BUDGET SPEECH
2013/14

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MEC for Finance

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INTRODUCTION

The month of March is associated with Human Rights. We observed International Women's Day on 8 March, celebrating women's economic, political and social achievements. On Friday, 15 March, we will focus on Consumer Rights. Like everywhere else in the world, KwaZulu-Natal will use the occasion to inform consumers of their rights and to expose the damage caused by poor consumer protection. Also on 15 March, International Child Finance Week will be kicking off, turning the spotlight on financial inclusion and economic citizenship for children and youth. On 21 March we reflect on human rights and dignity for all South Africans.

Today we are talking money, and we are reminded of our beloved Madiba's dream of sustainable economic freedom for all. In the former president's words, *"Money won't create success, the freedom to make it will."*

Helping us to achieve this dream are some of our stakeholders in the gallery today: representatives from financial institutions, business chambers, accounting firms, organised labour and officials of government departments. Also present today is the steering committee of the KwaZulu-Natal Financial Literacy Association. The Association works in partnership with Provincial Treasury and other government departments in its vision to reduce poverty by expanding social and economic opportunity for all citizens of KwaZulu-Natal through financial education.

A. THE BUDGET: The Delicate Art of Balancing

Today I am tabling the 2013/14 Medium Term Revenue and Expenditure Framework (MTREF) for the Province of KwaZulu-Natal.[1] More details can be found in the 2013/14 MTEF's Estimates of Provincial Revenue and Expenditure which I am also tabling as part of the budget documentation.

The budget is not just about numbers. It also expresses our values and aspirations. The trick is to curtail deficits and to encourage economic expansion. Like American businessman Jack Welch said, "You can't grow long-term if you can't eat short-term. Anybody can manage short. Anybody can manage long. Balancing those two things is what management is."

In preparing a budget, Provincial Treasury must ensure that we have enough revenue to cover expenditure, thereby providing sustainable service delivery to all our citizens.

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1 Section 28 (1) of the Public Finance Management Act (1999) requires the MEC for Finance in a province to annually table, in the Provincial Legislature, a multi-year budget projection of a) the estimated revenue expected to be raised during each financial year of the multi-year period; and b) the estimated expenditure expected to be incurred, per vote, during each year of the multi-year period, differentiating between capital and current expenditure.

While the provincial budget can be regarded as a social compact as well as a monitoring tool, it is also like a living organism: It needs to respond to changed circumstances, new priorities and emergencies. The drafting of the budget is still an act of humans, based on economic projections and predictions, and not all of these will necessarily materialise. This requires some careful calculations to be undertaken and any movements of funds that become necessary will then be formalised in the 2013/14 Adjustments Estimate.

However, we have to ensure that the numbers contained in our budget reflect government's priorities, both nationally and provincially. Departments and public entities have to demonstrate that their budgets are informed by the National Development Plan (NDP), as well as provincial priorities which are encapsulated in the Provincial Growth and Development Plan (PGDP) and the Provincial Growth and Development Strategy (PGDS) – both aligned to the NDP. Our budget must progressively realise our goals, namely:

1. Job Creation
2. Human Resource Development
3. Human and Community Development
4. Environmental Sustainability
5. Strategic Infrastructure
6. Good Governance and Policy
7. Spatial Equity

B. BALANCING KZN'S MONEY NEEDS

The budget process is a very participative process, with departments given the opportunity a few times throughout the year to interact with Provincial Treasury and to raise budget shortfalls with regards to expansion plans or new projects or programmes. These funding requests are formalised every year during the Medium Term Expenditure Committee (MTEC) process in August where departments formally submit their funding requests and baseline reprioritisations to Provincial Treasury. As part of this process, Provincial Treasury requires proof that the respective MECs concur with the funding requests, and that these have been tabled with the relevant Portfolio Committees – to ensure that there is political support for funding requests and reprioritised budgets.

B.1 Public Consultation

Job creation tops the list of demands of thousands of people who were consulted regarding the national and provincial budgets. In this regard Provincial Treasury engaged with business and communities during post-budget business breakfast meetings and mass community meetings in Durban North, Umlazi, Ezinqoleni, Newcastle and Utrecht last year, as well as during the pre-budget roadshows for the 2013/14 MTEF in Mthonjaneni (Melmoth), Dundee, Winterton and Bergville.

B.2 Economic Scenario

B.2.1 International

The Chinese proverb that *"Not only can water float a craft, it can sink it also,"* is very relevant when looking at the factors not controlled by government. Every budget needs to be located within the prevailing macro-economic context, both globally and domestically, which can be summarised as follows:

- The economic outlook for the G7 countries looks more encouraging, but there are unresolved fiscal issues in Europe (our major trading partner) and the US.
- Emerging markets present a mixed economic growth picture, with China projecting 8% growth in Gross Domestic Product (GDP) in 2013, Africa 5.7%, India 4.9% and Brazil 1.4%.
- South Africa's economy has been negatively affected by stoppages in mining and manufacturing, while electricity shortages continue to affect production – mining output fell by 12% in the third quarter of 2012.
- The demand for South African goods remains strong but production remains constrained.
- There is a rising current account deficit risk as our exports remain sluggish and imports continue to grow.
- Investment growth by government is expected to accelerate in the years ahead, but private sector investments remain subdued due to lack of confidence.
- International food and oil prices and the weaker Rand should keep inflation at current level if the status quo remains.

Global economic growth remained subdued in 2012. However, the global growth trajectory for 2013 and 2014 seems promising. The IMF projects gradual recovery of 3.5% and 4.1%, respectively, bolstered by:

- Growth acceleration in emerging economies.
- Improved fiscal and financial conditions in the EU.
- Gradual demand up-swing from China and the US.

Despite this optimism, down-side risks to global growth in 2013 remain significant due to:

- Risk of prolonged stagnation in the euro area.
- Risk of excessive fiscal consolidation in the US in the short-term.
- Constant economic and financial weaknesses in advanced economies.
- Increases in oil prices.

B.2.2 National

South Africa's GDP growth reached 2.5% in 2012 and is expected to grow at 2.7% in 2013, rising to 3.8% in 2015. This growth rate is well below the 5–7% needed to meet the employment target of 5 million employment opportunities by 2020. This subdued growth rate is attributed, but not limited to:

- Constrained consumer spending.
- Persistent high unemployment.
- Increasing budget deficit, and debt stock.[2]
- Decline in government revenue.
- Low capital inflows into South Africa.
- Uncertainties in the mining sector.

One of the impacts of a slow GDP growth rate is reduced State revenue. According to recent forecasts, **South Africa's revenue collection will fall short of budget by R16.3 billion in 2013. This means there will be less money available for government spending agencies in 2013/14 and beyond**.

B.2.3 KwaZulu-Natal

The slowdown in the national economy invariably affects the performance of the provincial economy. The KZN Barometer, as compiled by Mike Schüssler, declined by 3.1% year-on-year by December 2012 as a result of dramatic declines in mining and agriculture sector performance. In fact, the mining index fell by 9.9% year-on-year, the biggest drop in nearly 10 years. The agriculture index fell by 9.3%. Only manufacturing performed better, registering an increase of 2% year-on-year and 2.1% quarter-on-quarter.

KwaZulu-Natal's 2013 GDP of 2.95% is marginally better than the national GDP of 2.55%. This is primarily because of the performance of the tertiary sector, which includes government spending.

Unemployment in KZN increased by 37 000 in the fourth quarter of 2012 and discouraged work-seekers increased by 19 000 to 589 000. This has increased the unemployment rate to 22.5% in the fourth quarter compared to 21.3% in the third quarter of 2012.

