505	147 464	138 264	145 368	158 160
Other sales	161 464	228 515	156 031	201 513	201 513	193 984	195 866	205 848	216 330
Of which									
Health patient fees	*93 931*	*133 750*	*84 885*	*132 170*	*132 170*	*110 364*	*109 134*	*114 590*	*120 319*
Other	*67 533*	*94 765*	*71 146*	*69 343*	*69 343*	*83 620*	*86 732*	*91 258*	*96 011*
Sale of scrap, waste, arms and other used current goods (excluding capital assets)	1 328	2 567	1 704	11 104	11 104	3 928	553	606	666
Transfers received from:	**921**	**-**	**1 255**	**-**	**-**	**-**	**-**	**-**	**-**
Other governmental units	-	-	-	-	-	-	-	-	-
Universities and technikons	-	-	-	-	-	-	-	-	-
Foreign governments	-	-	-	-	-	-	-	-	-
International organisations	-	-	-	-	-	-	-	-	-
Public corporations and private enterprises	350	-	1 255	-	-	-	-	-	-
Households and non-profit institutions	571	-	-	-	-	-	-	-	-
Fines, penalties and forfeits	**40 574**	**43 259**	**50 989**	**38 210**	**38 210**	**38 149**	**40 298**	**40 309**	**40 320**
Interest, dividends and rent on land	**43 444**	**32 384**	**34 598**	**8 398**	**8 398**	**283 884**	**186 161**	**201 239**	**216 348**
Interest	42 517	32 282	34 419	8 280	8 280	283 708	186 014	201 079	216 175
Dividends	4	7	2	7	7	7	3	4	4
Rent on land	923	95	177	111	111	169	144	156	169
Sale of capital assets	**7 857**	**32 462**	**18 296**	**7 211**	**7 211**	**11 004**	**8 208**	**8 399**	**8 606**
Land and subsoil assets	-	-	-	-	-	-	-	-	-
Other capital assets	7 857	32 462	18 296	7 211	7 211	11 004	8 208	8 399	8 606
Transactions in financial assets and liabilities	**95 112**	**75 716**	**169 691**	**43 092**	**43 092**	**318 659**	**42 411**	**44 712**	**50 426**
Total	**1 698 353**	**1 857 195**	**2 041 364**	**1 942 965**	**1 942 965**	**2 583 361**	**2 338 953**	**2 499 628**	**2 671 396**

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

R thousand	Audited Outcome			Main Appropriation	Adjusted Appropriation	Revised Estimate	Medium-term Estimates		
	2008/09	2009/10	2010/11		2011/12		2012/13	2013/14	2014/15
Current payments	**43 085 775**	**48 430 471**	**52 286 234**	**60 737 820**	**60 770 196**	**62 303 934**	**65 973 570**	**70 446 933**	**75 701 539**
Compensation of employees	31 062 640	35 608 907	39 312 068	44 039 402	44 645 148	46 432 895	48 035 685	51 010 496	54 716 934
Salaries and wages	25 791 901	29 333 238	32 571 973	36 076 029	36 578 587	37 912 882	39 429 635	41 867 702	44 949 696
Social contributions	5 270 739	6 275 669	6 740 095	7 963 373	8 066 561	8 520 013	8 606 050	9 142 794	9 767 238
Goods and services	11 884 124	12 716 062	12 958 017	16 598 418	16 096 048	15 869 691	17 887 885	19 386 437	20 934 605
of which									
Administrative fees	24 840	52 158	29 041	15 592	17 203	34 566	15 828	16 771	17 843
Advertising	253 104	168 577	88 763	116 178	144 839	154 622	114 649	118 228	123 790
Assets <R5000	219 928	175 419	117 922	332 722	355 393	219 998	249 589	268 252	300 967
Audit cost: External	51 685	74 680	85 830	94 170	97 858	89 102	86 309	90 459	95 786
Bursaries (employees)	31 936	28 863	33 175	43 657	45 336	32 259	47 351	50 127	52 376
Catering: Departmental activities	205 970	149 474	102 355	149 289	136 796	155 625	135 825	146 037	152 436
Communication	269 102	302 464	275 747	263 251	257 039	273 834	257 510	272 900	288 279
Computer services	334 869	347 720	371 246	433 277	454 475	433 573	540 766	578 348	606 002
Cons/prof: Business & advisory services	752 565	758 545	663 800	1 353 875	1 012 250	924 730	1 417 278	1 452 455	1 554 346
Cons/prof: Infrastructure & planning	145 477	190 636	143 514	336 686	310 436	279 332	307 707	411 538	434 256
Cons/prof: Laboratory services	495 744	665 195	408 384	544 598	521 751	563 436	718 172	756 821	837 234
Cons/prof: Legal cost	36 404	36 195	36 446	25 713	33 957	50 840	28 876	30 340	31 760
Contractors	1 250 190	1 172 188	1 808 536	2 251 161	2 113 510	2 079 217	2 689 402	2 908 509	3 468 254
Agency & support/outsourced services	906 347	971 971	919 248	1 044 002	1 037 076	973 120	1 162 723	1 219 086	1 265 675
Entertainment	11 425	2 395	1 442	5 027	4 717	5 124	5 600	5 950	6 158
Fleet services (incl. GMT)	40 660	36 067	41 423	59 552	69 585	69 871	71 200	70 750	74 628
Housing	162	185	-	29	73	44	31	33	35
Inventory: Food and food supplies	665 032	803 756	889 258	1 248 383	1 320 754	1 247 905	1 286 357	1 357 470	1 431 465
Inventory: Fuel, oil and gas	253 117	279 680	317 496	320 724	340 116	359 185	384 786	420 032	435 528
Inventory: Learner and teacher supp material	382 238	319 150	454 053	704 514	685 975	615 662	659 067	804 936	792 716
Inventory: Materials and supplies	122 799	106 952	86 085	99 638	56 271	45 225	55 713	59 982	62 883
Inventory: Medical supplies	828 144	982 447	921 511	1 123 461	1 070 454	1 203 606	1 231 197	1 301 087	1 424 080
Inventory: Medicine	1 273 491	1 742 051	1 873 001	2 146 971	1 966 615	1 802 504	2 146 092	2 321 440	2 531 606
Medsas inventory interface	332	-	-	-	-	-	-	-	-
Inventory: Military stores	988	-	-	-	1	1	-	-	-
Inventory: Other consumbles	415 104	445 870	509 446	607 186	495 828	459 028	554 963	648 379	671 646
Inventory: Stationery and printing	207 257	358 182	192 424	240 877	238 030	269 489	265 232	286 788	298 355
Lease payments	309 055	376 500	388 661	424 906	412 083	462 415	376 871	395 420	415 291
Rental and hiring	41 764	59 048	57 727	57 797	69 471	68 847	71 269	75 230	77 818
Property payments	733 658	1 008 632	1 084 150	1 104 331	1 295 413	1 475 257	1 499 115	1 634 114	1 707 339
Transport provided: Departmental activity	148 869	127 116	93 056	203 454	168 404	155 051	160 028	273 706	285 290
Travel and subsistence	686 438	588 818	537 695	556 887	586 013	724 393	612 730	657 676	696 237
Training and development	159 465	115 308	101 398	268 608	282 774	134 503	295 166	294 005	314 386
Operating expenditure	261 333	115 392	196 783	215 085	246 764	273 263	235 167	236 693	249 840
Venues and facilities	364 632	154 428	128 401	206 817	248 788	234 064	205 316	222 875	230 300
Interest and rent on land	139 011	105 502	16 149	100 000	29 000	1 348	50 000	50 000	50 000
Interest	138 919	105 502	16 149	100 000	29 000	1 348	50 000	50 000	50 000
Rent on land	92	-	-	-	-	-	-	-	-
Transfers and subsidies to	**6 878 930**	**8 729 974**	**9 228 306**	**9 262 713**	**9 772 851**	**9 405 631**	**10 118 836**	**11 403 213**	**12 129 775**
Provinces and municipalities	1 117 042	1 183 299	1 447 500	1 296 108	1 233 871	1 164 800	1 264 715	1 455 428	1 496 424
Provinces	3 021	5 568	6 438	10	7 007	7 179	8 808	9 353	9 805
Provincial Revenue Funds	*7*	*8*	*10*	*-*	*12*	*12*	*12*	*12*	*12*
Provincial agencies and funds	*3 014*	*5 560*	*6 428*	*10*	*6 995*	*7 167*	*8 796*	*9 341*	*9 793*
Municipalities	1 114 021	1 177 731	1 441 062	1 296 098	1 226 864	1 157 621	1 255 907	1 446 075	1 486 619
Municipalities	*1 114 021*	*1 177 731*	*1 441 062*	*1 296 098*	*1 226 864*	*1 157 621*	*1 255 907*	*1 446 075*	*1 486 619*
Municipal agencies and funds	*-*	*-*	*-*	*-*	*-*	*-*	*-*	*-*	*-*
Departmental agencies and accounts	628 164	666 078	773 626	845 039	888 734	884 896	882 502	993 363	1 054 388
Social security funds	65	-	-	215	215	166	225	237	247
Entities receiving funds	628 099	666 078	773 626	844 824	888 519	884 730	882 277	993 126	1 054 141
Universities and technikons	831	-	-	2 000	-	-	-	-	-
Foreign governments and international organisations	1 081	226	410	591	176	176	180	189	198
Public corporations and private enterprises	52 751	729 317	1 081 682	1 132 033	1 092 769	1 092 769	1 281 238	1 253 733	1 317 107
Public corporations	19 763	729 317	1 081 664	1 132 012	1 092 748	1 092 748	1 281 215	1 253 709	1 317 082
Subsidies on production	*-*	*593 250*	*715 294*	*813 555*	*773 473*	*773 473*	*850 685*	*896 851*	*942 103*
Other transfers	*19 763*	*136 067*	*366 370*	*318 457*	*319 275*	*319 275*	*430 530*	*356 858*	*374 979*
Private enterprises	32 988	-	18	21	21	21	23	24	25
Subsidies on production	*-*	*-*	*-*	*-*	*-*	*-*	*-*	*-*	*-*
Other transfers	*32 988*	*-*	*18*	*21*	*21*	*21*	*23*	*24*	*25*
Non-profit institutions	3 588 630	4 003 614	3 253 010	3 795 814	3 840 320	3 505 860	4 013 480	4 860 672	5 226 173
Households	1 490 431	2 147 440	2 672 078	2 191 128	2 716 981	2 757 130	2 676 721	2 839 828	3 035 485
Social benefits	126 055	142 277	153 641	141 996	136 265	166 736	152 261	157 761	168 525
Other transfers to households	1 364 376	2 005 163	2 518 437	2 049 132	2 580 716	2 590 394	2 524 460	2 682 067	2 866 960
Payments for capital assets	**5 500 427**	**5 417 997**	**5 651 866**	**7 210 771**	**7 761 854**	**7 282 530**	**7 406 955**	**7 507 037**	**7 785 616**
Buildings and other fixed structures	4 661 497	4 604 839	4 985 532	5 832 022	5 765 659	5 783 022	5 853 391	6 302 753	6 741 851
Buildings	1 938 465	2 495 989	2 863 064	3 709 838	3 499 979	3 514 708	3 603 198	3 956 394	4 179 159
Other fixed structures	2 723 032	2 108 850	2 122 468	2 122 184	2 265 680	2 268 314	2 250 193	2 346 359	2 562 692
Machinery and equipment	831 911	797 665	650 510	1 368 530	1 956 794	1 460 151	1 542 296	1 193 759	1 032 644
Transport equipment	152 580	101 315	136 748	313 132	404 685	312 761	271 313	155 774	151 228
Other machinery and equipment	679 331	696 350	513 762	1 055 398	1 552 109	1 147 390	1 270 983	1 037 985	881 416
Heritage assets	262	-	323	-	5 275	5 275	-	-	-
Specialised military assets	-	-	-	-	-	-	-	-	-
Biological assets	-	360	222	354	15 354	15 354	523	553	586
Land and sub-soil assets	900	450	798	-	-	11	-	-	-
Software and other intangible assets	5 857	14 683	14 481	9 865	18 772	18 717	10 745	9 972	10 535
Payments for financial assets	**14 801**	**1 164 407**	**445 440**	**13 070**	**13 497**	**13 622**	**1 800**	**1 800**	**3 394**
Total	**55 479 933**	**63 742 849**	**67 611 846**	**77 224 374**	**78 318 398**	**79 005 717**	**83 501 161**	**89 358 983**	**95 620 324**
Statutory payments	48 759	66 435	62 681	75 637	68 637	68 637	70 299	76 050	80 613
Total (including statutory payments)	**55 528 692**	**63 809 284**	**67 674 527**	**77 300 011**	**78 387 035**	**79 074 354**	**83 571 460**	**89 435 033**	**95 700 937**

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

	Project name	Municipality/Region	Type of infrastructure		Project duration		Source of funding	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						2012/13	2013/14	2014/15
R thousand														
New and replacement assets														
Agriculture, Environmental Affairs and Rural Development									**-**	**50 440**	**-**	**45 740**	**48 096**	**50 981**
1.	Dukuduku mushroom base	Mtubatuba	Mushroom satellite	1 project	01 Apr 2011	31 Mar 2012	ES	Programme 2	-	8 500	-	-	-	-
2.	Mehlomnyama mushroom base	Hibiscus Coast	Mushroom satellite	1 project	01 Apr 2011	31 Mar 2012	ES	Programme 2	-	7 500	-	-	-	-
3.	Mushroom bases	Various	Mushroom satellite	2 per annum	Ongoing	Ongoing	ES	Programme 2	-	34 440	-	16 800	17 640	18 698
4.	Farm structures	Various	Fencing, irrigation, poultry, piggery, etc	Various	01 Apr 2011	31 Mar 2012	ES	Programme 2	-	-	-	1 789	1 021	1 082
5.	Makhathini	Jozini	Irrigation, fencing, drainage canals, etc	Various	01 Apr 2011	31 Mar 2012	ES & Ilima/Letsema	Programme 2	-	-	-	23 151	25 235	26 749
6.	Office accommodation (HO & districts)	Various	Office accommodation	Various	01 Apr 2011	31 Mar 2012	ES	Programme 1	-	-	-	4 000	4 200	4 452
Education									**-**	**1 644 600**	**383 285**	**615 601**	**865 960**	**856 789**
1.	Nkombose High School	The Big 5 False Bay	School - Secondary	15	27 Aug 2009	31 Mar 2014	ES	Programme 2	-	31 628	24 111	582	-	582
2.	Amandlakazulu (Bilanyoni)	Abaqulusi	School - Primary	21	04 Sep 2009	31 Mar 2014	ES	Programme 2	-	30 276	6 466	7 406	3 000	7 406
3.	Intuthuko Lsen	Umkhanyakude	School - Specialised	8	02 Feb 2011	31 Mar 2014	Educ. Infr. grant	Programme 4	-	70 000	7 314	8 895	13 320	8 895
4.	New Ulundi Sect D Area	Ulundi	School - Primary	1	01 Apr 2012	31 Mar 2014	ES	Programme 2	-	30 000	-	10 000	5 000	10 000
5.	New Makhana	Jozini	School - Primary	1	01 Apr 2012	31 Mar 2014	ES	Programme 2	-	30 000	-	5 000	5 000	5 000
6.	Gannahoek	Umtshezi	School - Primary	10	01 Apr 2012	31 Mar 2014	ES	Programme 2	-	14 000	1 308	1 125	1 000	1 125
7.	Khethokuhle	Newcastle	School - Primary	21	09 Mar 2011	31 Mar 2014	Educ. Infr. grant	Programme 2	-	32 000	1 520	3 000	6 000	3 000
8.	Kwazamokuhle School For Handicapped	Imbabazane	School - Specialised	1	16 Apr 2009	31 Mar 2014	Educ. Infr. grant	Programme 4	-	7 000	5 257	272	-	272
9.	Mabhumane	Emnambithi/Ladysmit	School - Primary	1	15 Feb 2007	31 Mar 2014	Educ. Infr. grant	Programme 2	-	8 250	8 032	-	-	-
10.	Mkhamba Gardens	Emnambithi/Ladysmit	School - Primary	1	01 Apr 2012	31 Mar 2014	Educ. Infr. grant	Programme 2	-	30 000	-	4 000	12 000	4 000
Other	Various	All	Various	Several	01 Apr 2010	31 Mar 2014	ES/Educ. Infr. grant	All	-	1 361 446	329 277	575 323	820 640	816 511
Health									**-**	**16 668 968**	**487 593**	**441 220**	**1 019 273**	**1 030 393**
1.	Design & constr. new distr. hospital- Level 1	eThekwini	Hospital - District	450	01 Apr 2015	01 Apr 2018	Hosp Revite	Programme 8	-	1 152 937	410	-	10 000	300 000
2.	Design & constr. new distr. hospital- Level 1	eThekwini	Hospital - Regional	1	01 Jun 2012	01 Nov 2014	Hosp Revite	Programme 8	-	1 031 639	18 603	20 000	320 242	320 000
3.	Re-build greater Edendale Complex	Msunduzi	Regional Hospital	930	01 Mar 2013	01 Mar 2017	Hosp Revite	Programme 8	-	2 755 085	-	30 000	30 000	17 542
4.	Alterations & additions to existing hospital	Umhlathuze	Hospital - Regional	183	01 Sep 2010	01 Apr 2014	Hosp Revite	Programme 8	-	303 605	22 341	120 873	30 361	-
5.	New staff res. & upgr. of existing staff residence	Umhlathuze	Hospital - Regional	183	01 Jan 2014	01 Jul 2017	Hosp Revite	Programme 8	-	225 000	-	-	50 000	50 000
6.	Ph 2A & B: Outpatients, pharmacy, theatres, etc	Hlabisa	District Hospital	308	01 Sep 2016	01 Sep 2018	Hosp Revite	Programme 8	-	528 123	43 725	-	-	-
7.	New regional & tertiary hospital	eThekwini	Regional- Hospital	850	01 Oct 2010	01 Mar 2011	Hosp Revite	Programme 8	-	1 416 000	-	-	-	-
8.	Construction of new Level 1 hospital	eThekwini	District Hospital	900	01 Mar 2006	01 Mar 2008	Hosp Revite	Programme 8	-	445 565	400 856	-	-	-
9.	Psychatiric hospital	Newcastle	Hospital - Specialised	1 615	01 Jan 2015	01 Jan 2017	Hosp Revite	Programme 8	-	925 000	1 658	9 487	35 000	-
10.	New district, regional & TB hospitals	Newcastle	Hospital - Regional	1 615	01 Jan 2017	01 Jun 2020	Hosp Revite	Programme 8	-	1 251 558	-	-	-	-
Other	Various	Various	Various	Several	01 Apr 2011	31 Mar 2014	Various	Programme 8	-	6 634 456	-	260 860	543 670	342 851
Human Settlements									**-**	**-**	**-**	**10 000**	**-**	**-**
1.	Social and Economic Facilities	Various	Parks, creche facilities, taxi ranks, etc.	Several	01 Apr 2011	01 Mar 2012	Human Sett. Dev. gra	Programme 3	-	-	-	10 000	-	-
Co-operative Governance and Traditional Affairs									**-**	**19 250**	**34 305**	**12 250**	**13 250**	**14 250**
1.	Imizi Yesizwe	Various	Houses for Amakhosi	Several	01 Apr 2007	31 Mar 2014	ES	Programme 4	-	-	33 643	7 000	8 000	9 000
2.	Empangisweni TAC	Abaqulusi	New centre	1	01 Jun 2011	29 Feb 2012	ES	Programme 4	-	3 500	662	-	-	-
3.	Umzimkulu TAC	Umzimkulu	New centre	1	01 Jun 2012	01 Mar 2013	ES	Programme 4	-	5 250	-	-	5 250	-
4.	Mbomvu TAC	Msinga	New centre	1	01 Jun 2013	01 Mar 2014	ES	Programme 4	-	5 250	-	5 250	-	-
5.	eThekwini TAC	Utrecht	New centre	1	01 Jun 2014	01 Mar 2015	ES	Programme 4	-	5 250	-	-	-	5 250
Transport									**4 500**	**739 900**	**660 900**	**355 289**	**334 573**	**354 343**
1.	P577 (ARRUP)	Durban	Surface	14 km	01 Apr 2003	31 Mar 2015	ES	Programme 2	4 500	739 900	660 900	98 880	10 424	-
2.	Access roads	Whole KZN	Gravel	Several	01 Apr 2011	31 Mar 2015	ES	Programme 2	-	-	-	101 769	161 604	182 858
3.	Pedestrian bridges	Whole KZN	Bridges	Several	01 Apr 2011	31 Mar 2015	ES	Programme 2	-	-	-	120 140	126 147	133 085
4.	Integrated Public Transport facilities	Ulundi	Structures	1	01 Apr 2011	31 Mar 2015	ES	Programme 2	-	-	-	34 500	36 398	38 400

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

Project name	Municipality/Region	Type of infrastructure		Project duration		Source of funding	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						2012/13	2013/14	2014/15
R thousand													
Social Development								**-**	**442 959**	**-**	**95 352**	**141 021**	**148 777**
1. KwaShukela Service Centre	Jozini	Service Centre	7	23 May 2011	23 Feb 2013	ES	Programme 3	-	16 917	-	8 517	-	-
2. Hlabisa Service Office	Hlabisa	Service Office	7	02 Apr 2011	21 Mar 2013	ES	Programme 2	-	16 685	-	7 485	-	-
3. Emanyiseni Service Centre	Umhlabuyalingana	Service Centre	7	07 Apr 2011	25 Feb 2013	ES	Programme 3	-	17 035	-	7 635	-	-
4. Obuka Service Office	Umlalazi	Service office	6	08 May 2011	31 Mar 2013	ES	Programme 2	-	12 633	-	7 403	-	-
5. KwaNgwanase Service Office	Umhlabuyalingana	Service office	8	19 Apr 2011	31 Mar 2013	ES	Programme 2	-	19 964	-	11 964	-	-
6. Nkunzana Service Centre	Nongoma	Service Centre	7	01 Apr 2011	30 Mar 2013	ES	Programme 3	-	15 058	-	11 058	-	-
7. Godlwayo Service Centre	uPhongolo	Service Centre	7	05 May 2011	31 Mar 2013	ES	Programme 3	-	15 110	-	9 310	-	-
8. Osuthu Youth Development Centre	Nongoma	Youth Dev. Centre	7	12 Apr 2011	31 Mar 2013	ES	Programme 3	-	16 109	-	7 249	-	-
9. Inkosi Simakade Mchunu Service Centre	Msinga	Service Centre	7	01 Apr 2011	31 Mar 2013	ES	Programme 3	-	12 139	-	4 139	-	-
10. Emaswazini Service Centre	Umsunduzi	Service Centre	7	12 Jan 2011	31 Mar 2013	ES	Programme 3	-	11 755	-	1 351	-	-
Other Various	Various	Various	Various	Various	Various	ES	Various	-	289 554	-	19 241	141 021	148 777
Public Works								**-**	**99 717**	**17 523**	**7 880**	**1 695**	**-**
1. Mtubatuba district office (d/o)	Umkhanyakude	Construct new office	1	01 Apr 2009	15 Oct 2010	ES	Programmme 3	-	27 028	11 104	580	-	-
2. Umkhanyakude d/o - con. of Mkhuze d/o	Umkhanyakude	Construct new office	1	04 Nov 2009	04 Dec 2010	ES	Programmme 3	-	23 729	3 713	520	-	-
3. Ixopo: d/o - new d/o	Sisonke	Construct new office	1	01 Nov 2010	01 Nov 2012	ES	Programmme 3	-	21 310	1 305	6 780	1 695	-
4. Richmond NIP site - con.of Richmnd NIP site	Sisonke	Construct new office	1	01 Apr 2010	30 Jul 2010	ES	Programmme 3	-	650	96	-	-	-
5. Ilembe d/o: Con. of new sub-office	Ilembe	Construct new office	1	01 Apr 2010	01 Oct 2013	ES	Programmme 3	-	27 000	1 305	-	-	-
Arts and Culture								**-**	**101 853**	**-**	**31 425**	**33 616**	**42 380**
1. Construction of libraries	Various	Library building	2	01 Apr 2012	31 Mar 2015	Comm. Libr. Serv	Programme 3	-	25 342	-	8 045	9 297	17 000
2. Construction of libraries	Various	Library building	2	01 Apr 2012	31 Mar 2015	ES	Programme 3	-	27 738	-	8 312	9 319	10 107
3. Constuction of museums	Various	Museum	4	01 Apr 2012	31 Mar 2015	ES	Programme 2	-	18 773	-	8 500	5 000	5 273
4. Construction of art centres	Various	Art centre	3	01 Apr 2012	31 Mar 2015	ES	Programme 2	-	30 000	-	6 568	10 000	10 000
Sport and Recreation								**-**	**19 997**	**45 826**	**30 265**	**29 380**	**23 663**
1. Combination courts	Various	Sporting courts	11	01 Apr 2011	31 Mar 2015	ES	Programme 2	-	4 612	29 265	5 000	5 275	5 592
2. Sports fields	Various	Sport fields	4	01 Apr 2011	31 Mar 2015	ES	Programme 2	-	7 980	-	7 560	7 976	8 454
3. Futsal courts	Various	Soccer courts	20	01 Apr 2011	31 Mar 2015	ES	Programme 2	-	7 405	16 561	7 705	8 129	8 617
4. Office building	Ugu/Sisonke	Building	1	01 Apr 2011	31 Mar 2015	ES	Programme 1	-	-	-	10 000	8 000	1 000
Total new and replacement assets								**4 500**	**19 787 684**	**1 629 432**	**1 645 022**	**2 486 864**	**2 521 576**
Upgrades and additions													
Provincial Legislature								**-**	**1 975**	**1 259**	**3 300**	**767**	**813**
1. Installation of generator Legislature building	Msunduzi	Legislature building	1	01 Apr 2012	01 Mar 2013	ES	Programme 1	-	682	528	154	-	-
2. Installation of generator administrative building	Msunduzi	Admistrative building	1	01 Apr 2012	01 Mar 2013	ES	Programme 1	-	1 293	731	562	-	-
3. Capital revamping of Legislature building	Msunduzi	Legislature building	1	01 Apr 2012	01 Mar 2013	ES	Programme 1	-	-	-	2 584	767	813
Other Fire alarm, PA system, facade & airconditioners	Msunduzi	Legislature & admin	2	01 Apr 2012	Ongoing	ES	Programme 1	-	-	-	-	-	-
Education								**-**	**6 536 525**	**1 510 858**	**1 067 878**	**990 959**	**1 124 757**
1. Makhedama	Umvoti	School - Secondary	1	01 Apr 2012	31 Mar 2014	ES	Programme 2	-	500	-	-	-	-
2. A M Moolla Spes Nova For C P Children	eThekwini	School - Specialised	1	01 Apr 2012	31 Mar 2014	ES	Programme 4	-	900	-	900	-	-
3. Abaqulusi	Zululand	Sanitation/toilet buildings	-	01 Apr 2012	31 Mar 2014	Educ. Infra. grant	Programme 2	-	1 306	-	474	-	-
4. Abaqulusi	Zululand	Mobile school	1	01 Feb 2011	31 Mar 2014	Educ. Infra. grant	Programme 2	-	479	307	172	-	-
5. Albert Falls	uMshwathi	School - Primary	7	01 Apr 2012	31 Mar 2014	Educ. Infra. grant	Programme 2	-	18 303	812	16 000	-	-
6. Aldinville	Ilembe	School - Primary	1	19 Mar 2010	31 Mar 2014	ES	Programme 2	-	1 518	842	-	-	-
7. Alexandra	Msunduzi	School - Secondary	1	01 Apr 2012	31 Mar 2014	Educ. Infra. grant	Programme 2	-	768	-	384	-	384
8. Alpha	Zululand	Mobile school	2	01 Apr 2012	31 Mar 2014	Educ. Infra. grant	Programme 2	-	137	-	137	-	-
9. Altona	Zululand	Fencing	500	02 Jul 2008	31 Mar 2014	Educ. Infra. grant	Programme 2	-	78	78	-	-	-
10. Altona	Zululand	School - Primary	1	01 Apr 2012	31 Mar 2014	Educ. Infra. grant	Programme 2	-	10 000	-	4 400	1 000	4 400
Other Various	All	Various	38095	01 Apr 2010	31 Mar 2014	ES/Educ. Infra. grant	All	-	6 502 536	1 508 819	1 045 411	989 959	1 119 973