Despite this, Finance Minister Pravin Gordhan reminded us of our substantial strengths on which to build: **a well-established legal system, secure property rights, an effective tax system, world-class higher education institutions and science councils, established energy, transport, water and communications infrastructure networks, expertise and capacity in many areas (mining, construction, retail, finance, logistics and manufactured exports); and a sound macroeconomic and fiscal framework.**

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2 Debt grows from R400 billion to R1 trillion between 2008/09 and 2014/15, that is, from 25% of GDP to about 40%.

However, we were also advised to tackle our weaknesses aggressively, as emphasised in the NDP:

- The need to professionalise the public service and strengthen accountability.
- The need for improved management and enforcement systems to fight corruption.
- Reinforcement of the education accountability chain, with lines of responsibility from state to classroom.
- Improved planning and management of strategic infrastructure projects.
- The need to lower the cost of living for households, and to reduce the cost of doing business for small and emerging enterprises.
- Uniting South Africans around a common vision to reduce poverty and inequality and raise employment and investment.

C. FISCAL POLICY CONSIDERATIONS AND IMPLICATIONS FOR KWAZULU-NATAL

"A ship in harbour is safe – but that is not what ships are for." [3]

As this House is aware, KwaZulu-Natal has come through stormy waters when it comes to our provincial spending patterns, with 2009/10 being the deepest trough. I am pleased to announce today that our provincial bank account has remained with a healthy positive bank balance since May 2010. Further, while our 2012/13 mid-year projections indicated that the Province would over-spend by some R1.598 billion, this has been managed downward through good fiscal discipline and team work to a projected marginal under-expenditure of R13.907 million as at the end of January 2013.

Over the years, public spending has risen quite substantially in an attempt to boost economic growth through counter-cyclical investment in times of lacklustre economic performance. This growth was facilitated mainly by robust revenue performance. However, in 2009/10, revenue fell short of budget and the country had to borrow to finance the shortfall. The deficit is estimated to be 5.2% of GDP in 2012/13. The growth outlook for the next three years has weakened, and government's net debt is now expected to stabilise marginally higher than 40% of GDP. **The only way of arresting the debt accumulation is moderating public spending and channelling resources towards reducing debt. To this end, there has been a reduction of allocations to spending agencies (including provinces) in the 2013/14 MTEF**.

The 2013 budget is therefore tabled in the context of a constrained domestic economic environment and an uncertain global economic outlook, resulting in serious budget cuts. KwaZulu-Natal has been dealt a "double whammy": It has had its equitable share allocation reduced as a result of updates in the equitable share formula with the latest Census data of 2011, in addition to the 1%, 2% and 3% budget cuts that will be explained below.

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3 American scholar Johan A Shedd.

However, prudent fiscal management has certainly cushioned the KwaZulu-Natal government against some of these shocks. In fact, our healthy cash flow situation and bank balance have even assisted us to finance some once-off projects (as announced in the Adjustments budget).

Provincial Priorities

In the 2013/14 MTEF, nearly all new spending must be funded through reprioritisation of funds by departments and the identification of savings. To ensure sustainability and promotion of growth, we have to shift the composition of spending in favour of greater investment in infrastructure and away from consumption spending. Furthermore, we have taken great care to cut down on wasteful expenditure, but to retain spending on service delivery.

D. FINANCING THE 2013/14 MTEF BUDGET

D.1 Allocation of Additional Funding from Our Own Funds

The Province is able to allocate additional funds to departments as a result of Own Revenue collected by departments, as well as using the provincial cash resources which remain available from the 2011/12 positive net financial position and the 2012/13 budgeted surplus. The House will recall that we allocated some of these resources to departments and public entities in the 2012/13 Adjustments Estimate, with an indication that some of these receive carry-through funding over the MTEF. These additions to departments' baselines are discussed here:

- The **Office of the Premier** receives an **additional allocation of R17.420 million in 2013/14 only**. This is for the following:
  - **Zimele Developing Community Self-Reliance receives R7.555 million:** Zimele has led social development and women's empowerment projects in KZN since 2007. Approximately 1 200 women are now involved in the self-sufficiency project and have collectively accumulated savings of more than R350 000. These new business owners invest their funds back into their businesses and communities while also supporting new business and local social development programmes. The aim of these funds is to empower women in rural areas to develop their communities and achieve self-sufficiency by owning and operating small businesses.
  - **Roll-over of R4.865 million for the 150-year commemoration of the arrival of Indian indentured labourers:** These funds are to build a monument in the eThekwini Metro to commemorate the arrival.
  - **African Renaissance receives R5 million:** The aim of this continues to be social cohesion, democracy, economic inclusion and growth, and the establishment of Africa as a significant player in geo-political affairs.

- **Provincial Legislature receives an additional R34.855 million in 2014/15 only.** These funds are made up of R7 million towards observing and monitoring the 2014 general elections, and R27.855 million to provide for a special allowance to Members whose tenure of office may be affected by the elections.

- **Agriculture, Environmental Affairs and Rural Development receives R39.003 million in 2013/14 only** for the following:

  - **Ezemvelo KZN Wildlife receives R19.003 million in 2013/14 for the fight against rhino poaching in KZN.** This is the balance of the R47.140 million allocated to them in the Adjustments Budget.

  - **The development of the Makhathini flats initiative receives R20 million** for various projects, such as the construction of drainage canals, infield sub-surface drainage, rehabilitation of the main canal and formalising stock watering points and regravelling of infield roads, among others.

- **Education** receives:

  - Funds held in reserve for allocation to the Department to be allocated if its internal cost containment plan bears fruit. As the Department's projected over-expenditure has vastly reduced in 2012/13, these funds are now allocated to the Department amounting to **R172.307 million in 2013/14, R218.976 million in 2014/15 and R321.842 million in 2015/16, as was promised by Provincial Treasury**.

  - The co-operation between the Departments of Education and Transport in terms of **Learner Transport** has had a beneficial effect on delivery of service to our children. Part of this function was only transferred from Education to Transport in 2012/13, and the allocation over the MTEF is therefore now moved to Transport. Functions that were transferred to Transport include route planning and management of operators, while Education retains functions such as planning and verification of learner numbers.

- **Provincial Treasury** receives funds for various transversal projects, with R97.677 million allocated in 2013/14 and R12 million in 2014/15:

  - **Feasibility study of the government office park** (R9 million). This study aims to gauge the feasibility of building a government office park which will house all departments' head offices.

  - **Operation Clean Audit** (R10 million for Financial Management and R10 million for Internal Audit), to improve departments' financial management and audit outcomes.

  - **Provincial E-Procurement tool** (R8 million). This is a customised system which will assist departments to electronically find and assess service providers' quotes and bids.

  - **SCM contract management** (R10 million). This project deals with the management of all contracts entered into by departments and municipalities.

  - **Infrastructure Crack Team** (R10 million). This funding allows the Crack Team to assist more departments and municipalities to enhance infrastructure delivery.

  - **Forensic investigations** (R8 million) for forensic investigations in departments and municipalities when the need arises as part of fighting fraud and corruption.

- **Shayamoya eco-complex, cultural village and community park** (R13.677 million). This is a cultural complex and community park in Kokstad, which aims to make East Griqualand a more attractive tourist destination. An MOU between the Greater Kokstad Municipality and Provincial Treasury has been signed and a project steering committee will manage the implementation of the projects. Funds will only be transferred to the Municipality after delivery has been certified.

- **Aero Grand Prix** (R8 million). This event will take place in Durban and will include, among other events, shows by five international and 15 national extreme aerobatic pilots, air races, etc.

- **Thuthuka Bursary Fund** (R4 million per annum). This fund will annually fund 100 students to study at selected SAICA-accredited universities with a view to increase the pool of Chartered Accountants in the Province.

- **Development of a light industrial park at Bhongweni** (R7 million in 2013/14 and R8 million in 2014/15). This project will establish the infrastructure and institutional arrangements for a light industrial park that will be operated as a small business incubator to attract, train, mentor and assist the development of skilled artisans.

• The **Department of Co-operative Governance and Traditional Affairs receives R2.400 million per year over the 2013/14 MTEF for the uMsekeli Municipal Support Services pensioners' medical aid obligation.** These medical aid contributions were previously paid by the Umsekeli public entity, and are now paid by the Department.

• **Arts and Culture** receives an **additional R32.696 million in 2013/14 only**:

- R31.696 million is allocated for **radio frequency identification equipment for library books for allocation in 2013/14**. This will enable the Department to accurately and efficiently manage and control the books in its regional depots and public libraries throughout the Province.

- R1 million was received by the Department in 2012/13 from the uMgungundlovu District Municipality in respect of **various arts and culture projects** to be held within the District. These funds are now allocated back to the Department for spending in 2013/14 (the funds were paid into the provincial bank account by uMgungundlovu in 2012/13 – but can only be spent by the Department on behalf of the District after being appropriated).

• **Health** receives R50.580 million in 2013/14 only for the **upgrading and refurbishment of the regional laundry in Dundee**.

D.2 Specific National Priorities: NEW MONEY FROM NATIONAL TREASURY

Table 1: New money received – 2013/14 MTEF

	2013/14	2014/15	2015/16
1. **NEW MONEY**			
2. Carry-through of 2012 wage agreement	1,410,774	1,728,367	2,455,905
3. Education			
Grade R teachers	-	-	170,455
Increased no. of teachers (quintile 1 schools)	-	-	215,518
4. Health			
TB – GeneXpert	6,517	17,213	48,622
5. Social Development			
Absorption of social work graduates	26,070	65,645	109,303
Support to the NGO sector	21,725	43,032	63,921
6. **Total New Money**	**1,465,086**	**1,854,257**	**3,063,724**

Reflected in **Table 1**, are additions to KZN's allocation over the 2013/14 MTEF for various national policy priorities. However, these funds are intended to be used for *particular* policy priorities discussed below and not as general funds to compensate for the change in equitable share allocations. Although they have the effect of **off-setting the reduction**, this is not their purpose and they are therefore reflected against policy priorities in provincial budgets.

- **Line 2: Carry-through cost of 2012 wage agreement** (Education and Health, totalling R5.595 billion over the MTEF.
- **Line 3: Funding of R170.455 million is added to Education in 2015/16 to increase the number of Grade R teachers**. The Education sector has a target of universal provision of Grade R by 2014, and by 2011 the average enrolment in public ordinary schools across the country was around 70%. *Please note that this funding is only available in the 2015/16 financial year.*
- **Line 3: Education also receives R215.518 million in 2015/16 to increase the number of teachers in Quintile 1 schools.** While the average learner: teacher ratio at public ordinary schools is just over 30:1, this ratio does not reflect the actual class size in poorer schools which cannot afford to fund additional governing body posts. *Additional funding is therefore allocated in 2015/16 only to enable poorer schools to increase their number of teachers.*
- **Line 4:** Health receives R6.517 million, R17.213 million and R48.622 million over the 2013/14 MTEF for **improved diagnostic tests for TB (GeneXpert)**.
- **Line 5:** Social Development receives R26.070 million, R65.645 million and R109.303 million over the MTEF for the **absorption of social work graduates**. From 2012/13, provincial Departments of Social Development have been under pressure to absorb an increased number of social work graduates funded through the social work scholarship programme run by the national Department of Social Development. The provincial departments' personnel budgets have not grown sufficiently to accommodate the number of social work graduates that need to be employed. A policy decision was taken that social work graduates from the scholarship programme could also be employed within the Non-Governmental Organisation (NGO) sector, but still funded by provincial departments. Funds are therefore made available over the MTEF to enable the provincial departments to fund the employment of more graduates in provinces.

- **Line 5: Support to the NGO sector under Social Development receives R21.725 million, R43.032 million and R63.921 million over the MTEF.** The NGO sector is currently experiencing financial challenges with some closing down, retrenching staff and scaling down services. This is having a negative impact on the delivery of social welfare services. It is important that provincial Departments of Social Development play a much bigger role in supporting NGOs in terms of reporting, governance, administration and financial management, which are often the reasons for non-transfer of funds to NGOs by departments.
- **Line 6:** This line indicates the total new money received by KwaZulu-Natal, with this amounting to R1.465 billion in 2013/14, R1.854 billion in 2014/15 and R3.064 billion in 2015/16, giving us a total over the MTEF of R6.383 billion.

E. REDUCED INCOME

The 2013/14 MTEF budget is certainly one of the most difficult ones the province has had to contend with. While there were some welcome additions to our baseline, these are largely earmarked for specific national priorities.

Table 2 below shows the impact of the 2011 Census data and the 1%, 2% and 3% equitable share reductions on KwaZulu-Natal:

Table 2: Equitable share allocation cuts – 2013/14 MTEF

	2013/14	2014/15	2015/16
1. Census data cuts	(1,123,908)	(2,387,435)	(3,260,935)
2. Provision to buffer the impact of the 2011 Census	289,915	656,600	1,224,143
3. KZN's baseline reductions after buffer	**(833,993)**	**(1,730,835)**	**(2,036,792)**
4. 1%, 2% and 3% cuts	(170,703)	(358,424)	(554,928)
5. Total equitable share reductions	**(1,004,696)**	**(2,089,259)**	**(2,591,720)**

- **Line 1** shows the Census data cuts, totalling **R6.772 billion** over the MTEF. The 2011 Census data has had implications for the equitable shares[4] allocated per province. Some provinces (such as Gauteng and Western Cape) receive additional resources as a result of increased service delivery responsibilities resulting from increased population numbers. Others (such as KZN and Eastern Cape) receive **reduced allocations as a result of the reduction in population numbers**.

4 The Equitable Share formula takes into account a number of variables, of which population numbers is but one component, i.e. 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.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. Basic share – derived from each province's share of the total population of the country. Institutional component – divided equally among the provinces. Poverty component – used to reinforce the redistributive bias of the formula. Economic activity component – based on the final Gross Domestic Product by Region (province) data.

- **Line 2 indicates the allocations by National Treasury to buffer the impact of the 2011 Census.** To enable provinces with reduced populations to adjust to smaller budgets, some additional funding has been provided to cushion the impact of phasing in the new Census data. **This will only provide relief in the 2013/14 MTEF, and from 2016/17 the equitable share will be allocated solely through the formula with no additions to support provinces with declining populations. This means that provinces must use the three years to adjust to their new baselines.**

- **Line 3 shows KwaZulu-Natal's total cuts after the buffer, i.e. R4.602 billion over the MTEF.**

- **Line 4 shows the further R1.084 billion that KwaZulu-Natal has lost over the MTEF as a result of the 1%, 2% and 3% cuts** which National Treasury has implemented across all three spheres of government on 20% of the equitable share allocations.