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	Project name	Municipality/Region	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	Source of funding	Budget programme name	EPWP budget for current financial year	Total project cost	Payments to date from previous years	Total available 2012/13	MTEF forward Estimates 2013/14	MTEF forward Estimates 2014/15
R thousand														
Health									**-**	**3 831 487**	**198 844**	**708 018**	**465 107**	**490 688**
1.	Convert clinic to community health centre	Hibiscus Coast	Clinic	1	01 Sep 2008	01 Apr 2010	Health Infra. grant	Programme 8	-	51 737	31 879	-	-	-
2.	New OPD, casualty/trauma unit, X-ray, etc.	Okhahlamba	Hospital - District	173	01 Jan 2011	01 Jan 2014	ES	Programme 8	-	96 650	6 970	30 000	30 000	20 340
3.	New OPD/casualty/CSSD/dispensary/X-ray, etc.	uPhongolo	Hospital - District	150	01 Feb 2009	01 Feb 2011	Health Infra. grant	Programme 8	-	73 263	37 264	3 023	-	-
4.	General & TB wards	Hibiscus Coast	Hospital - District	300	01 Jul 2012	01 Jul 2015	Health Infra. grant	Programme 8	-	85 000	5 348	1 000	12 000	65 039
5.	Constr. of OPD with X-ray, pharmacy, etc	Maphumulo	Hospital - District	158	01 Oct 2010	01 Oct 2014	ES	Programme 8	-	40 000	-	6 000	20 000	-
6.	New multi-departmental core block	Hibiscus Coast	Hospital - Regional	334	01 Apr 2007	01 Apr 2010	Health Infra. grant	Programme 8	-	153 097	97 195	-	-	-
7.	Ph 3B: Admin, kitchen, audio, ARV, staff acc.	Umzimkulu	District Hospital	208	01 Sep 2010	01 Mar 2015	Hosp Revite	Programme 8	-	110 000	555	45 000	40 865	-
8.	Upgrade MV/LV electr. Reticu. incl. gen., etc.	Umhlathuze	Hospital - District	506	01 Jan 2011	01 Nov 2012	Hosp Revite	Programme 8	-	76 854	3 421	35 000	15 000	8 837
9.	New theatre complex, CSSD, & staff/doc facility	Umhlathuze	Hospital - District	506	01 Oct 2012	01 Oct 2015	Hosp Revite	Programme 8	-	173 752	3 435	40 428	60 000	63 000
10.	Phase 3A: New pharmacy, stores, maint., lab., et	Umzimkulu	District Hospital	208	01 Dec 2008	01 Sep 2012	Hosp Revite	Programme 8	-	51 330	12 777	9 786	5 257	2 315
Other	Various	Various	Various	Several	01 Apr 2011	31 Mar 2014	Various	Programme 8	-	2 919 804	-	537 781	281 985	331 157
Transport									**10 740**	**1 637 678**	**1 051 130**	**1 147 422**	**1 204 007**	**1 338 097**
1.	P496 (RNI)	Empangeni	Surface	13 km	01 Oct 2005	31 Mar 2015	ES	Programme 2	6 750	900 000	501 400	100 917	106 631	112 725
2.	P318 (RNI)	PMB	Surface	14 km	01 Nov 2006	31 Mar 2015	ES	Programme 2	1 090	262 490	148 542	73 670	77 354	81 608
3.	DubeTradePort roads	eThekwini	Construction	Several	01 Apr 2011	31 Mar 2015	ES	Programme 2	-	-	-	171 951	180 548	190 235
4.	ARRUP roads	uThungulu	Construction	Several	01 Apr 2011	31 Mar 2015	ES	Programme 2	-	-	-	275 263	305 817	428 699
5.	Access roads	Whole KZN	Construction	Several	01 Apr 2011	31 Mar 2015	ES	Programme 2	-	-	-	420 952	424 823	414 769
6.	Computerised learner licence testing	Whole KZN	System	Several	01 Apr 2011	31 Mar 2015	ES	Programme 2	-	-	-	34 800	34 800	34 800
7.	Road safety improvements	Whole KZN	Maintenance	Several	01 Apr 2011	31 Mar 2015	ES	Programme 2	-	-	-	2 800	-	-
8.	P700 (ARRUP)	Empangeni	Surface	95 km	01 May 2004	31 Mar 2015	ES	Programme 2	2 900	475 188	401 188	67 069	74 034	75 261
Social Development									**-**	**135 600**	**-**	**50 476**	**36 347**	**28 307**
1.	KwaBadala Old Age	Nkandla	Old Age Home	7	01 Apr 2011	31 Mar 2014	ES	Programme 2	-	20 000	-	9 000	7 000	-
2.	Newcastle School of Industries	Newcastle	School of Industry	1	01 Apr 2011	30 Jun 2015	ES	Programme 2	-	50 000	-	15 000	10 751	10 279
3.	Madadeni Rehab	Newcastle	Rehab centre	4	01 Apr 2011	31 Mar 2015	ES	Programme 2	-	24 000	-	8 000	8 500	6 500
4.	Princess Mkabayi Children's Home	Nquthu	Children's Home	4	01 Apr 2011	30 Aug 2013	ES	Programme 2	-	6 400	-	3 400	-	-
5.	Excelsior POS	Durban Metro	Place of Safety	7	01 Apr 2011	30 Sep 2013	ES	Programme 2	-	8 400	-	3 400	-	-
6.	Ocean View POS	Durban Metro	Place of Safety	4	01 Apr 2011	31 Mar 2013	ES	Programme 2	-	1 700	-	700	-	-
7.	Truro House Offices	Durban Metro	Offices	3	01 Apr 2011	31 Mar 2013	ES	Programme 2	-	2 400	-	900	-	-
8.	Enduduzweni Centre for the Blind	Durban Metro	Protective Workshop	3	01 Apr 2011	31 Mar 2013	ES	Programme 2	-	1 200	-	700	-	-
9.	Greenfields POS	Msunduzi	Place of Safety	7	01 Apr 2011	31 Mar 2014	ES	Programme 2	-	18 000	-	8 876	7 096	-
10.	PMB Regional Office (Karl Eggers)	Msunduzi	Regional Office	5	01 Apr 2012	30 Mar 2014	ES	Programme 2	-	3 500	-	500	3 000	-
Other	Various	Various	Various	Various	Various	Various	ES	Programme 2	-	-	-	-	-	11 528
Public Works									**-**	**468 936**	**103 253**	**71 364**	**78 640**	**85 000**
1.	Nongoma d/o - Nongoma/Vryheid	Zululand	Additions & Alterations	1	26 Aug 2008	03 Dec 2009	ES	Programme 3	yes	15 600	9 532	1 800	3 200	411
2.	Umkhanyakude d/o - Jozini Depo	Umkhanyakude	Rehab. - Compl. of contract (Jozini Dep	1	01 Aug 2010	01 Nov 2010	ES	Programme 3	-	500	63	-	-	-
3.	eThekwini d/o - Conf. centre	eThekwini	Upgrades & Additions	1	01 Apr 2012	30 Mar 2013	ES	Programme 3	yes	23 050	114	11 530	10 463	1 000
4.	CIBD satellite office & uMgungun. d/o	uMgungundlovu	Upgrades & Additions	1	01 Apr 2010	30 Mar 2011	ES	Programme 3	-	14 760	2 362	244	-	-
5.	Southern regional office (r/o)	uMgungundlovu	Upgrades to existing office	1	01 Jul 2009	30 Aug 2010	ES	Programme 3	-	15 003	5 069	3 928	5 861	145
6.	191 Prince Alfred Street - Phase 1/2/3	uMgungundlovu	Upgrades to existing office	1	01 Apr 2010	01 Apr 2013	ES	Programme 3	yes	335 611	57 857	35 802	49 695	82 464
7.	Greytown sub. office - Uthukela	Umzinyathi	Extensions to Uthukela Depot	1	15 Jan 2011	15 Jan 2013	ES	Programme 3	-	20 000	908	7 000	4 000	480
8.	Dundee d/o	Umzinyathi	Upgrades to existing office	1	06 Sep 2010	01 Apr 2012	ES	Programme 3	yes	5 400	2 588	1 630	-	-
9.	Midlands r/o - Emer. Water Supply/Security/Car	Uthukela	Upgrades to existing office	1	02 Feb 2009	15 Jan 2011	ES	Programme 3	yes	34 432	19 930	9 250	5 421	500
10.	Newcastle/ Ladysmith d/o	Amajuba	Upgrades to existing office	1	28 Apr 2009	05 May 2010	ES	Programme 3	-	4 580	4 830	180	-	-
Arts and Culture									**-**	**5 275**	**-**	**5 000**	**-**	**275**
1.	Upgrade of art centres	Various	Art centre	3	01 Apr 2012	31 Mar 2015	ES	Programme 2	-	5 275	-	5 000	-	275
Total upgrades and additions									**10 740**	**12 617 476**	**2 865 344**	**3 053 458**	**2 775 827**	**3 067 937**

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

	Project name	Municipality/Region	Type of infrastructure: Project/admin block; water; electricity; sanitation; etc.	Units (i.e. number of facilities)	Project duration: Date: Start	Project duration: Date: Finish	Source of funding	Budget programme name	EPWP budget for current financial year	Total project cost	Payments to date from previous years	Total available 2012/13	MTEF forward Estimates 2013/14	MTEF forward Estimates 2014/15
R thousand														
Rehabilitation, renovations and refurbishments														
Office of the Premier									**-**	**8 955**	**-**	**1 000**	**2 000**	**2 120**
1.	Provincial Public Service Training Academy	eThekwini	Project/admin block	1	01 Apr 2011	01 Mar 2014	ES	Programme 2	-	8 955	-	1 000	2 000	2 120
Agriculture, Environmental Affairs and Rural Development									**-**	**-**	**-**	**71 245**	**76 772**	**81 206**
1.	Office accommodation (HO & districts)	Various	Office accommodation	Various	01 Apr 2011	31 Mar 2012	ES	Programme 1	-	-	-	7 719	2 407	2 551
2.	Makhathini	Jozini	Irrigation, fencing\drainage canals, etc	Various	01 Apr 2011	31 Mar 2012	ES & Ilima/ Letsema	Programme 2	-	-	-	38 164	40 072	42 476
3.	Irrigation schemes	Various	Irrigation schemes	Various	01 Apr 2011	31 Mar 2012	ES & Ilima/Letsema	Programme 2	-	-	-	11 388	12 520	13 671
4.	Farm structures	Various	Handling facilities, poultry, piggery, etc	Various	01 Apr 2011	31 Mar 2012	ES	Programme 2	-	-	-	9 850	17 443	17 918
5.	Cedara facilities	uMngeni	Access roads, dairy parlour, etc	Various	01 Apr 2011	31 Mar 2012	ES	Programme 1	-	-	-	4 124	4 330	4 590
Education									**-**	**4 130 057**	**887 127**	**509 375**	**431 897**	**445 764**
1.	Bheki Secondary(Ph 4)	Uthukela	School - Secondary	1	19 Mar 2010	31 Mar 2014	ES	Programme 2	-	649	404	-	-	-
2.	Inqolayolwazi	uMgungundlovu	School - Primary	1	25 Nov 2009	31 Mar 2014	ES	Programme 2	-	122	42	-	-	-
3.	Alstone	uMgungundlovu	School - Primary	1	01 Apr 2012	31 Mar 2014	Educ. Infra. grant	Programme 2	-	13 500	251	4 100	3 900	4 100
4.	Altona	UPhongolo	Office accommodation	1	18 Jan 2011	31 Mar 2014	Educ. Infra. grant	Programme 2	-	1 409	718	691	-	-
5.	Amajuba - Kalabas School	Amajuba	School - Combined	1	02 Feb 2009	31 Mar 2014	ES	Programme 2	-	715	715	-	-	-
6.	Amajuba - Mfundweni School	Amajuba	School - Combined	1	17 Mar 2008	31 Mar 2014	ES	Programme 2	-	1 071	824	-	-	-
7.	Amajuba - Qophumlando School	Amajuba	School - Combined	1	02 Feb 2009	31 Mar 2014	ES	Programme 2	-	654	654	-	-	-
8.	Amajuba - Rooival School	Amajuba	School - Combined	1	17 Mar 2008	31 Mar 2014	ES	Programme 2	-	168	153	-	-	-
9.	Amajuba - Sekusile School	Amajuba	School - Combined	1	17 Mar 2008	31 Mar 2014	ES	Programme 2	-	1 195	932	-	-	-
10.	Amajuba District Offices	Amajuba	Office accommodation	1	01 Apr 2012	31 Mar 2014	Educ. Infra. grant	Programme 2	-	4 000	-	900	2 200	900
Other	Various	All	Various	3 047	01 Apr 2010	31 Mar 2014	ES/Educ. Infra. grant	All	-	4 106 574	882 434	503 684	425 797	440 764
Health									**-**	**746 832**	**41 961**	**296 238**	**127 023**	**134 009**
1.	Upgrade Accidents & Emergency - Addington	eThekwini	Hospital - Regional	613	30 Sep 2011	30 Jan 2013	Health Infra. grant	Programme 8	-	27 000	50	21 900	1 350	-
2.	Clinic maint. & upgr. prog: 2006-2007 Phase 1	Ntambanana	Clinic	1	01 Nov 2010	01 May 2012	Health Infra. grant	Programme 8	-	20 000	1 225	15 370	1 000	-
3.	Clinic maint & upgrade programme 2006/07	Mbonambi	Clinic	1	01 Jun 2011	01 Nov 2012	Health Infra. grant	Programme 8	-	15 673	861	11 252	760	-
4.	Alteratons to theatre, X-ray, CSSD etc	uMshwathi	Hospital - District	181	01 Nov 2008	01 Apr 2010	ES	Programme 8	-	19 858	5 553	8 694	452	-
5.	Relocate accommodation	Ubuhlebezwe	Hospital - District	238	01 Jan 2008	01 Sep 2009	Health Infra. grant	Programme 8	-	34 807	32 150	-	-	-
6.	Rep. kitchen roof & ceiling,psychiatric wards, etc.	Nkandla	Hospital - District	125	01 Apr 2012	01 Apr 2013	Health Infra. grant	Programme 8	-	20 500	-	12 000	1 000	-
7.	Revonation to 20 staff houses	umlalazi	Hospital - District	196	30 Oct 2011	20 Oct 2013	Health Infra. grant	Programme 8	-	27 060	721	12 000	10 260	3 679
8.	Re-organise pharmacy	Msunduzi	Hospital - District	385	01 Jun 2012	01 Oct 2013	Health Infra. grant	Programme 8	-	15 000	1 401	5 000	7 664	-
9.	Repl. or renov. roof - admin block, North Park etc	Msunduzi	Hospital - Spec	361	01 Jun 2012	01 Jun 2013	ES	Programme 8	-	40 400	-	28 100	2 000	-
10.	Extensive renov & additions to existing building	Head Office	Nursing College	1	01 Sep 2011	01 Sep 2013	ES	Programme 8	-	40 000	-	19 000	18 000	2 000
Other	Various	Various	Various	Several	01 Apr 2011	31 Mar 2014	Various	Programme 8	-	486 534	-	162 922	84 537	128 330
The Royal Household									**-**	**24 750**	**-**	**10 821**	**12 866**	**1 063**
1.	Rehabilitation of palaces	Zululand	Palaces	7	Ongoing	Ongoing	ES	Programme 2	-	24 750	-	10 821	12 866	1 063
Co-operative Governance and Traditional Affairs									**-**	**45 500**	**4 000**	**14 698**	**7 000**	**6 500**
1.	TACs	Various	TACs	88	01 Apr 2011	01 Mar 2012	ES	Programme 4	-	18 000	4 000	-	-	-
2.	TACs	Various	TACs	71	01 Apr 2012	01 Mar 2013	ES	Programme 4	-	14 000	-	14 698	-	-
3.	TACs	Various	TACs	30	01 Apr 2013	01 Mar 2014	ES	Programme 4	-	7 000	-	-	7 000	-
4.	TACs	Various	TACs	30	01 Apr 2014	01 Mar 2015	ES	Programme 4	-	6 500	-	-	-	6 500
Transport									**-**	**-**	**-**	**606 039**	**666 645**	**733 308**
1.	P47/4	Empangeni	Rehabilitation	8 km	01 Apr 2012	31 Mar 2015	ES	Programme 2	-	-	-	40 317	-	-
2.	P48	Empangeni	Rehabilitation	6 km	01 Apr 2012	31 Mar 2015	ES	Programme 2	-	-	-	48 903	53 761	54 355
3.	P34/4	Empangeni	Rehabilitation	15 km	01 Apr 2012	31 Mar 2015	ES	Programme 2	-	-	-	40 317	44 270	4 477
4.	P522/2	Ladysmith	Rehabilitation	5 km	01 Apr 2012	31 Mar 2015	ES	Programme 2	-	-	-	40 317	44 269	44 759
5.	P1/9	Ladysmith	Rehabilitation	9 km	01 Apr 2012	31 Mar 2015	ES	Programme 2	-	-	-	23 145	25 290	25 569
6.	P6/2	Ladysmith	Rehabilitation	15 km	01 Apr 2012	31 Mar 2015	ES	Programme 2	-	-	-	66 079	72 741	64 042
7.	P6/1	PMB	Rehabilitation	11 km	01 Apr 2012	31 Mar 2015	ES	Programme 2	-	-	-	83 238	91 717	92 731
8.	P21/1	PMB	Rehabilitation	5 km	01 Apr 2012	31 Mar 2015	ES	Programme 2	-	-	-	77 916	85 826	86 775
9.	P22/2	PMB	Rehabilitation	18 km	01 Apr 2012	31 Mar 2015	ES	Programme 2	-	-	-	63 214	69 576	70 346
10.	P400	Durban	Rehabilitation	6 km	01 Apr 2012	31 Mar 2015	ES	Programme 2	-	-	-	66 077	72 752	88 476
Other	Various	Whole KZN	Rehabilitation	Several	01 Apr 2012	31 Mar 2015	ES	Programme 2	-	-	-	56 516	106 443	201 778