- **Line 5 reflects the total equitable share cuts for KwaZulu-Natal, of R5.686 billion over the MTEF, after taking into account the three-year buffer funding provided.**

Taking these changes to the baseline into account, KwaZulu-Natal's fiscal framework is shown below:

Table 3: Summary of provincial fiscal framework

R thousand	2013/14	2014/15	2015/16
1. Receipts			
Baseline Allocation	**90,644,559**	**96,957,731**	**100,647,966**
Transfer receipts from national	88,144,931	94,286,335	97,853,686
Equitable share	*72,579,341*	*77,551,103*	*81,118,454*
Conditional grants	*15,565,590*	*16,735,232*	*16,735,232*
Provincial own receipts	2,499,628	2,671,396	2,794,280
Increase / (Decrease) in allocation	**(49,425)**	**(2,566,768)**	**(100,419)**
Transfer receipts from national	(54,912)	(2,515,190)	(83,871)
Equitable share	*930,631*	*261,764*	*991,621*
Conditional grants	*(985,543)*	*(2,776,954)*	*(1,075,492)*
Provincial own receipts	5,487	(51,578)	(16,548)
Revised allocation	**90,595,134**	**94,390,963**	**100,547,547**
Transfer receipts from national	88,090,019	91,771,145	97,769,815
Equitable share (after update of formula data & new money)	*73,509,972*	*77,812,867*	*82,110,075*
Conditional grants	*14,580,047*	*13,958,278*	*15,659,740*
Provincial own receipts	2,505,115	2,619,818	2,777,732
2. Planned spending by departments	**89,792,204**	**93,458,978**	**99,578,731**
3. Budgeted surplus	**802,930**	**931,985**	**968,816**
4. Provincial cash resources	**239,776**	**54,255**	**7,400**
5. Budgeted surplus	**1,042,706**	**986,240**	**976,216**

Our **total** budget allocation from National Treasury over the 2013/14 MTEF is therefore R88.090 billion, R91.771 billion in 2014/15 and R97.770 billion in 2015/16, giving us a total of R277.631 billion over the three-year period.When we add our Provincial own receipts the allocation comes to R90.595 billion in 2013/14, R94.391 billion in 2014/15 and R100.547 billion in 2015/16, giving us a total of R285.534 billion over the MTEF.

Line 2: Our planned spending by departments over the 2013/14 MTEF is R89.792 billion, R93.459 billion in 2014/15 and R99.579 billion in 2015/16, giving us a total of R282.830 billion over the three-year period.

Line 5: Finally, in line with National Treasury practice, we continue to budget for a **Contingency Reserve Fund with this kept at some R1 billion per year over the MTEF**. The budgeted surplus protects the Province against any unforeseen eventualities. Any unutilised surplus will be reallocated to departments.

E.1 Conditional Grants

Various **conditional grants** have received additional allocations while others have been reduced. National Treasury advised that savings were made on several conditional grants to provinces as part of the exercise to identify funds that could be reprioritised towards government priorities. Also, in view of the constrained economic outlook, some of the grants are reduced to effect lower government spending. While some reductions are effected against the conditional grant allocation of provinces, there are also some increases being made. **KZN's conditional grant allocation reduces by R985.543 million in 2013/14, R2.777 billion in 2014/15 and R1.075 billion in 2015/16**. The most significant changes are discussed here:

- **The Devolution of Property Rate Funds grant** is being phased into KZN's equitable share from 2013/14 onward. Therefore, while this has contributed to the reduction in the conditional grant allocation, the equitable share of KZN **increases** by these amounts (i.e. R470.240 million, R496.766 million and R519.617 million over the MTEF).

- **The Education Infrastructure grant decreases by R19.588 million in 2013/14 and *increases* by R58.151 million in 2014/15 and R637.874 million in 2015/16 to improve the delivery of school infrastructure in provinces.** R15.886 million within this grant is earmarked in 2013/14 for repairs to flood damaged schools.

- **The FET College Sector grant is reduced by R613.038 million, R644.645 million and R622.424 million over the MTEF** to give effect to the decision to convert a portion of the grant transferred to colleges into a subsidy which will now flow directly from the national Department of Higher Education and Training (DHET).

- **The Health Infrastructure, Hospital Revitalisation and Nursing Colleges and Nursing Schools grants have been combined into one grant, namely the Health Facility Revitalisation grant.** The combination gives greater flexibility to the Department to shift funds between the three grant components, with the approval of National Treasury, so the Department can avoid under- or over-spending in any one area of health infrastructure. This grant is cut marginally across the MTEF in National Treasury's bid to realise savings in the public sector.

- **The National Health Insurance grant is cut by R67.300 million, R96 million and R95.207 million over the MTEF.** These funds have been centralised under the national Department of Health as an indirect grant to provinces to support the national health insurance scheme pilots in provinces.

- **The Human Settlements Development grant *increases* by R86.692 million in 2013/14 and then decreases significantly by R1.620 billion in 2014/15 and R1.630 billion in 2015/16.** The 2011 Census data has shown large shifts in the need for housing toward larger urban areas. The current formula for this grant does not sufficiently respond to these shifts, which therefore necessitates a review of the formula. The full amount of this grant is allocated to the Province in 2013/14, and only half the allocations are allocated to provinces in 2014/15 and 2015/16 (the balance of the two outer years remains unallocated in the interim at National Treasury). Of this amount, KZN may receive some funding back once the formula has been finalised. Also, of this grant, R878.400 million, R468.800 million and R514.557 million is earmarked for allocation to eThekwini. A further R51.720 million in 2013/14 is earmarked for repairs relating to disasters.

- **The Provincial Roads Maintenance grant increases by R162.269 million in 2013/14, rising to R577.017 million in 2015/16.** Therefore an additional R899.956 million is allocated to KZN over the MTEF, with the grant total amounting to **R2.168 billion** in 2015/16, after these additions. A new allocation formula was developed for this grant for implementation from 2013/14 onward, which results in significant reductions to the allocations of four provinces (Eastern Cape, Gauteng, Limpopo and North West). **Increased allocations through the new formula were allocated to the Free State, Northern Cape and KwaZulu-Natal.**

Besides these changes in the conditional grant allocations, National Treasury advised that they are making reforms to the **Education Infrastructure grant** and the **Health Facility Revitalisation grant**. These will now have incentives to complement capacity support and to promote good Infrastructure Delivery Management System (IDMS) practices, addressing infrastructure planning and procurement failures in the delivery of infrastructure. From 2015/16, provinces will only be eligible to receive allocations for the Health Facility Revitalisation and Education Infrastructure grants if they have complied with qualification criteria that require them to meet certain planning criteria. Provinces will be required to bid for their infrastructure grant allocations two years in advance (i.e. **during 2013/14, provinces will bid for their 2015/16 allocation**). There are a set of prerequisites for bidding and criteria will be used to evaluate bids. Unsuccessful bids will not be funded and those allocations will be pooled in an unallocated fund, which provinces with successful bids can apply for. Provinces will only be entitled to bid for funds if they have the following in place:

- An agreed framework that outlines the roles and responsibilities within a provincial IDMS which has been adopted and signed-off by the provincial Cabinet.

- Long-term infrastructure plans (i.e. User Asset Management Plans) for each sector aligning a department’s strategic objectives and infrastructure needs.

- Appropriate monitoring systems and contract management systems that enable filing, record keeping and tracking project expenditure.

E.2 Equitable Share Reductions per Department

There is no doubt that the baseline cuts brought about by the 2011 Census data and the 1%, 2% and 3% baseline cuts are significant and required KZN to review all existing baselines to accommodate these reductions. Also, as mentioned, the buffer funding provided to KwaZulu-Natal falls away after 2015/16, meaning that the Province has to provide long-term solutions.

Table 4 below indicates the baseline cuts per Department, proportionately taken from departments' equitable share allocations. These cuts are effected after taking into account the buffer funding received from National Treasury.

Table 4: Proportional baseline cuts against all provincial departments

R thousand	2013/14 baseline reduction	2014/15 baseline reduction	2015/16 baseline reduction
1. Office of the Premier	(8,320)	(17,368)	(21,544)
2. Provincial Legislature	(5,751)	(11,859)	(14,711)
3. Agric, Enviro & Rural Dev	(34,968)	(72,134)	(89,483)
4. Economic Dev. & Tourism	(25,330)	(53,003)	(65,750)
5. Education	(456,681)	(946,054)	(1,173,578)
6. Provincial Treasury	(8,097)	(16,539)	(20,517)
7. Health	(313,796)	(646,991)	(802,590)
8. Human Settlements	(4,305)	(8,877)	(11,012)
9. Community Safety & Liaison	(2,302)	(4,769)	(5,916)
10. Royal Household	(873)	(1,464)	(1,816)
11. Co-op. Gov. & Trad. Affairs	(17,171)	(35,400)	(43,913)
12. Transport	(73,380)	(165,035)	(204,725)
13. Social Development	(31,200)	(63,535)	(78,815)
14. Public Works	(10,867)	(22,202)	(27,541)
15. Arts & Culture	(7,564)	(15,597)	(19,348)
16. Sport & Recreation	(4,090)	(8,432)	(10,460)
Total	**(1,004,696)**	**(2,089,259)**	**(2,591,720)**

Only Education and Health receive funding for the carry-through costs of the 2012 wage agreement to protect them against the full impact of the baseline reductions. This is shown in **Table 5** below (this can also be seen in Table 1, against Line 2):

Table 5: Funds allocated to Education and Health – 2012 wage agreement

R thousand	2013/14 Wage allocation	2014/15 Wage allocation	2015/16 Wage allocation
5. Education	897,007	1,098,941	1,561,529
7. Health	513,767	629,426	894,376
Total amount allocated	**1,410,774**	**1,728,367**	**2,455,905**

F. PROVIDING LONG-TERM SOLUTIONS

F.1 Curtailing Wasteful Expenditure

Departments were urged, in preparing their reduced baseline budgets, not to cut any service delivery spending areas as far as possible, especially infrastructure budgets. The directive given was to focus on efficiency savings, with **an expanded set of cost-cutting measures** implemented in all departments and public entities, as listed here:

- **An immediate moratorium on the filling of non-critical posts** (posts such as HODs, CFOs, clinical staff and *essential* administrative staff may continue to be filled); and ensuring staff become more focused and streamlined in their various work processes.
- **A review of all organograms** MUST be undertaken with the view of eliminating some non-essential posts permanently.
- **A head count exercise** MUST be undertaken with a view to possible elimination of "ghost" employees.
- **Overseas trips to be rationalised** with the number of delegates being kept to a minimum.
- **Business class travel only for MECs and HODs** (and MPLs, where applicable).
- **Air travel to be limited** to essential meetings with only one representative to attend, unless otherwise required.
- **Only essential trips** to be undertaken within the Province and domestically.
- **Car hire bookings** – class of vehicle to be lowered.
- **Kilometre controls** to be implemented on travelling.
- **Officials to travel together** unless **absolutely unavoidable**.
- Where there are one-day meetings in other provinces, officials must **travel there and back on the same day** (where possible).
- **Unnecessary overnight accommodation to be cut down.**
- **Meetings to be planned carefully** and the number of meetings rationalised (saving both time and money).
- Internal meetings, strategic planning sessions and workshops to be held in **departments' offices instead of private venues**.
- **No furniture or equipment may be bought**, unless it is an essential requirement for service delivery.
- **Catering for meetings** to be stopped.
- **No bottled water** may be procured for meetings, etc. Bottled water only permissible where the water is unsafe for human consumption.

- **External meetings, workshops and events to be held in government facilities instead of private venues (exceptions to be approved by Provincial Treasury).** Use of marquees only to be considered in exceptional cases where such events could not be held in municipal halls, school halls, FET College facilities, etc.

- **Essential training to be done in-house.**

- **A cap is placed on the number of events held, and a cap is placed on the cost per event**: the number of community events is capped at a maximum of 2 per month per Department. (i.e. 24 events per Department in total per annum);with the cost per event capped as follows: **An event with 3 500 community members should not cost more than R1 million to host. Events where 1 500 to 2 000 community members attend may not cost more than R500 000 – R700 000 per event).**

- **No team building exercises or year-end/Christmas functions** (only permitted if paid for by the staff themselves).

- When printing Annual Performance Plans, Strategic Plans, Annual Reports and any other publication material, **the use of colour pages** to be minimised and **lighter weight paper and covers** to be used to reduce cost.

- **No promotional items**, such as shirts, caps, bags, etc., to be purchased (exceptions to be approved by Provincial Treasury).

- **No leave conversion payments** to be made (leave to be taken).

- **Overtime must be strictly controlled and only used when absolutely essential.**

On **Communication** the following was agreed:

- Consideration be given to **centralise a portion of the province's media communications budget** under the Office of the Premier for the following:

  - Space to be procured centrally for national advertising in specific publications.

  - Space procured in national publications to be reduced, especially for advertising of posts, by listing the posts that are vacant and directing the applicant to the respective departmental websites rather than including the full advertisement in the publication.

  - The Office of the Premier to take charge of bulk buying of all other print advertising space, as well as radio and television slots for government departments.

  - KZN to consider investing in an outside broadcast van for transversal use by departments (the mobile office in the Office of the Premier could be converted for this purpose and a technician employed).

F.2 Departmental Initiatives to Provide Long-Term Solutions

In addition to the extended cost-cutting measures, departments indicated what steps they were taking to ensure that their spending will stay on track following their reduced baselines. **Some have indicated that the organogram reviews, headcount and strict implementation of cost-cutting will ensure that they remain within their baselines; others have had to adjust programmes and projects without impacting on long-term service delivery.** This is discussed in more detail here:

- **Office of the Premier** reduces the MTEF budget in respect of youth ambassador appointments, as well as reducing the allocation to Amafa and the KwaZulu-Natal Gaming and Betting Board.

- **Agriculture, Environmental Affairs and Rural Development** indicated a proportion of their cuts is effected against Mjindi and Ezemvelo KZN Wildlife. They will also review agriculture projects and, where possible, reduce the investment amount provided to beneficiaries. This will allow the continuation of such projects, but the period of intervention may have to be extended, until the beneficiary is able to sustain the project.

- **Economic Development and Tourism** reduces the budget for the Enterprise Development Fund, all public entities under their control (except the KwaZulu-Natal Sharks Board), and by implementing certain projects over a longer period.

- **Education** – While the baseline was reduced, the Department received additional funding for the carry-through costs of the 2012 wage agreement (refer to Table 1), as well as funding from Provincial Treasury to assist with the spending pressures in *Compensation of employees*. However, this additional funding was, to some extent, offset by the baseline reductions as the Department tried to protect other priority areas such as infrastructure, from being severely affected by the reduction, thus utilising the additional funding to cushion the budget cuts. This resulted in the *Compensation of employees'* allocation not growing to the extent of the inflationary adjustments, meaning that the Department will continue to experience spending pressures on this item. We will continue to work closely with the Department in this regard.

- **Health** – The Department effected the baseline cuts mainly by reprioritising infrastructure spending (largely on new projects such as new clinics, Community Healthcare Centres (CHCs) and additions to existing hospitals) to ensure no reduction in current services provided. A review of this will be undertaken in-year in an attempt to mitigate the effect on infrastructure projects, as well as *Machinery and Equipment*. The possibility of entering into PPPs is being explored by the Department in conjunction with Provincial Treasury.

- **Transport** – The Department effected the cuts against its capital budget, but the reduction in capital expenditure will be managed by rescheduling and prioritising projects to a future date. However, the additional funding that the Department is **receiving from the Provincial Roads Maintenance grant will provide relief in the maintenance plan**.

According to the Department, the cuts will result in the marginal reduction of the following, among others:

- Kilometres of gravel roads upgraded to surfaced roads is reduced minimally by 3 kilometres in 2013/14, 7 kilometres in 2014/15 and 11 kilometres in 2015/16. These cuts will have hardly any effect on service delivery.
- Kilometres of gravel roads constructed is reduced by 15 kilometres in 2013/14, 30 kilometres in 2014/15 and 45 kilometres in 2015/16.
- Although the baseline cuts would have resulted in job losses in terms of the road maintenance and upgrade programme, the significant increase in the Provincial Road Maintenance grant results in these job losses being negated. In fact, there will therefore be a net gain in terms of number of people employed, with the department employing additional 860 people over the 2013/14 MTEF, equating to 54 180 employment days added.