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R thousand														
Public Works									**-**	**51 028**	**21 663**	**5 500**	**9 400**	**10 000**
1.	LA Building - Ulundi Campus	Zululand	External Maint. & Rehab. of landscape	1	11 May 2009	16 Dec 2011	ES	Programme 3	-	11 600	6 958	-	-	-
2.	LA Building - Ulundi Campus	Zululand	Maint. contract for air conditioning	1	12 Jul 2008	27 Jun 2011	ES	Programme 3	-	18 400	6 900	2 500	4 600	4 000
3.	LA Building - Ulundi Campus	Zululand	Preventative maint. contract for electric	1	12 Mar 2009	12 Mar 2011	ES	Programme 3	-	20 228	7 805	2 500	4 500	6 000
4.	Umzinyathi d/o	Umzinyathi	Repair to leaking roof	1	01 Apr 2012	01 Apr 2013	ES	Programme 3	-	800	-	500	300	-
Total rehabilitation, renovations and refurbishments									**-**	**5 007 122**	**954 751**	**1 514 916**	**1 333 603**	**1 413 970**
Maintenance and repairs														
Office of the Premier									**-**	**89 550**	**-**	**10 000**	**11 100**	**11 766**
1.	Provincial Public Service Training Academy	eThekwini	Project/admin block	1	01 Apr 2011	01 Mar 2014	ES	Programme 2	-	89 550	-	10 000	11 100	11 766
Provincial Legislature									**-**	**5 508**	**573**	**3 617**	**3 652**	**3 872**
1.	Ground maintenance	Msunduzi	Legislature building	1	01 Apr 2012	01 Mar 2015	ES	Programme 1	-	346	26	107	120	93
2.	Fumigation - Legislature building	Msunduzi	Legislature building	1	01 Apr 2012	01 Mar 2015	ES	Programme 1	-	270	-	80	90	100
3.	Fumigation - administrative building	Msunduzi	Administration building	1	01 Apr 2012	01 Mar 2015	ES	Programme 1	-	369	153	96	92	112
4.	Lift maintenance - Legislature building	Msunduzi	Legislature bulding	1	01 Apr 2012	01 Mar 2015	ES	Programme 1	-	43	24	19	15	18
5.	Lift maintenance - administrative building	Msunduzi	Administration building	2	01 Apr 2012	01 Mar 2015	ES	Programme 1	-	367	50	49	54	-
6.	Maintenance contract fire alarms	Msunduzi	Legislature & admin	2	01 Apr 2012	01 Mar 2015	ES	Programme 1	-	146	60	28	33	38
7.	Maintenance contract for generators	Msunduzi	Legislature & admin	2	01 Apr 2012	01 Mar 2015	ES	Programme 1	-	104	-	-	30	34
8.	Maintenance contract of airconditioners	Msunduzi	Legislature & admin	2	01 Apr 2012	01 Mar 2015	ES	Programme 1	-	968	-	300	320	348
9.	Day-to-day maintenance - unforseen items	Msunduzi	Legislature & admin	2	01 Apr 2012	01 Mar 2015	ES	Programme 1	-	1 500	-	1 500	2 200	2 400
10.	Painting - Legislature and administrative building	Msunduzi	Legislature & admin	2	01 Apr 2012	01 Mar 2015	ES	Programme 1	-	750	-	750	-	-
Other	Pigeon protection, roof paint & replace w/proof	Msunduzi	Legislature & admin	2	01 Apr 2012	01 Mar 2015	ES	Programme 1	-	645	260	688	698	729
Agriculture, Environmental Affairs and Rural Development									**-**	**-**	**-**	**21 639**	**22 829**	**24 199**
1.	Office accommodation	Various	Office accommodation	Various	Ongoing	Ongoing	ES	Programme 1	-	-	-	6 105	6 410	6 795
2.	Farm structures	Various	Fencing, irrigation, poultry, piggery, etc	Various	Ongoing	Ongoing	ES	Programme 2	-	-	-	7 439	12 316	13 055
3.	Makhathini	Jozini	Irrigation, fencing , drainage canals, etc	Various	Ongoing	Ongoing	ES & Ilima/Letsema	Programme 2	-	-	-	8 095	4 103	4 349
Education									**-**	**576 142**	**297 633**	**211 300**	**217 422**	**222 169**
Other	Maintenance - Public School	Various	Maintenance of schools	Several	01 Apr 2010	31 Mar 2014	ES	Programme 2	-	576 142	297 633	211 300	217 422	222 169
Health									-	**1 446 221**	**48 944**	**420 473**	**456 695**	**487 046**
1.	Lift maintenance	Msunduzi	Office Accommodation	1	01 Apr 2010	31 Mar 2014	ES	Programme 8	-	5 720	-	880	920	970
2.	Manage lease agreements for KZN - Health	Msunduzi	Residential Accommodation	168	01 Apr 2010	31 Mar 2014	ES	Programme 8	-	350 000	48 944	50 000	50 000	61 000
3.	Facilitiies routine maintenance	Msunduzi	Maintenance	1	01 Apr 2010	31 Mar 2014	ES	Programme 8	-	1 090 501	-	300 849	320 146	329 320
Other	Various	Various	Various	Several	01 Apr 2012	31 Mar 2015	Various	Programme 8	-	-	-	68 744	85 629	95 756
Human Settlements									**-**	**-**	**-**	**190 941**	**115 517**	**123 669**
1.	Housing Property Maintenance	Various	Houses	Several	Ongoing	Ongoing	Human Settl. Dev	Programme 4	-	-	-	190 941	115 517	123 669
The Royal Household									**-**	**11 195**	**-**	**3 528**	**3 722**	**3 945**
1.	Maintenance and repairs to palaces	Zululand	7	Ongoing	Ongoing	Ongoing	ES	Programme 2	-	11 195	-	3 528	3 722	3 945
Transport									**-**	**-**	**-**	**3 064 168**	**3 287 140**	**3 868 371**
1.	Durban	Durban	Reseals	64.05 km	01 Apr 2012	31 Mar 2015	ES & Prov. Rd. Mtn. (	Programme 2	-	-	-	20 449	20 679	26 825
2.	PMB	PMB	Reseals	78 km	01 Apr 2012	31 Mar 2015	ES & Prov. Rd. Mtn.	Programme 2	-	-	-	27 809	28 122	34 841
3.	Ladysmith	Ladysmith	Reseals	47.5 km	01 Apr 2012	31 Mar 2015	ES & Prov. Rd. Mtn.	Programme 2	-	-	-	24 129	24 400	30 230
4.	Empangeni	Empangeni	Reseals	60 km	01 Apr 2012	31 Mar 2015	ES & Prov. Rd. Mtn.	Programme 2	-	-	-	24 129	2 440	3 022
5.	Routine	Whole KZN	Routine	Several	01 Apr 2012	31 Mar 2015	ES & Prov. Rd. Mtn.	Programme 2	-	-	-	850 376	892 140	1 089 094
6.	Preventative	Whole KZN	Preventative	Several	01 Apr 2012	31 Mar 2015	ES & Prov. Rd. Mtn.	Programme 2	-	-	-	778 803	927 272	1 090 047
7.	Safety	Whole KZN	Safety	Several	01 Apr 2012	31 Mar 2015	ES & Prov. Rd. Mtn.	Programme 2	-	-	-	227 944	236 938	281 792
8.	Special	Whole KZN	Special	Several	01 Apr 2012	31 Mar 2015	ES & Prov. Rd. Mtn.	Programme 2	-	-	-	25 156	2 545	3 153
9.	Mechanical	Whole KZN	Mechanical	Several	01 Apr 2012	31 Mar 2015	ES & Prov. Rd. Mtn.	Programme 2	-	-	-	549 576	589 900	496 909
10.	Maintenance administration	Whole KZN	Maintenance adm.	Several	01 Apr 2012	31 Mar 2015	ES & Prov. Rd. Mtn.	Programme 2	-	-	-	511 308	522 740	688 782
Other	Various	Whole KZN	Other	Several	01 Apr 2012	31 Mar 2015	ES & Prov. Rd. Mtn.	Programme 2	-	-	-	24 489	39 964	123 676
Social Development									**-**	**-**	**-**	**44 550**	**34 414**	**16 307**
Other	Various	Various	Various	Various	Various	Various	ES	Progr. 2 & 3	-	-	-	44 550	34 414	16 307