- **Social Development** – The Department largely effected the baseline reduction against transfers to NPOs. However, the full impact of the baseline reduction over the MTEF has been cushioned by additional national priority funding for the absorption of social work graduates and support to NGOs (refer to Table 1).
- **Public Works** – These baseline cuts were effected against infrastructure by reducing the budget for the renovations of the head office which will continue over the MTEF, but with lower amounts allocated per annum to this project. The effect of this is that the project will be rolled out over a longer time period.
- **Arts and Culture** – The cuts were effected against the transfers to the KZN Philharmonic Orchestra, the Playhouse Company and the eThekwini Metro (construction of a mega-library). The reduction in the budgets of the KZN Philharmonic Orchestra and the Playhouse Company will seriously hamper their operations and the good development work they are doing. We will make an effort to bring relief to them in the Adjustments Estimate.
- **Sport and Recreation** – Fortunately, the Department is a significant recipient of the EPWP Incentive Grant for the Social Sector in 2013/14, resulting in their cut being offset by additional conditional grant funding received, and the impact of the baseline cut on the Department should therefore be fairly negligible.

G. INFRASTRUCTURE SPENDING

It is essential to continue increasing our infrastructure spend (see below) as infrastructure is critical to:

- Promote balanced growth and economic development.
- Unlock economic opportunities.
- Promote mineral extraction and beneficiation.
- Address socio-economic needs.
- Promote job creation.
- Help integrate human settlements and economic development.

G.1 Progress on 2012/13 Projects

I mentioned a number of provincial infrastructure projects in my Budget Speech last year. **I am pleased to announce that we delivered on our promises. Some examples:**

Airports development

- The **Prince Mangosuthu Buthelezi airport in Ulundi** has been upgraded to maintain its Category 4 airport status. This resulted in the establishment of daily flights from Pietermaritzburg to Ulundi, resulting in both cost and time savings for officials who travel to Ulundi, with the cost-saving estimated at some R1.567 million over a 10 month period from the recommissioning of the airport.
- The **Pietermaritzburg airport** has seen a significant growth in passenger numbers due to the airport upgrade, with an unprecedented number of 102 000 passengers (up from 77 832 in 2006) having used the airport in the last year. Furthermore, the airport generates R5.500 million per annum from this airport, while spending approximately the same amount to operate it, meaning that the airport is breaking even, thus reversing the previous loss-making trend. In fact, it is projecting to generate a profit of R305 000 in 2013.

Department of Transport:

- **P318 Sani Pass**, the only road link between KZN and Lesotho. Phase 1, which comprises the upgrading of 14 kilometres of gravel road to blacktop standard, has been completed.
- **The African Renaissance Roads Upgrading Programme (ARRUP)**, which encompasses the upgrading of roads to blacktop standard:
  - **Main Road P700, located between Ulundi and Empangeni**, entails the upgrading of 95 kilometres of gravel road to a blacktop surface. Approximately 44 kilometres have been completed to date, with a further 8 kilometres to be completed by the end of March 2013. The remaining 43 kilometres will be completed by 2014/15.
  - **Main Road P230, located from Empangeni to Eshowe**, entails the upgrading of 31.3 kilometres of gravel road to a blacktop surface and the construction of one underpass road. Approximately 18.2 kilometres have been completed and the balance of 13.1 kilometres will be completed over the 2013/14 MTEF.
- Operation *KuShunquthuli* (transport infrastructure development in rural areas, linking rural communities to provincial hubs of activity):
  - **Main Road P127, located from Impendle to Himeville**, entails the upgrading of 55 kilometres of gravel road to a blacktop surface, of which 22 kilometres have been completed to date.
  - **Main Road P73, located between Sipofu and Ixopo**, entails the upgrading of 75 kilometres of gravel road to blacktop standards, of which 27 kilometres have been completed to date, and a further 12 kilometres will be completed by the end of March 2013. The balance of 36 kilometres will be completed by 2014/15.

Department of Health:

- The Edendale complex: planning and design for the new regional hospital has commenced. The revitalisation of existing facilities is on-going.
- Dr John Dube Hospital: at planning and design stage.
- Dr Pixley ka Seme Hospital: Planning and design completed. Earthworks have begun with underground services (piling).
- The KZN Children's Hospital: The trust has utilised all funding transferred plus its own funding raised elsewhere; Phase 1 of 4 phases is complete. This 5-year project is still on track to be completed in 4 years.
- Madadeni Psychiatric Hospital: at planning and design stage.
- 32 new clinics: 23 in construction and 9 in planning phase.
- Community Healthcare Centres (CHCs): 6 altogether: 3 in construction and 3 in planning phase.

Department of Education:

- *Public Private Partnership (PPP) to provide school infrastructure:* The process of appointing a Transaction Advisor (TA) is at an advanced stage.
- *Special Schools Infrastructure:* The scaling up of special school infrastructure remains important in terms of granting access to education. Expenditure trends in 2012/13 showed vast improvements when compared to previous years.
- *Early Childhood Development Infrastructure:* In 2012/13, expenditure with regard to infrastructure improved, with 221 classrooms built by the end of December 2012, and a further 79 planned to be built in the last quarter of 2012/13.

G.2 Some Infrastructure Projects Planned for the 2013/14 MTEF

Over the next three years, R827 billion is planned to be spent by the national fiscus and state-owned companies to build infrastructure. **The Province is budgeting to spend R11.498 billion in 2013/14, R12.348 billion in 2014/15 and rising to R13.613 billion in 2015/16 on various infrastructure projects. This equates to R37.460 billion over the 2013/14 MTEF.**

Key infrastructure projects over the 2013/14 MTEF include:

G.2.1 Transport

The Department of Transport will spend R19.381 billion over the 2013/14 MTEF on numerous infrastructure projects, which is up from the R16.959 billion budgeted over the 2012/13 MTEF.

The key focus area of the 2013/14 MTEF is **the maintenance backlog, with a particular focus on the main corridors that will be the core stimuli of the economy. The Department is planning:**

- The construction of 13 pedestrian bridges.
- The rehabilitation of the provincial road network to improve and prolong the lifespan of the network. Some of the major projects that will be undertaken include:
  - Main Road P47 located between Eshowe and Melmoth, which comprises the rehabilitation of 50 kilometres of blacktop;
  - Main Road P1-1(M13) located between Hillcrest and Pinetown, consisting of the upgrading of 15 kilometres of blacktop;
  - Main Road P6 located between New Hanover and Greytown, which comprises the rehabilitation of 40 kilometres of blacktop;
  - Main Road P34 between Bloodriver and Vryheid, which comprises the rehabilitation of 30 kilometres of blacktop.
- The construction of public transport facilities, including public transport shelters within the Estcourt and Emondlo areas.
- The expansion of community-based labour-intensive road construction and maintenance programmes, which are aligned with the objectives of the EPWP principles. Over the 2013/14 MTEF, the Department is committed to creating over 5 439 920 days of employment, equating to 58 840 jobs created, of which 38 980 are for women and 8 200 for youth.
- The provision of learner transport services, with 203 schools and 25 725 learners benefitting from this programme.

The increase in the Provincial Roads Maintenance grant will result in the provision of:

- 50 lane-kilometres of rehabilitation of roads, 100 000 m^2 of resealing of roads, and 140 kilometres of regravelling of roads, in 2013/14 and 2014/15.
- 200 lane-kilometres of rehabilitation of roads, 300 000 m^2 of resealing of roads and 300 kilometres of regravelling of roads, in 2015/16.