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

Project name	Municipality/Region	Type of infrastructure		Project duration		Source of funding	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						2012/13	2013/14	2014/15
R thousand													
Public Works								**-**	**-**	**-**	**6 000**	**6 000**	**6 000**
1. Maintenance & Repairs	Various	Various	Various	01 Apr 2011	01 Mar 2014	ES	Programme 3	-	-	-	1 500	1 500	1 500
2. Maintenance & Repairs	Various	Various	Various	01 Apr 2011	01 Mar 2014	ES	Programme 3	-	-	-	1 500	1 500	1 500
3. Maintenance & Repairs	Various	Various	Various	01 Apr 2011	01 Mar 2014	ES	Programme 3	-	-	-	1 500	1 500	1 500
3. Maintenance & Repairs	Various	Various	Various	01 Apr 2011	01 Mar 2014	ES	Programme 3	-	-	-	1 500	1 500	1 500
Sport and Recreation								**-**	**2 250**	**13 132**	**2 163**	**2 282**	**2 419**
1. Minor repairs and renovation	Various municipalities	Maintenance	7	01 Apr 2010	31 Mar 2015	ES	Programme 2	-	2 250	13 132	2 163	2 282	2 419
Total maintenance and repairs								**-**	**2 130 866**	**360 282**	**3 978 379**	**4 160 773**	**4 769 763**
Infrastructure transfers - current													
Economic Development and Tourism								**-**	**-**	**-**	**39 313**	**41 475**	**43 964**
1. Dube TradePort	eThekwini	Dube TradePort	1	01 Apr 2006	31 Mar 2060	ES	Programme 3	-	-	-	39 313	41 475	43 964
Sport and Recreation								**-**	**3 300**	**3 300**	**2 400**	**2 532**	**2 684**
1. Maintenance grants	Various	Maintenance	22	01 Apr 2011	31 Mar 2015	ES	Programme 2	-	3 300	3 300	2 400	2 532	2 684
Total Infrastructure transfers - current								**-**	**3 300**	**3 300**	**101 713**	**44 007**	**46 648**
Infrastructure transfers - capital													
Economic Development and Tourism								-	**5 147 217**	**989 338**	**455 613**	**607 922**	**673 598**
1. Dube TradePort	eThekwini	Dube TradePort	1	01 Apr 2006	31 Mar 2060	ES	Programme 3	-	4 913 587	944 956	392 995	541 860	603 572
2. RBIDZ	uThungulu	RBIDZ	1	01 Apr 2010	31 Mar 2011	ES	Programme 3	-	233 630	44 382	62 618	66 062	70 026
Provincial Treasury								**-**	**-**	**-**	**39 315**	**4 000**	**4 300**
1. Dev. of the Pietermaritzburg Airport	Msunduzi Municipality	Airport	1	01 Apr 2010	31 Mar 2013	ES	Programme 5	-	-	-	16 027	-	-
2. Dev. of the Ulundi Airport	Ulundi municipality	Airport	1	01 Apr 2011	31 Mar 2013	ES	Programme 5	-	-	-	20 000	-	-
3. Dev. of other small airports in KZN	KZN	Airport	Several	01 Apr 2012	31 Mar 2015	ES	Programme 5	-	-	-	3 288	4 000	4 300
Health								**-**	**50 000**	**10 000**	**20 000**	**20 000**	**-**
1. KZN Children's Hospital	eThekwini	Hospital - Childrens	1	01 Jan 2012	31 Mar 2014	Equitable share	Programme 8	-	50 000	10 000	20 000	20 000	-
Human Settlements								-	**-**	**-**	**2 613 134**	**2 944 193**	**3 040 757**
1. Housing projects incl. Cornubia, Vulindlela, etc.	Various	Houses	Several	Ongoing	Ongoing	Human Settl. Dev.	Programme 3	-	-	-	2 613 134	2 944 193	3 040 757
Co-operative Governance and Traditional Affairs								-	**6 000**	**3 500**	**-**	**-**	**-**
1. Emondlo TSC	Abaqulusi	New centre	1	01 Apr 2011	01 Mar 2012	ES	Programme 4	-	6 000	3 500	-	-	-
Arts and Culture								-	**-**	**-**	**13 600**	**10 000**	**-**
1. Construction of mega-ibrary	eThekwini	Library building	1	01 Apr 2011	31 Mar 2014	Comm. Libr. Serv.	Programme 3	-	-	-	13 600	10 000	-
Sport and Recreation								**-**	**15 974**	**102 449**	**15 960**	**16 838**	**17 848**
1. Sports facilities	Various	Infrastructure transfer	8	01 Apr 2011	31 Mar 2015	ES	Programme 2	-	15 974	102 449	15 960	16 838	17 848
Total Infrastructure transfers - capital								**-**	**5 219 191**	**1 105 287**	**3 157 622**	**3 602 953**	**3 736 503**
Total Provincial Infrastructure								**15 240**	**44 765 639**	**6 918 396**	**13 451 110**	**14 404 027**	**15 556 397**

Note: Total costs represent total estimated payments of a particular project of which the project life span may not coincide fully with the MTEF period. Where projects are of a recurrent nature, the total costs are not depicted.

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	**711 659**	**614 414**	**734 085**	**949 546**	**582 518**	**499 419**	**864 025**	**946 634**	**966 062**
Total: Ugu Municipalities	**52 633**	**79 383**	**86 426**	**25 829**	**40 691**	**38 607**	**23 364**	**31 705**	**36 691**
B KZN211 Vulamehlo	-	2 952	1 776	1 930	2 338	2 338	1 438	2 688	2 721
B KZN212 Umdoni	5 243	8 801	5 107	7 333	16 039	14 623	4 766	7 419	7 660
B KZN213 Umzumbe	600	-	2 787	2 103	3 253	3 197	2 253	3 703	3 736
B KZN214 uMuziwabantu	814	12 861	6 730	1 882	3 382	3 341	1 480	1 756	1 789
B KZN215 Ezingolweni	2 634	2 002	5 857	329	917	791	2 184	1 570	1 803
B KZN216 Hibiscus Coast	1 216	3 426	8 893	11 297	13 807	13 362	9 443	14 369	14 272
C DC21 Ugu District Municipality	42 126	49 341	55 276	955	955	955	1 800	200	4 710
Total: uMgungundlovu Municipalities	**82 116**	**132 179**	**139 128**	**89 701**	**130 158**	**127 311**	**102 190**	**116 144**	**117 961**
B KZN221 uMshwathi	11	4	7 822	920	1 725	1 722	1 528	2 474	2 526
B KZN222 uMngeni	1 125	5 272	11 036	4 111	4 980	4 981	4 674	6 904	7 086
B KZN223 Mpofana	25	41	1 704	3 678	5 082	2 669	3 289	3 419	3 466
B KZN224 Impendle	759	-	1 996	540	12 125	12 125	940	1 610	1 643
B KZN225 Msunduzi	36 152	71 576	92 859	78 741	83 190	82 537	89 756	99 414	100 240
B KZN226 Mkhambathini	385	90	2 332	578	1 758	1 978	760	911	936
B KZN227 Richmond	501	8 830	10 466	224	389	390	843	1 212	1 854
C DC22 uMgungundlovu District Municipality	43 158	46 366	10 913	909	20 909	20 909	400	200	210
Total:Uthukela Municipalities	**12 444**	**37 429**	**63 095**	**61 028**	**71 821**	**69 596**	**36 758**	**54 871**	**61 453**
B KZN232 Emnambithi/Ladysmith	4 752	29 151	31 722	15 948	38 536	38 505	15 595	16 882	17 071
B KZN233 Indaka	7	893	1 474	233	993	1 003	1 010	1 737	1 995
B KZN234 Umtshezi	2 954	3 034	8 985	31 205	19 447	18 885	13 872	28 632	28 748
B KZN235 Okhahlamba	236	2 779	8 244	5 017	5 046	3 404	2 515	3 427	3 978
B KZN236 Imbabazane	592	282	1 270	2 137	2 299	2 299	2 316	3 993	4 051
C DC23 Uthukela District Municipality	3 903	1 290	11 400	6 488	5 500	5 500	1 450	200	5 610
Total: Umzinyathi Municipalities	**30 467**	**28 675**	**60 675**	**18 216**	**38 733**	**39 373**	**30 457**	**51 017**	**47 862**
B KZN241 Endumeni	2 983	4 454	22 308	6 175	9 566	9 566	9 757	11 047	11 218
B KZN242 Nquthu	2 860	780	10 026	3 534	15 696	15 678	10 613	10 791	10 859
B KZN244 Msinga	2 098	10 880	10 069	4 378	6 713	6 969	4 015	2 835	2 969
B KZN245 Umvoti	3 816	3 822	3 714	3 910	6 539	6 941	5 672	22 549	22 606
C DC24 Umzinyathi District Municipality	18 710	8 739	14 558	219	219	219	400	3 795	210
Total: Amajuba Municipalities	**30 034**	**33 724**	**21 281**	**14 963**	**19 415**	**19 076**	**15 114**	**22 972**	**24 772**
B KZN252 Newcastle	11 111	24 288	8 587	8 167	10 571	10 571	7 576	14 023	17 465
B KZN253 eMadlangeni	750	550	5 077	686	2 524	2 524	2 537	3 989	4 214
B KZN254 Dannhauser	100	-	788	4 010	4 010	3 671	3 551	2 760	2 883
C DC25 Amajuba District Municipality	18 073	8 886	6 829	2 100	2 310	2 310	1 450	2 200	210
Total: Zululand Municipalities	**27 776**	**25 364**	**49 365**	**29 971**	**51 318**	**56 077**	**49 102**	**43 209**	**44 824**
B KZN261 eDumbe	933	600	9 414	1 498	1 498	2 352	5 481	5 958	6 107
B KZN262 uPhongolo	893	500	2 318	1 244	4 844	6 005	1 269	1 992	2 045
B KZN263 Abaqulusi	587	568	3 150	17 184	9 958	12 992	7 848	20 041	20 701
B KZN265 Nongoma	715	200	1 381	1 822	1 926	1 799	1 994	2 120	2 353
B KZN266 Ulundi	9 160	6 113	8 026	8 223	9 092	1 447	12 110	12 898	13 408
C DC26 Zululand District Municipality	15 488	17 383	25 076	-	24 000	31 482	20 400	200	210
Total: Umkhanyakude Municipalities	**26 764**	**20 784**	**74 722**	**16 781**	**19 850**	**23 544**	**19 028**	**17 292**	**17 455**
B KZN271 Umhlabuyalingana	1 129	1 003	12 106	2 867	3 212	6 702	5 551	5 268	5 647
B KZN272 Jozini	700	600	8 596	4 347	5 950	5 951	2 186	2 648	2 707
B KZN273 The Big Five False Bay	1 675	913	2 823	1 846	2 761	2 594	1 725	2 241	2 276
B KZN274 Hlabisa	363	210	8 446	1 718	2 124	2 493	2 419	1 912	1 959
B KZN275 Mtubatuba	827	2 679	12 966	5 354	4 154	4 154	4 247	4 523	4 656
C DC27 Umkhanyakude District Municipality	22 070	15 379	29 785	649	1 649	1 650	2 900	700	210
Total: uThungulu Municipalities	**43 416**	**71 075**	**56 064**	**43 621**	**64 726**	**77 410**	**38 778**	**50 643**	**51 992**
B KZN281 Mbonambi	580	6 707	15 911	272	4 529	7 553	3 424	3 621	3 741
B KZN282 uMhlathuze	9 865	6 691	22 743	31 021	23 990	25 820	26 190	37 958	38 806
B KZN283 Ntambanana	400	731	174	2 016	2 171	2 163	1 516	1 142	1 176
B KZN284 Umlalazi	6 180	6 287	5 002	4 663	6 821	11 364	2 859	3 671	3 840
B KZN285 Mthonjaneni	1 483	2 177	898	1 793	15 793	18 093	2 670	3 102	3 231
B KZN286 Nkandla	325	4 597	8 652	3 527	11 093	12 088	1 719	949	988
C DC28 uThungulu District Municipality	24 583	43 885	2 684	329	329	329	400	200	210
Total: Ilembe Municipalities	**26 214**	**63 186**	**89 398**	**31 742**	**127 798**	**125 962**	**59 732**	**69 553**	**75 742**
B KZN291 Mandeni	1 586	1 471	4 324	5 612	5 750	5 498	5 016	6 462	6 613
B KZN292 KwaDukuza	4 615	5 392	16 887	16 600	82 797	81 741	37 912	40 675	40 836
B KZN293 Ndwedwe	3 813	90	1 399	5 779	7 000	6 473	1 779	1 166	1 300
B KZN294 Maphumulo	400	1 689	3 001	3 751	27 251	27 250	12 575	21 050	21 183
C DC29 Ilembe District Municipality	15 800	54 544	63 787	-	5 000	5 000	2 450	200	5 810
Total: Sisonke Municipalities	**70 474**	**71 518**	**66 823**	**14 700**	**79 624**	**80 804**	**16 159**	**21 465**	**20 273**
B KZN431 Ingwe	823	-	1 188	668	10 818	11 315	1 827	1 276	1 326
B KZN432 Kwa Sani	100	1 289	1 376	849	10 922	10 922	854	1 130	1 142
B KZ5a3 Matatiele	-	-	-	-	-	-	-	-	-
B KZN433 Greater Kokstad	2 774	-	5 375	6 110	13 365	13 800	6 353	9 128	9 305
B KZN434 Ubuhlebezwe	659	5 890	6 780	3 302	9 287	10 184	2 584	3 217	3 250
B KZN435 Umzimkulu	21 650	7 283	1 933	3 771	8 190	7 542	4 141	5 014	5 040
C DC43 Sisonke District Municipality	44 468	57 056	50 171	-	27 042	27 041	400	1 700	210
Unallocated/unclassified	**24**	**-**	**-**	**-**	**212**	**442**	**1 200**	**20 570**	**21 532**
Total	**1 114 021**	**1 177 731**	**1 441 062**	**1 296 098**	**1 226 864**	**1 157 621**	**1 255 907**	**1 446 075**	**1 486 619**