G.2.2 Health

The Department of Health's infrastructure budget over the 2013/14 MTEF is R4.504 billion. On infrastructure, the focus will shift toward maintaining and upgrading existing facilities. The Department will use this allocation for various projects. Mentioned below, are a few of the department's main infrastructure projects:

- Alterations and additions to Lower Mfolozi War Memorial District Hospital in uMhlatuze: R327 million.
- Provision is also made for the commissioning of more than 20 new clinics, e.g. a new clinic (with residence) and new CHC in Jozini: R204 million; a new clinic and CHC (both with residence) in Msinga: R176 million.
- Repair and installation of plant at the Durban regional laundry: R170 million.
- The phased-in commissioning of the KZN Children's Hospital services and commissioning of the final phase of King Dinuzulu (formerly King George V) Hospital, as well as St. Chads, Turton and Gamalakhe CHCs during 2013/14.
- Provision for the take-over of municipal clinics: recruitment of additional clinical staff required to address shortages identified prior to take-over.
- The continued funding of McCord hospital will also be ensured and the Department is working closely with Provincial Treasury to arrive at the best model.
- Refurbishment and rehabilitation of Addington District Hospital in eThekwini: R168 million.
- The refurbishment of the Dundee regional laundry: R50.580 million in 2013/14.
- A new forensic mortuary in eThekwini.

G.2.3 Education

The Department of Education is budgeting to spend R9.255 billion over the 2013/14 MTEF (up from R7.559 billion over the 2012/13 MTEF), on the following projects, among others:

- Pholela Special School in the Sisonke District.
- Mvuzo Secondary School in the uMgungundlovu District.
- Malusi High School in the Ugu District.
- Sisizakele Primary School in the Umkhanyakude District.
- Westmead Secondary School in the eThekwini Metro.

H. OVERVIEW PER VOTE FOR THE 2013/14 MTEF

Table 6: Summary of provincial payments and estimates by vote

R thousand	Audited Outcome			Main Appro-priation	Adjusted Appro-priation	Revised Estimate	Medium-term Estimates		
	2009/10	2010/11	2011/12	2012/13	-	-	2013/14	2014/15	2015/16
1. Office of the Premier	429,103	423,807	485,600	594,600	687,539	687,539	620,854	639,058	665,078
2. Provincial Legislature	288,238	310,909	380,588	402,377	431,042	431,042	417,120	471,223	454,134
3. Agric., Enviro. Affairs & Rural Dev	1,970,012	2,045,856	2,475,378	2,653,834	2,854,220	2,854,220	2,862,582	2,946,839	3,067,458
4. Economic Dev. & Tourism	2,425,317	1,624,311	1,534,168	1,641,018	1,789,685	1,789,685	1,837,015	1,950,293	2,029,698
5. Education	26,230,746	28,746,616	33,799,217	34,764,633	35,497,340	35,595,458	37,008,579	39,131,499	42,147,740
6. Provincial Treasury	613,902	388,936	390,325	604,274	613,235	613,235	684,929	620,584	633,362
Operational Budget	*434,989*	*364,300*	*352,604*	*515,865*	*542,090*	*542,090*	*551,788*	*563,832*	*584,738*
Growth & Development	*178,913*	*24,636*	*37,721*	*88,409*	*71,145*	*71,145*	*133,141*	*56,752*	*48,624*
7. Health	20,349,276	20,734,986	24,791,118	26,555,350	27,290,930	27,596,404	28,647,877	30,445,724	32,258,216
8. Human Settlements	2,492,647	3,089,237	3,042,495	3,300,935	3,377,820	3,377,820	3,550,676	2,012,405	2,015,177
9. Community Safety & Liaison	125,272	129,186	145,239	161,334	161,334	153,068	172,347	180,482	187,627
10. The Royal Household	40,407	50,627	59,409	59,566	65,361	65,361	63,330	53,870	56,063
11. Co-operative Gov. & Trad. Affairs	1,023,420	1,002,589	1,106,349	1,208,003	1,316,127	1,316,127	1,247,696	1,304,973	1,358,007
12. Transport	5,164,996	5,958,923	6,639,855	7,418,873	7,643,794	7,708,535	8,066,335	8,851,007	9,561,829
13. Social Development	1,361,280	1,416,423	1,934,257	2,047,812	2,062,167	2,062,167	2,325,185	2,446,515	2,606,245
14. Public Works	796,169	1,114,209	1,182,268	1,311,171	1,352,388	1,352,388	1,261,366	1,313,705	1,369,817
15. Arts and Culture	259,157	349,369	369,752	470,392	479,857	479,857	644,964	696,646	757,299
16. Sport and Recreation	239,342	276,740	307,836	377,288	384,163	384,163	381,349	394,155	410,981
Total	63,809,284	67,662,724	78,643,854	83,571,460	86,007,002	86,467,069	89,792,204	93,458,978	99,578,731

Throughout this 2013/14 MTEF budget, departments **will focus** on **efficiency savings** in effecting the baseline cuts, so as to protect the province's service delivery spend.

H.1 The Office of the Premier

The Office of the Premier's budget allocation decreases from R687.539 million in 2012/13 to R665.078 million in 2015/16. This is an average annual decrease of 1.1% in nominal terms. This allocation caters for the following, among others:

- *Youth Ambassador Programme:* The Department will continue with this programme, which provides for household surveys and programmes against social ills faced by the youth; assistance with the implementation of other government programmes, such as awareness campaigns on HIV and AIDS, healthy lifestyle promotion, and the "One Home, One Garden", "Back to School" and "Financial Literacy" campaigns.

- *Provincial Planning Commission:* Key focus areas of the PPC will be on the implementation of the PGDP by providing support to departments in the development of their APPs and budget alignment for 2013/14; making key interventions such as the formalisation of rural settlements;

the establishment of community service centres; the completion of the provincial HRD Strategy; establishment of the KZN Maritime Cluster; and pursuing renewable energy opportunities, to mention a few.

- *International Relations:* KZN's commitment to the African Agenda includes assisting in the post-conflict reconstruction and development of African states as these can be a source of economic growth for KZN, as well as the countries concerned. It is of strategic importance that KZN forges well developed relations and links with African nations. Enormous strides have already been made in fostering business relations with India and China. In Brazil and Argentina, KZN will be pursuing trade and investment, agriculture expansion, economic development, infrastructure development and tourism and sport development. In Russia, the areas of interest will include agriculture and environmental affairs, infrastructure development, trade and investment, education and tourism.

H.2 Provincial Legislature

The budget of the Provincial Legislature increases from R431.042 million in 2012/13 to R454.134 million in 2015/16, which is an annual average growth of 1.8% in nominal terms. This allocation provides for:

- The remuneration of the Members of this House.
- Public participation events aimed at improving interaction with the citizens of KZN.
- Effective oversight over organs of state in the Province.

H.3 Agriculture, Environmental Affairs and Rural Development

The budget of the Department increases from R2.854 billion in 2012/13 to R3.067 billion in 2015/16, which is an annual average increase of 2.4% in nominal terms. The Department's budget provides for:

- *Crop Production:* Through its mechanization programme the Department will plough and plant more than 19 000ha. The Department will ensure that its current mechanisation fleet is optimally utilised, and therefore only replacement tractors and implements will be acquired. More than 4 000ha of land will be limed in 2013/14, as part of the department's liming programme.
- *Livestock Development:* This is a long-term programme, focusing on primary animal health care and provision of basic infrastructure. In 2013/14, the focus will be on the provision of water (i.e. scooping of dams), drilling and equipping of boreholes, rehabilitation and building of new diptanks, training of farmers and Livestock Associations, deworming and vaccination of animals, livestock auction sales, etc.
- *Land Reform*: The Department will provide post settlement support to new farmers on commercial farms which have been transferred to them. It is envisaged that the shift of responsibility for the Agri-business Development Agency (ADA) from Economic Development to Agriculture will be finalised in 2013/14, and this will ensure a closer relationship between the Department and the entity. This is essential to expedite the development of "land reform" farms, as well as delivering on other high impact projects identified in the Province.