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

R thousand	Audited Outcome			Main Appropriation	Adjusted Appropriation	Revised Estimate	Medium-term Estimates		
	2008/09	2009/10	20010/11	2011/12			2012/13	2013/14	2014/15
GENERAL PUBLIC SERVICES	**3 222 729**	**3 467 704**	**3 693 472**	**4 100 602**	**4 158 989**	**4 108 282**	**4 408 815**	**4 629 441**	**4 892 625**
Executive & Legislative	**450 358**	**494 606**	**528 764**	**639 327**	**669 101**	**669 372**	**686 814**	**723 853**	**755 341**
Office of the Premier	17 259	29 399	28 260	33 458	37 958	37 958	37 592	39 680	42 080
Prov. Legislature (incl. statutory payments & ministries)	385 246	424 800	449 877	550 841	570 500	570 771	589 656	619 970	657 927
The Royal Household	47 853	40 407	50 627	55 028	60 643	60 643	59 566	64 203	55 334
General Services	**2 311 448**	**2 564 806**	**2 814 811**	**2 964 898**	**3 048 111**	**3 042 796**	**3 235 454**	**3 394 592**	**3 599 115**
Office of the Premier	370 989	352 715	358 859	396 253	411 753	459 253	494 773	506 392	544 723
Transport	219 682	417 403	351 585	235 616	235 616	235 616	247 391	265 973	284 987
Public Works	724 978	788 826	1 107 434	1 210 845	1 258 378	1 205 563	1 301 620	1 377 089	1 449 861
Co-operative Governance and Traditional Affairs	993 968	1 003 893	993 847	1 118 194	1 138 374	1 138 374	1 187 070	1 239 911	1 314 004
Agriculture, Environmental Affairs & Rural Dev	1 831	1 969	3 086	3 990	3 990	3 990	4 600	5 227	5 540
Financial and Fiscal Services	**460 923**	**408 292**	**349 897**	**496 377**	**441 777**	**396 114**	**486 547**	**510 996**	**538 169**
Provincial Treasury	460 923	408 292	349 897	496 377	441 777	396 114	486 547	510 996	538 169
PUBLIC ORDER AND SAFETY	**553 510**	**604 972**	**646 884**	**769 348**	**759 348**	**759 348**	**832 130**	**893 820**	**951 267**
Police Services	**109 287**	**125 272**	**129 186**	**150 139**	**150 139**	**150 139**	**161 334**	**169 280**	**180 251**
Community Safety and Liaison	109 287	125 272	129 186	150 139	150 139	150 139	161 334	169 280	180 251
Traffic Control	**444 223**	**479 700**	**517 698**	**619 209**	**609 209**	**609 209**	**670 796**	**724 540**	**771 016**
Transport	444 223	479 700	517 698	619 209	609 209	609 209	670 796	724 540	771 016
EDUCATION	**23 436 459**	**26 702 112**	**29 235 391**	**33 181 138**	**33 819 177**	**34 864 223**	**35 402 859**	**37 861 369**	**40 267 170**
Pre-primary and Primary phases	**11 383 113**	**13 126 257**	**14 348 175**	**15 729 642**	**15 982 222**	**16 829 793**	**16 816 350**	**18 098 989**	**19 362 009**
Education	11 383 113	13 126 257	14 348 175	15 729 642	15 982 222	16 829 793	16 816 350	18 098 989	19 362 009
Secondary Education Phase	**7 424 078**	**8 604 297**	**9 617 775**	**11 113 785**	**11 317 043**	**11 414 003**	**11 723 558**	**12 489 374**	**13 204 027**
Education	7 424 078	8 604 297	9 617 775	11 113 785	11 317 043	11 414 003	11 723 558	12 489 374	13 204 027
Education Services not defined by level	**1 835 676**	**1 931 033**	**2 047 376**	**2 585 804**	**2 644 486**	**2 672 993**	**2 819 268**	**3 020 504**	**3 199 631**
Agriculture, Environmental Affairs & Rural Dev	56 341	58 217	52 491	79 391	116 050	116 050	120 648	135 390	143 266
Education	1 380 660	1 448 305	1 540 363	1 999 221	2 028 347	2 084 365	2 155 912	2 292 530	2 426 751
Health	398 675	424 511	454 522	507 192	500 089	472 578	542 708	592 584	629 614
Subsidiary Services to Education	**2 793 592**	**3 040 525**	**3 222 065**	**3 751 907**	**3 875 426**	**3 947 434**	**4 043 683**	**4 252 502**	**4 501 503**
Education	2 793 592	3 040 525	3 222 065	3 751 907	3 875 426	3 947 434	4 043 683	4 252 502	4 501 503
HEALTH	**16 690 644**	**19 912 324**	**20 266 012**	**23 961 172**	**24 151 499**	**23 973 641**	**25 992 324**	**27 895 866**	**29 894 009**
Outpatient Services	**4 392 664**	**5 381 885**	**5 500 613**	**7 085 138**	**6 499 118**	**6 430 286**	**7 298 687**	**8 073 131**	**8 789 518**
Health	4 392 664	5 381 885	5 500 613	7 085 138	6 499 118	6 430 286	7 298 687	8 073 131	8 789 518
Hospital Services	**12 297 980**	**14 530 439**	**14 765 399**	**16 876 034**	**17 652 381**	**17 543 355**	**18 693 637**	**19 822 735**	**21 104 491**
Health	12 297 980	14 530 439	14 765 399	16 876 034	17 652 381	17 543 355	18 693 637	19 822 735	21 104 491
SOCIAL PROTECTION	**1 221 705**	**1 349 437**	**1 403 519**	**1 938 496**	**1 938 496**	**1 815 725**	**2 033 366**	**2 278 740**	**2 385 295**
Social Services and Population Development	**1 221 705**	**1 349 437**	**1 403 519**	**1 938 496**	**1 938 496**	**1 815 725**	**2 033 366**	**2 278 740**	**2 385 295**
Social Development	1 221 705	1 349 437	1 403 519	1 938 496	1 938 496	1 815 725	2 033 366	2 278 740	2 385 295
HOUSING AND COMMUNITY AMENITIES	**1 876 146**	**2 492 647**	**3 089 237**	**3 053 315**	**3 084 991**	**3 084 991**	**3 300 935**	**3 465 289**	**3 641 059**
Housing Development	**1 876 146**	**2 492 647**	**3 089 237**	**3 053 315**	**3 084 991**	**3 084 991**	**3 300 935**	**3 465 289**	**3 641 059**
Human Settlements	1 876 146	2 492 647	3 089 237	3 053 315	3 084 991	3 084 991	3 300 935	3 465 289	3 641 059
ENVIRONMENTAL PROTECTION	**510 184**	**586 370**	**634 476**	**704 501**	**718 010**	**718 010**	**750 127**	**836 266**	**887 037**
Environmental Protection	**510 184**	**586 370**	**634 476**	**704 501**	**718 010**	**718 010**	**750 127**	**836 266**	**887 037**
Agriculture, Environmental Affairs and Rural Dev	510 184	586 370	634 476	704 501	718 010	718 010	750 127	836 266	887 037
RECREATION, CULTURE AND RELIGION	**527 198**	**535 250**	**652 550**	**755 029**	**759 925**	**759 925**	**899 868**	**1 064 750**	**1 138 255**
Sporting and Recreational Affairs	**527 198**	**535 250**	**652 550**	**755 029**	**759 925**	**759 925**	**899 868**	**1 064 750**	**1 138 255**
Sport and Recreation	206 985	237 971	276 740	358 333	358 333	358 333	377 288	397 223	420 696
Arts and Culture	244 619	250 290	339 122	355 302	360 198	360 198	460 345	601 845	647 936
Office of the Premier	75 594	46 989	36 688	41 394	41 394	41 394	62 235	65 682	69 623
ECONOMIC AFFAIRS	**7 490 117**	**8 158 468**	**8 052 986**	**8 836 410**	**8 996 600**	**8 990 209**	**9 951 036**	**10 509 492**	**11 644 220**
General Economic Affairs	**1 967 832**	**2 588 437**	**1 632 145**	**1 472 796**	**1 597 673**	**1 591 282**	**1 701 857**	**1 886 879**	**2 027 131**
Economic Development and Tourism	1 766 565	2 409 524	1 607 509	1 460 272	1 551 611	1 545 220	1 613 448	1 833 397	1 972 900
Provincial Treasury	201 267	178 913	24 636	12 524	46 062	46 062	88 409	53 482	54 231
Agriculture	**1 169 839**	**1 312 136**	**1 342 197**	**1 658 164**	**1 629 162**	**1 629 162**	**1 763 079**	**1 864 841**	**1 965 881**
Agriculture, Environmental Affairs and Rural Dev	1 169 839	1 312 136	1 342 197	1 658 164	1 629 162	1 629 162	1 763 079	1 864 841	1 965 881
Transport	**4 352 446**	**4 257 895**	**5 078 644**	**5 705 450**	**5 769 765**	**5 769 765**	**6 486 100**	**6 757 772**	**7 651 208**
Transport	4 352 446	4 257 895	5 078 644	5 705 450	5 769 765	5 769 765	6 486 100	6 757 772	7 651 208
Total for all functions	**55 528 692**	**63 809 284**	**67 674 527**	**77 300 011**	**78 387 035**	**79 074 354**	**83 571 460**	**89 435 033**	**95 700 937**

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	Audited Outcome			Main Appropriation	Adjusted Appropriation	Revised Estimate	Medium-term Estimates		
R thousand	2008/09	2009/10	2010/11	2011/12			2012/13	2013/14	2014/15
Donor funding	**203 843**	**95 516**	**119 789**	**57 869**	**58 439**	**58 908**	**21 081**	**21 081**	**-**
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	1 003	-	-	-	-	-	-	-	-
European Union: Legislature Support Prog.	*1 003*	*-*	*-*	*-*	*-*	*-*	*-*	*-*	*-*
Agriculture, Enviro Affairs and Rural Development	11 509	19 474	22 276	19 349	19 349	33 619	1 315	1 315	-
Danida	*-*	*-*	*2 950*	*-*	*-*	*-*	*-*	*-*	*-*
Dutch funding (NUFFIC)	*-*	*812*	*-*	*-*	*-*	*-*	*-*	*-*	*-*
Flemish government	*11 509*	*16 402*	*16 131*	*16 131*	*16 131*	*31 414*	*-*	*-*	*-*
World Health Organisation (Rabies project)	*-*	*2 049*	*3 195*	*3 218*	*3 218*	*2 205*	*1 315*	*1 315*	*-*
EU - Gijima project	*-*	*211*	*-*	*-*	*-*	*-*	*-*	*-*	*-*
Economic Development and Tourism	55 043	31 291	42 626	18 679	18 679	1 171	-	-	-
European Union - Gijima	*55 043*	*31 291*	*42 626*	*18 679*	*18 679*	*1 171*	*-*	*-*	*-*
Education	29 999	-	31 709	-	-	-	-	-	-
Royal Netherlands Embassy	*29 999*	*-*	*31 709*	*-*	*-*	*-*	*-*	*-*	*-*
Health	91 985	36 072	1 294	-	-	3 707	-	-	-
Atlantic Philanthropies	*6 000*	*6 000*	*-*	*-*	*-*	*-*	*-*	*-*	*-*
Bayer Health Care: Greys	*10*	*-*	*-*	*-*	*-*	*-*	*-*	*-*	*-*
Ben Booysen	*-*	*-*	*1*	*-*	*-*	*-*	*-*	*-*	*-*
Canadian HIV Trials Network (Edendale)	*71*	*-*	*-*	*-*	*-*	*-*	*-*	*-*	*-*
CMC DI Ravenna	*-*	*-*	*150*	*-*	*-*	*-*	*-*	*-*	*-*
COGTA	*-*	*-*	*-*	*-*	*-*	*3 500*	*-*	*-*	*-*
Conforth Investments (IALCH)	*-*	*-*	*-*	*-*	*-*	*70*	*-*	*-*	*-*
European Union PHC	*20 160*	*9 318*	*101*	*-*	*-*	*-*	*-*	*-*	*-*
Global fund for HIV and AIDS patients	*64 194*	*17 353*	*-*	*-*	*-*	*-*	*-*	*-*	*-*
HWSETA Learnership - Head Office	*280*	*-*	*-*	*-*	*-*	*-*	*-*	*-*	*-*
HWSETA Learnership - HIV/AIDS Support	*-*	*-*	*76*	*-*	*-*	*-*	*-*	*-*	*-*
HWSETA Learnership - Mseleni and Mosvold	*441*	*42*	*-*	*-*	*-*	*-*	*-*	*-*	*-*
HWSETA Learnership - St Aiden's	*115*	*263*	*63*	*-*	*-*	*-*	*-*	*-*	*-*
Impumelelo Trust Innovation	*40*	*-*	*-*	*-*	*-*	*-*	*-*	*-*	*-*
S.A. Breweries	*-*	*-*	*100*	*-*	*-*	*-*	*-*	*-*	*-*
UNICEF: ilembe District	*-*	*3 000*	*-*	*-*	*-*	*-*	*-*	*-*	*-*
Human Settlements	604	-	-	-	-	-	-	-	-
Flanders: Housing Pilot Project	*604*	*-*	*-*	*-*	*-*	*-*	*-*	*-*	*-*
Co-operative Governance and Traditional Affairs	13 700	8 679	2 043	-	570	570	-	-	-
Development Bank of SA	*13 700*	*8 679*	*2 043*	*-*	*570*	*570*	*-*	*-*	*-*
Agency receipt	**776 514**	**44 835**	**17 454**	**7 420**	**7 420**	**7 420**	**7 858**	**8 290**	**8 290**
Office of the Premier	34 541	38 639	10 034	-	-	-	-	-	-
Department of Labour - Literacy Programme	*34 541*	*38 639*	*10 034*	*-*	*-*	*-*	*-*	*-*	*-*
Transport	741 973	6 196	7 420	7 420	7 420	7 420	7 858	8 290	8 290
Bus Subsidies (NDoT)	*731 800*	*-*	*-*	*-*	*-*	*-*	*-*	*-*	*-*
South African Road Agency Limited (SANRAL)	*10 173*	*6 196*	*7 420*	*7 420*	*7 420*	*7 420*	*7 858*	*8 290*	*8 290*
Total	**980 357**	**140 351**	**137 243**	**65 289**	**65 859**	**66 328**	**28 939**	**29 371**	**8 290**

Table 1.G(i): Details of transfers to local government: 2012/13

Municipality	Vote 3	Vote 4	Vote 6		Vote 7	Vote 8				Vote 11						Vote 14	Vote 15			Vote 16	Total
R thousand	3.1	4.1	6.1	6.2	7.1	8.1	8.2	8.3	8.4	11.1	11.2	11.3	11.4	11.5	11.6	14.1	15.1	15.2	15.3	16.1	
eThekwini	**-**	**-**	**-**	**-**	**69 573**	**150 570**	**14 000**	**167 240**	**3 111**	**-**	**-**	**-**	**-**	**-**	**-**	**366 168**	**15 500**	**4 547**	**73 316**	**-**	**864 025**
Ugu Municipalities	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**200**	**-**	**-**	**1 400**	**400**	**13 224**	**905**	**268**	**5 617**	**1 350**	**23 364**
Vulamehlo	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	1 288	-	-	-	150	1 438
Umdoni	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	2 519	287	-	1 960	-	4 766
Umzumbe	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	2 103	-	-	-	150	2 253
uMuziwabantu	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	1 129	106	-	245	-	1 480
Ezinqoleni	-	-	-	-	-	-	-	-	-	-	200	-	-	-	-	588	101	-	245	1 050	2 184
Hibiscus Coast	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	5 597	411	268	3 167	-	9 443
Ugu DM	-	-	-	-	-	-	-	-	-	-	-	-	-	1 400	400	-	-	-	-	-	1 800
uMgungundlovu Municipalities	**-**	**-**	**16 027**	**3 288**	**3 271**	**3 000**	**6 000**	**-**	**-**	**-**	**200**	**-**	**-**	**-**	**400**	**52 949**	**1 623**	**589**	**12 443**	**2 400**	**102 190**
uMshwathi	-	-	-	-	124	-	-	-	-	-	-	-	-	-	-	950	-	-	454	-	1 528
uMngeni	-	-	-	-	353	-	-	-	-	-	-	-	-	-	-	2 569	207	134	1 411	-	4 674
Mpofana	-	-	-	-	257	-	-	-	-	-	-	-	-	-	-	2 562	-	134	336	-	3 289
Impendle	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	455	90	-	245	150	940
Msunduzi	-	-	16 027	3 288	2 537	3 000	6 000	-	-	-	-	-	-	-	-	45 841	1 135	321	9 507	2 100	89 756
Mkhambathini	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	327	106	-	177	150	760
Richmond	-	-	-	-	-	-	-	-	-	-	200	-	-	-	-	245	85	-	313	-	843
uMgungundlovu DM	-	-	-	-	-	-	-	-	-	-	-	-	-	-	400	-	-	-	-	-	400
Uthukela Municipalities	**-**	**-**	**-**	**-**	**-**	**3 960**	**-**	**-**	**-**	**-**	**-**	**500**	**-**	**-**	**400**	**26 548**	**526**	**402**	**3 222**	**1 200**	**36 758**
Emnambithi/Ladysmith	-	-	-	-	-	-	-	-	-	-	-	500	-	-	-	13 321	120	134	1 520	-	15 595
Indaka	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	675	90	-	245	-	1 010
Umtshezi	-	-	-	-	-	3 960	-	-	-	-	-	-	-	-	-	8 778	106	134	894	-	13 872
Okhahlamba	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	1 954	109	134	318	-	2 515
Imbabazane	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	1 820	101	-	245	150	2 316
Uthukela DM	-	-	-	-	-	-	-	-	-	-	-	-	-	-	400	-	-	-	-	1 050	1 450
Umzinyathi Municipalities	**-**	**-**	**-**	**-**	**-**	**3 000**	**-**	**-**	**-**	**950**	**200**	**-**	**-**	**-**	**400**	**19 363**	**649**	**455**	**2 350**	**3 090**	**30 457**
Endumeni	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	8 000	202	321	1 234	-	9 757
Nqutu	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	8 002	231	-	490	1 890	10 613
Msinga	-	-	-	-	-	-	-	-	-	950	200	-	-	-	-	1 455	115	-	245	1 050	4 015
Umvoti	-	-	-	-	-	3 000	-	-	-	-	-	-	-	-	-	1 906	101	134	381	150	5 672
Umzinyathi DM	-	-	-	-	-	-	-	-	-	-	-	-	-	-	400	-	-	-	-	-	400
Amajuba Municipalities	**-**	**-**	**-**		**-**	**-**	**-**	**-**	**-**	**-**	**200**	**-**	**-**	**-**	**400**	**8 925**	**488**	**268**	**2 583**	**2 250**	**15 114**
Newcastle	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	3 704	308	268	2 246	1 050	7 576
eMadlangeni	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	2 120	90	-	177	150	2 537
Dannhauser	-	-	-	-	-	-	-	-	-	-	200	-	-	-	-	3 101	90	-	160	-	3 551
Amajuba DM	-	-	-	-	-	-	-	-	-	-	-	-	-	-	400	-	-	-	-	1 050	1 450
Zululand Municipalities	**-**	**-**	**20 000**	**-**	**-**	**3 960**	**-**	**-**	**-**	**950**	**200**	**500**	**-**	**-**	**400**	**19 425**	**615**	**134**	**2 618**	**300**	**49 102**
eDumbe	-	-	-	-	-	-	-	-	-	950	200	-	-	-	-	3 849	101	-	381	-	5 481
uPhongolo	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	746	101	-	422	-	1 269
Abaqulusi	-	-	-	-	-	3 960	-	-	-	-	-	500	-	-	-	1 823	197	134	1 234	-	7 848
Nongoma	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	1 498	101	-	245	150	1 994
Ulundi	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	11 509	115	-	336	150	12 110
Zululand DM	-	-	20 000	-	-	-	-	-	-	-	-	-	-	-	400	-	-	-	-	-	20 400
Umkhanyakude Municipalities	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**200**	**-**	**-**	**2 500**	**400**	**7 221**	**514**	**-**	**5 853**	**2 340**	**19 028**
Umhlabuyalingana	-	-	-	-	-	-	-	-	-	-	200	-	-	-	-	3 628	90	-	1 483	150	5 551
Jozini	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	1 000	106	-	930	150	2 186
The Big 5 False Bay	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	975	-	-	600	150	1 725
Hlabisa	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	533	106	-	730	1 050	2 419
Mtubatuba	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	1 085	212	-	2 110	840	4 247
Umkhanyakude DM	-	-	-	-	-	-	-	-	-	-	-	-	-	2 500	400	-	-	-	-	-	2 900

Table 1.G(i): Details of transfers to local government: 2012/13 (cont.)

Municipality	Vote 3	Vote 4	Vote 6		Vote 7	Vote 8				Vote 11						Vote 14	Vote 15			Vote 16	Total
R thousand	3.1	4.1	6.1	6.2	7.1	8.1	8.2	8.3	8.4	11.1	11.2	11.3	11.4	11.5	11.6	14.1	15.1	15.2	15.3	16.1	
uThungulu Municipalities	**-**	**1 800**	**-**	**-**	**9 948**	**8 925**	**-**	**-**	**-**	**-**	**200**	**500**	**-**	**-**	**400**	**9 286**	**1 257**	**268**	**4 994**	**1 200**	**38 778**
Umfolozi	-	-	-	-	-	-	-	-	-	-	200	-	-	-	-	3 047	-	-	177	-	3 424
uMhlathuze	-	-	-	-	9 311	8 925	-	-	-	-	-	-	-	-	-	4 415	621	134	2 784	-	26 190
Ntambanana	-	-	-	-	-	-	-	-	-	-	-	500	-	-	-	536	85	-	245	150	1 516
uMlalazi	-	-	-	-	637	-	-	-	-	-	-	-	-	-	-	574	216	134	1 298	-	2 859
Mthonjaneni	-	1 800	-	-	-	-	-	-	-	-	-	-	-	-	-	500	125	-	245	-	2 670
Nkandla	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	214	210	-	245	1 050	1 719
uThungulu DM	-	-	-	-	-	-	-	-	-	-	-	-	-	-	400	-	-	-	-	-	400
Ilembe Municipalities	**-**	**1 716**	**-**	**-**	**1 501**	**29 825**	**-**	**-**	**-**	**100**	**400**	**-**	**-**	**1 000**	**400**	**20 123**	**327**	**134**	**2 016**	**2 190**	**59 732**
Mandeni	-	1 716	-	-	296	-	-	-	-	-	-	-	-	-	-	2 263	101	-	490	150	5 016
KwaDukuza	-	-	-	-	1 205	29 825	-	-	-	-	-	-	-	-	-	5 211	106	134	1 281	150	37 912
Ndwedwe	-	-	-	-	-	-	-	-	-	100	200	-	-	-	-	274	120	-	245	840	1 779
Maphumulo	-	-	-	-	-	-	-	-	-	-	200	-	-	-	-	12 375	-	-	-	-	12 575
Ilembe DM	-	-	-	-	-	-	-	-	-	-	-	-	-	1 000	400	-	-	-	-	1 050	2 450
Sisonke Municipalities	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**200**	**500**	**-**	**-**	**400**	**10 848**	**628**	**-**	**1 543**	**2 040**	**16 159**
Ingwe	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	276	120	-	381	1 050	1 827
Kwa Sani	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	605	90	-	159	-	854
Matatiele	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Greater Kokstad	-	-	-	-	-	-	-	-	-	-	200	-	-	-	-	5 225	197	-	581	150	6 353
Ubuhlebezwe	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	1 393	106	-	245	840	2 584
Umzimkulu	-	-	-	-	-	-	-	-	-	-	-	500	-	-	-	3 349	115	-	177	-	4 141
Sisonke DM	-	-	-	-	-	-	-	-	-	-	-	-	-	-	400	-	-	-	-	-	400
Unallocated/unclassified	**1 000**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**200**	**-**	**-**	**-**	**-**	**1 200**
Total	**1 000**	**3 516**	**36 027**	**3 288**	**84 293**	**203 240**	**20 000**	**167 240**	**3 111**	**2 000**	**2 000**	**2 000**	**-**	**4 900**	**4 000**	**554 280**	**23 032**	**7 065**	**116 555**	**18 360**	**1 255 907**

Key	Grant Name	Key	Grant Name
3.1	Greenest Municipality Competition	11.3	Operational support for Thusong Service Centres
4.1	Joint Project Funding	11.4	IDP Support
6.1	Upgrading of airports	11.5	Community Development Projects
6.2	Development of airports	11.6	District Growth Development Summit
7.1	Subsidy: Municipal Clinics	14.1	Property Rates
8.1	CRU Programme	15.1	Community Library Services grant
8.2	Municipal Rates and Taxes	15.2	Museum subsidies
8.3	Maintenance of R293 Hostels & EEDBS	15.3	Provincialisation of libraries
8.4	Transfer of R293 staff	16.1	Infrastructure
11.1	Development Planning Shared Services		
11.2	Community Participation in IDPs (LAPs)		

Table 1.G(ii): Details of transfers to local government: 2013/14

Municipality	Vote 3	Vote 4	Vote 6		Vote 7	Vote 8				Vote 11						Vote 14	Vote 15			Vote 16	Total
R thousand	3.1	4.1	6.1	6.2	7.1	8.1	8.2	8.3	8.4	11.1	11.2	11.3	11.4	11.5	11.6	14.1	15.1	15.2	15.3	16.1	
eThekwini	-	-	-	-	73 051	240 000	14 967	80 000	3 326	-	-	-	-	-	-	364 461	12 000	4 865	153 964	-	946 634
Ugu Municipalities	-	-	-	-	-	-	-	-	-	200	200	500	-	-	-	16 574	1 123	286	12 822	-	31 705
Vulamehlo	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	2 089	85	-	514	-	2 688
Umdoni	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	3 000	303	-	4 116	-	7 419
Umzumbe	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	3 104	85	-	514	-	3 703
uMuziwabantu	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	1 131	111	-	514	-	1 756
Ezinqoleni	-	-	-	-	-	-	-	-	-	-	200	-	-	-	-	750	106	-	514	-	1 570
Hibiscus Coast	-	-	-	-	-	-	-	-	-	-	-	500	-	-	-	6 500	433	286	6 650	-	14 369
Ugu DM	-	-	-	-	-	-	-	-	-	200	-	-	-	-	-	-	-	-	-	-	200
uMgungundlovu Municipalities	-	-	-	4 000	-	14 606	6 414	5 000	-	200	200	-	-	-	-	57 208	1 756	629	26 131	-	116 144
uMshwathi	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	1 521	-	-	953	-	2 474
uMngeni	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	3 581	217	143	2 963	-	6 904
Mpofana	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	2 571	-	143	705	-	3 419
Impendle	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	1 000	96	-	514	-	1 610
Msunduzi	-	-	-	4 000	-	14 606	6 414	5 000	-	-	-	-	-	-	-	47 841	1 242	343	19 968	-	99 414
Mkhambathini	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	429	111	-	371	-	911
Richmond	-	-	-	-	-	-	-	-	-	-	200	-	-	-	-	265	90	-	657	-	1 212
uMgungundlovu DM	-	-	-	-	-	-	-	-	-	200	-	-	-	-	-	-	-	-	-	-	200
Uthukela Municipalities	-	-	-	-	-	15 000	-	-	-	200	-	-	-	-	-	31 019	555	429	7 668	-	54 871
Emnambithi/Ladysmith	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	13 421	126	143	3 192	-	16 882
Indaka	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	677	96	-	964	-	1 737
Umtshezi	-	-	-	-	-	15 000	-	-	-	-	-	-	-	-	-	11 500	111	143	1 878	-	28 632
Okhahlamba	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	2 500	116	143	668	-	3 427
Imbabazane	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	2 921	106	-	966	-	3 993
Uthukela DM	-	-	-	-	-	-	-	-	-	200	-	-	-	-	-	-	-	-	-	-	200
Umzinyathi Municipalities	-	-	-	-	-	15 000	-	4 000	-	200	200	-	-	3 595	-	21 923	681	486	4 932	-	51 017
Endumeni	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	7 902	212	343	2 590	-	11 047
Nqutu	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	9 521	242	-	1 028	-	10 791
Msinga	-	-	-	-	-	-	-	-	-	-	200	-	-	-	-	2 000	121	-	514	-	2 835
Umvoti	-	-	-	-	-	15 000	-	4 000	-	-	-	-	-	-	-	2 500	106	143	800	-	22 549
Umzinyathi DM	-	-	-	-	-	-	-	-	-	200	-	-	-	3 595	-	-	-	-	-	-	3 795
Amajuba Municipalities	-	-	-	-	-	-	-	4 197	-	200	200	500	-	1 500	-	10 150	515	286	5 424	-	22 972
Newcastle	-	-	-	-	-	-	-	4 197	-	-	-	-	-	-	-	4 501	323	286	4 716	-	14 023
eMadlangeni	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	3 521	96	-	372	-	3 989
Dannhauser	-	-	-	-	-	-	-	-	-	-	200	-	-	-	-	2 128	96	-	336	-	2 760
Amajuba DM	-	-	-	-	-	-	-	-	-	200	-	500	-	1 500	-	-	-	-	-	-	2 200
Zululand Municipalities	-	-	-	-	-	15 000	-	-	-	200	200	-	-	-	-	21 522	646	143	5 498	-	43 209
eDumbe	-	-	-	-	-	-	-	-	-	-	200	-	-	-	-	4 852	106	-	800	-	5 958
uPhongolo	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	1 000	106	-	886	-	1 992
Abaqulusi	-	-	-	-	-	15 000	-	-	-	-	-	-	-	-	-	2 099	207	143	2 592	-	20 041
Nongoma	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	1 500	106	-	514	-	2 120
Ulundi	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	12 071	121	-	706	-	12 898
Zululand DM	-	-	-	-	-	-	-	-	-	200	-	-	-	-	-	-	-	-	-	-	200
Umkhanyakude Municipalities	-	-	-	-	-	-	-	-	-	200	200	500	-	-	-	9 923	540	-	5 929	-	17 292
Umhlabuyalingana	-	-	-	-	-	-	-	-	-	-	200	-	-	-	-	3 630	96	-	1 342	-	5 268
Jozini	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	1 561	111	-	976	-	2 648
The Big 5 False Bay	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	1 611	-	-	630	-	2 241
Hlabisa	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	1 035	111	-	766	-	1 912
Mtubatuba	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	2 086	222	-	2 215	-	4 523
Umkhanyakude DM	-	-	-	-	-	-	-	-	-	200	-	500	-	-	-	-	-	-	-	-	700

Table 1.G(ii): Details of transfers to local government: 2013/14 (cont.)

Municipality	Vote 3	Vote 4	Vote 6		Vote 7	Vote 8				Vote 11						Vote 14	Vote 15			Vote 16	Total
R thousand	3.1	4.1	6.1	6.2	7.1	8.1	8.2	8.3	8.4	11.1	11.2	11.3	11.4	11.5	11.6	14.1	15.1	15.2	15.3	16.1	
uThungulu Municipalities	**-**	**1 890**	**-**	**-**	**9 777**	**15 000**	**-**	**-**	**-**	**200**	**200**	**-**	**-**	**-**	**-**	**11 485**	**1 319**	**286**	**10 486**	**-**	**50 643**
Umfolozi	-	-	-	-	-	-	-	-	-	-	200	-	-	-	-	3 049	-	-	372	-	3 621
uMhlathuze	-	-	-	-	9 777	15 000	-	-	-	-	-	-	-	-	-	6 541	651	143	5 846	-	37 958
Ntambanana	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	538	90	-	514	-	1 142
uMlalazi	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	575	227	143	2 726	-	3 671
Mthonjaneni	-	1 890	-	-	-	-	-	-	-	-	-	-	-	-	-	567	131	-	514	-	3 102
Nkandla	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	215	220	-	514	-	949
uThungulu DM	-	-	-	-	-	-	-	-	-	200	-	-	-	-	-	-	-	-	-	-	200
Ilembe Municipalities	**-**	**1 802**	**-**	**-**	**-**	**30 000**	**-**	**-**	**-**	**200**	**400**	**500**	**-**	**-**	**-**	**31 334**	**428**	**143**	**4 746**	**-**	**69 553**
Mandeni	-	1 802	-	-	-	-	-	-	-	-	-	-	-	-	-	3 526	106	-	1 028	-	6 462
KwaDukuza	-	-	-	-	-	30 000	-	-	-	-	-	500	-	-	-	7 231	111	143	2 690	-	40 675
Ndwedwe	-	-	-	-	-	-	-	-	-	-	200	-	-	-	-	326	126	-	514	-	1 166
Maphumulo	-	-	-	-	-	-	-	-	-	-	200	-	-	-	-	20 251	85	-	514	-	21 050
Ilembe DM	-	-	-	-	-	-	-	-	-	200	-	-	-	-	-	-	-	-	-	-	200
Sisonke Municipalities	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**200**	**200**	**-**	**-**	**1 500**	**-**	**15 663**	**661**	**-**	**3 241**	**-**	**21 465**
Ingwe	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	350	126	-	800	-	1 276
Kwa Sani	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	700	96	-	334	-	1 130
Matatiele	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Greater Kokstad	-	-	-	-	-	-	-	-	-	-	200	-	-	-	-	7 500	207	-	1 221	-	9 128
Ubuhlebezwe	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	2 592	111	-	514	-	3 217
Umzimkulu	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	4 521	121	-	372	-	5 014
Sisonke DM	-	-	-	-	-	-	-	-	-	200	-	-	-	1 500	-	-	-	-	-	-	1 700
Unallocated/unclassified	**1 000**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**200**	**-**	**-**	**-**	**19 370**	**20 570**
Total	**1 000**	**3 692**	**-**	**4 000**	**82 828**	**344 606**	**21 381**	**93 197**	**3 326**	**2 000**	**2 000**	**2 000**	**-**	**6 595**	**-**	**591 462**	**20 224**	**7 553**	**240 841**	**19 370**	**1 446 075**

Key	Grant Name	Key	Grant Name
3.1	Greenest Municipality Competition	11.3	Operational support for Thusong Service Centres
4.1	Joint Project Funding	11.4	IDP Support
6.1	Upgrading of airports	11.5	Community Development Projects
6.2	Development of airports	11.6	District Growth Development Summit
7.1	Subsidy: Municipal Clinics	14.1	Property Rates
8.1	CRU Programme	15.1	Community Library Services grant
8.2	Municipal Rates and Taxes	15.2	Museum subsidies
8.3	Maintenance of R293 Hostels & EEDBS	15.3	Provincialisation of libraries
8.4	Transfer of R293 staff	16.1	Infrastructure
11.1	Development Planning Shared Services		
11.2	Community Participation in IDPs (LAPs)		

Table 1.G(iii): Details of transfers to local government: 2014/15

Municipality	Vote 3	Vote 4	Vote 6		Vote 7	Vote 8				Vote 11						Vote 14	Vote 15			Vote 16	Total
R thousand	3.1	4.1	6.1	6.2	7.1	8.1	8.2	8.3	8.4	11.1	11.2	11.3	11.4	11.5	11.6	14.1	15.1	15.2	15.3	16.1	
eThekwini	**-**	**-**	**-**	**-**	**76 703**	**212 000**	**14 967**	**85 000**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**397 840**	**12 000**	**5 133**	**162 419**	**-**	**966 062**
Ugu Municipalities	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**210**	**300**	**-**	**100**	**4 500**	**-**	**16 574**	**1 179**	**302**	**13 526**	**-**	**36 691**
Vulamehlo	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	2 089	90	-	542	-	2 721
Umdoni	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	3 000	318	-	4 342	-	7 660
Umzumbe	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	3 104	90	-	542	-	3 736
uMuziwabantu	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	1 131	116	-	542	-	1 789
Ezinqoleni	-	-	-	-	-	-	-	-	-	-	300	-	100	-	-	750	111	-	542	-	1 803
Hibiscus Coast	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	6 500	454	302	7 016	-	14 272
Ugu DM	-	-	-	-	-	-	-	-	-	210	-	-	-	4 500	-	-	-	-	-	-	4 710
uMgungundlovu Municipalities	**-**	**-**	**-**	**4 300**	**-**	**14 104**	**6 414**	**5 000**	**-**	**210**	**300**	**500**	**-**	**-**	**-**	**57 208**	**1 684**	**664**	**27 577**	**-**	**117 961**
uMshwathi	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	1 521	-	-	1 005	-	2 526
uMngeni	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	3 581	228	151	3 126	-	7 086
Mpofana	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	2 571	-	151	744	-	3 466
Impendle	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	1 000	101	-	542	-	1 643
Msunduzi	-	-	-	4 300	-	14 104	6 414	5 000	-	-	-	-	-	-	-	47 841	1 143	362	21 076	-	100 240
Mkhambathini	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	429	116	-	391	-	936
Richmond	-	-	-	-	-	-	-	-	-	-	300	500	-	-	-	265	96	-	693	-	1 854
uMgungundlovu DM	-	-	-	-	-	-	-	-	-	210	-	-	-	-	-	-	-	-	-	-	210
Uthukela Municipalities	**-**	**-**	**-**	**-**	**-**	**15 000**	**-**	**-**	**-**	**210**	**-**	**500**	**200**	**5 400**	**-**	**31 019**	**582**	**453**	**8 089**	**-**	**61 453**
Emnambithi/Ladysmith	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	13 421	132	151	3 367	-	17 071
Indaka	-	-	-	-	-	-	-	-	-	-	-	-	200	-	-	677	101	-	1 017	-	1 995
Umtshezi	-	-	-	-	-	15 000	-	-	-	-	-	-	-	-	-	11 500	116	151	1 981	-	28 748
Okhahlamba	-	-	-	-	-	-	-	-	-	-	-	500	-	-	-	2 500	122	151	705	-	3 978
Imbabazane	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	2 921	111	-	1 019	-	4 051
Uthukela DM	-	-	-	-	-	-	-	-	-	210	-	-	-	5 400	-	-	-	-	-	-	5 610
Umzinyathi Municipalities	**-**	**-**	**-**	**-**	**-**	**15 000**	**-**	**4 000**	**-**	**210**	**300**	**-**	**-**	**-**	**-**	**21 923**	**714**	**513**	**5 202**	**-**	**47 862**
Endumeni	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	7 902	222	362	2 732	-	11 218
Nqutu	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	9 521	254	-	1 084	-	10 859
Msinga	-	-	-	-	-	-	-	-	-	-	300	-	-	-	-	2 000	127	-	542	-	2 969
Umvoti	-	-	-	-	-	15 000	-	4 000	-	-	-	-	-	-	-	2 500	111	151	844	-	22 606
Umzinyathi DM	-	-	-	-	-	-	-	-	-	210	-	-	-	-	-	-	-	-	-	-	210
Amajuba Municipalities	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**7 349**	**-**	**210**	**300**	**-**	**200**	**-**	**-**	**10 150**	**540**	**302**	**5 721**	**-**	**24 772**
Newcastle	-	-	-	-	-	-	-	7 349	-	-	-	-	-	-	-	4 501	338	302	4 975	-	17 465
eMadlangeni	-	-	-	-	-	-	-	-	-	-	-	-	200	-	-	3 521	101	-	392	-	4 214
Dannhauser	-	-	-	-	-	-	-	-	-	-	300	-	-	-	-	2 128	101	-	354	-	2 883
Amajuba DM	-	-	-	-	-	-	-	-	-	210	-	-	-	-	-	-	-	-	-	-	210
Zululand Municipalities	**-**	**-**	**-**	**-**	**-**	**15 000**	**-**	**-**	**-**	**210**	**300**	**500**	**200**	**-**	**-**	**21 987**	**677**	**151**	**5 799**	**-**	**44 824**
eDumbe	-	-	-	-	-	-	-	-	-	-	300	-	-	-	-	4 852	111	-	844	-	6 107
uPhongolo	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	1 000	111	-	934	-	2 045
Abaqulusi	-	-	-	-	-	15 000	-	-	-	-	-	500	-	-	-	2 099	217	151	2 734	-	20 701
Nongoma	-	-	-	-	-	-	-	-	-	-	-	-	200	-	-	1 500	111	-	542	-	2 353
Ulundi	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	12 536	127	-	745	-	13 408
Zululand DM	-	-	-	-	-	-	-	-	-	210	-	-	-	-	-	-	-	-	-	-	210
Umkhanyakude Municipalities	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**210**	**300**	**-**	**200**	**-**	**-**	**9 923**	**566**	**-**	**6 256**	**-**	**17 455**
Umhlabuyalingana	-	-	-	-	-	-	-	-	-	-	300	-	200	-	-	3 630	101	-	1 416	-	5 647
Jozini	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	1 561	116	-	1 030	-	2 707
The Big 5 False Bay	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	1 611	-	-	665	-	2 276
Hlabisa	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	1 035	116	-	808	-	1 959
Mtubatuba	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	2 086	233	-	2 337	-	4 656
Umkhanyakude DM	-	-	-	-	-	-	-	-	-	210	-	-	-	-	-	-	-	-	-	-	210

Table 1.G(iii): Details of transfers to local government: 2014/15 (cont.)

Municipality	Vote 3	Vote 4	Vote 6		Vote 7	Vote 8				Vote 11						Vote 14	Vote 15			Vote 16	Total
R thousand	3.1	4.1	6.1	6.2	7.1	8.1	8.2	8.3	8.4	11.1	11.2	11.3	11.4	11.5	11.6	14.1	15.1	15.2	15.3	16.1	
uThungulu Municipalities	**-**	**1 985**	**-**	**-**	**10 266**	**15 000**	**-**	**-**	**-**	**210**	**300**	**-**	**-**	**-**	**-**	**11 485**	**1 383**	**302**	**11 061**	**-**	**51 992**
Umfolozi	-	-	-	-	-	-	-	-	-	-	300	-	-	-	-	3 049	-	-	392	-	3 741
uMhlathuze	-	-	-	-	10 266	15 000	-	-	-	-	-	-	-	-	-	6 541	681	151	6 167	-	38 806
Ntambanana	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	538	96	-	542	-	1 176
uMlalazi	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	575	238	151	2 876	-	3 840
Mthonjaneni	-	1 985	-	-	-	-	-	-	-	-	-	-	-	-	-	567	137	-	542	-	3 231
Nkandla	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	215	231	-	542	-	988
uThungulu DM	-	-	-	-	-	-	-	-	-	210	-	-	-	-	-	-	-	-	-	-	210
Ilembe Municipalities	**-**	**1 892**	**-**	**-**	**-**	**30 000**	**-**	**-**	**-**	**210**	**600**	**500**	**-**	**5 600**	**-**	**31 334**	**449**	**151**	**5 006**	**-**	**75 742**
Mandeni	-	1 892	-	-	-	-	-	-	-	-	-	-	-	-	-	3 526	111	-	1 084	-	6 613
KwaDukuza	-	-	-	-	-	30 000	-	-	-	-	-	500	-	-	-	7 231	116	151	2 838	-	40 836
Ndwedwe	-	-	-	-	-	-	-	-	-	-	300	-	-	-	-	326	132	-	542	-	1 300
Maphumulo	-	-	-	-	-	-	-	-	-	-	300	-	-	-	-	20 251	90	-	542	-	21 183
Ilembe DM	-	-	-	-	-	-	-	-	-	210	-	-	-	5 600	-	-	-	-	-	-	5 810
Sisonke Municipalities	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**210**	**300**	**-**	**-**	**-**	**-**	**15 663**	**693**	**-**	**3 407**	**-**	**20 273**
Ingwe	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	350	132	-	844	-	1 326
Kwa Sani	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	700	101	-	341	-	1 142
Matatiele	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Greater Kokstad	-	-	-	-	-	-	-	-	-	-	300	-	-	-	-	7 500	217	-	1 288	-	9 305
Ubuhlebezwe	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	2 592	116	-	542	-	3 250
Umzimkulu	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	4 521	127	-	392	-	5 040
Sisonke DM	-	-	-	-	-	-	-	-	-	210	-	-	-	-	-	-	-	-	-	-	210
Unallocated/unclassified	**1 000**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**20 532**	**21 532**
Total	**1 000**	**3 877**	**-**	**4 300**	**86 969**	**316 104**	**21 381**	**101 349**	**-**	**2 100**	**3 000**	**2 000**	**900**	**15 500**	**-**	**625 106**	**20 467**	**7 971**	**254 063**	**20 532**	**1 486 619**

Key	Grant Name	Key	Grant Name
3.1	Greenest Municipality Competition	11.3	Operational support for Thusong Service Centres
4.1	Joint Project Funding	11.4	IDP Support
6.1	Upgrading of airports	11.5	Community Development Projects
6.2	Development of airports	11.6	District Growth Development Summit
7.1	Subsidy: Municipal Clinics	14.1	Property Rates
8.1	CRU Programme	15.1	Community Library Services grant
8.2	Municipal Rates and Taxes	15.2	Museum subsidies
8.3	Maintenance of R293 Hostels & EEDBS	15.3	Provincialisation of libraries
8.4	Transfer of R293 staff	16.1	Infrastructure
11.1	Development Planning Shared Services		
11.2	Community Participation in IDPs (LAPs)		

ESTIMATES

OF

PROVINCIAL REVENUE

AND

EXPENDITURE