- *Food Security:* The Department will implement its food security programme by establishing household and communal gardens throughout KZN. One of the main focus areas will be the distribution of seed packs, to enable all households to create food gardens.
- *Environmental Management:* The Department will focus on promoting sound environmental management practices. This will increase the number of applications for environmental authorisation finalised within legislated timeframes; improve monitoring compliance with environmental legislation and authorisations and carrying out enforcement actions where required. Using the existing Invasive Alien Species Programme, the Department will at least maintain the additional 10 000 jobs that were created in 2012/13 using EPWP principles, and ensure that the jobs created are sustainable over the medium- to long-term.
- *Transfers to Ezemvelo KZN Wildlife:* The entity directs the management of biodiversity conservation within KZN, including protected areas. This includes the development and promotion of ecotourism facilities within the protected areas, and the fight against rhino poaching.
- *Transfers to Mjindi:* The entity provides farming support to farmers in the Makhathini area. The productivity of the farmers in the area depends on the availability of services such as water, and therefore a proper functioning irrigation scheme is critical. The rehabilitation of the irrigation infrastructure will remain a major priority for Mjindi. This will enable the scheme to operate at optimal capacity and improve the quality of life for the farmers and the people of Umkhanyakude.

H.4 Economic Development and Tourism

The Department's budget allocation increases from R1.790 billion in 2012/13 to R2.030 billion in 2015/16 showing nominal growth of 4.3%. The Department must:

- Drive the economic development strategies of the Province.
- Facilitate strategies to enhance the competitiveness of priority sectors of the economy, in line with the industrial development strategy.
- Promote the development of small business and social enterprises.
- Promote and facilitate economic empowerment programmes.
- Manage the Enterprise Development and Growth Funds.
- Provide an effective and efficient consumer protection service.
- Ensure effective and prudent business regulation in the Province.

The budget also provides for transfers to various public entities under its control, namely:

- *Ithala Development Finance Corporation:* emphasis will be placed on marketing and improved product offerings to ensure that the market share increases and revenue is enhanced.
- *KwaZulu-Natal Sharks Board (KZNSB):* will continue protecting bathers against shark attacks, while at the same time conserving marine species. It will continue with research on producing a shark repellent prototype cable which can be installed at a suitable location once efficiency and human safety have been established, before embarking on full-scale production.

- *KZN Tourism Authority:* will focus on creation of new and strengthening of existing tourism trade platforms, such as packages for special interest groups, tour operators, specific events, etc. Highlights for 2013/14 include the hosting of the 2013 Tourism *Indaba* and a partnership with Emirates Holidays to embark on a joint global promotion in support of the Dubai-Durban route.
- *Agri-business Development Agency:* ADA's 2013/14 strategic goals include improving agricultural productivity and competitiveness of emerging commercial farmers, and increasing income and employment in commercial agriculture. It is envisaged that the ADA Bill will be promulgated by the Provincial Legislature in 2013/14. The transfer of the entity from Economic Development to Agriculture is pending the enactment of this Bill.
- *Dube TradePort:* The focus during 2013/14 will continue to be on managing the strategic property development of the TradeZone and Dube City, and will focus on cargo shed ramp handling facilities, additional AgriZone works and re-capitalisation of the cargo terminal.
- *Trade and Investment KZN:* The entity will continue to play a pivotal role to market KZN and attract investors and traders, in order to secure new fixed investments. The entity intends to target SADC and BRIC countries to market business development programmes and growth opportunities.
- *Richards Bay IDZ:* The entity will focus on further developments in line with the newly developed Master Plan. The entity will continue with infrastructure development; and developing a sustainability framework; and conducting value engineering studies (such as traffic impact assessments and flood-line studies), while adding to the available land that is suitable for development.

H.5 Education

The largest portion (41.2%) of the budget continues to go to Education. **The Education budget is set to increase from R35.497 billion in the 2012/13 Adjusted Appropriation to R42.148 billion in 2015/16.** This shows an average annual nominal growth of 5.9%. This will promote quality basic education, leading to a skilled and capable workforce. The budget allocated to Education pays for the following, among others:

- *Curriculum and Assessment Policy Statements (CAPS):* In 2013/14, Grades 4–6 will be implementing the new CAPS. As part of the preparation for this implementation, educators have been trained in all aspects ahead of the implementation date. Implementation of the final phase (senior grades i.e. Grade 7–9) will commence in the 2014 school year.
- *Technical Secondary Schools:* Using the Technical Secondary Schools Recapitalisation grant, identified schools will be upgraded and the necessary tools procured so that they can offer a full set of technology subjects. The agricultural schools will be assisted with new implements and tools. Furthermore, the Department has set aside funding with regard to norms and standards so that all schools that offer technical and agriculture subjects are given an additional allocation.
- *Mathematics, Science and Technology Strategy:* Learner performance with regard to these subjects remains a concern. The procurement of mobile laboratories, laboratory consumables and provision of mathematics and science dictionaries will go a long way to assist learners.

- *Teacher Supply:* Funding is set aside in 2013/14 to fund non-employees who meet the necessary criteria and wish to pursue a qualification in the teaching profession. The discussion between the Department and the DHET to increase the number of educators enrolled will continue. The graduates from Funza Lushaka, a nationally administered bursary programme, will assist in reducing the educator shortage.

- *School Infrastructure:* The Department's infrastructure plan includes the provision of new schools, curriculum support classrooms, laboratories, and multi-purpose classrooms, electrification, sanitation and water. Access to education for learners with special needs is continued. It is anticipated that in 2013/14 the Department will have at least two ECD classrooms in each school offering Grade 1, as the initial benchmark of one ECD classroom per school offering Grade 1 has been achieved. Two years of ECD prior to Grade 1 is expected to be fully realised in 2013/14 in collaboration with the Department of Social Development.

H.6 Provincial Treasury

The budget allocation for Provincial Treasury increases from R613.235 million in 2012/13 to R633.362 million in 2015/16 which is an annual average nominal growth of 1.1%. This allocation will fund a number of initiatives, including:

- *Infrastructure Crack Team:* will provide support to departments and municipalities with their infrastructure projects. This allocation will be reviewed in the Adjustments Estimate, if the demand for this team's services increases in-year.

- *Municipal Support Programme:* will assist municipalities to achieve clean audit reports; support performance information reporting; improve governance structures; enhance internal controls; institute cash flow management practices and improve the credibility of municipal budgets.

- *Contract Management:* Treasury will continue with the second phase of this project which will culminate in all departments and municipalities having fully completed contract registers supported by valid contract documents.

- *Municipal Bid Appeals Tribunals:* will allow aggrieved suppliers and other interested parties to lodge complaints relating to bids awarded by municipalities.

- *E-Procurement Tool:* will enable departments to access and assess service providers' quotes and bids electronically, thus eliminating human failure to a large extent.

- *Operation Clean Audit:* will assist departments and municipalities in achieving and sustaining clean audit outcomes.

- *Forensic Audit Services:* will continue with fraud risk reviews and assessments. Provincial Treasury will also be linking with various systems and databases in their fraud investigations, such as SARS and CIPRO. Added to this is the development of a consolidated, electronic provincial fraud investigation database that incorporates all fraud investigations conducted in KZN and which will achieve efficiencies in the fight against fraud and corruption.

H.7 Health

The budget allocated to the Department of Health increases from R27.291 billion in 2012/13 to R32.258 billion in 2015/16. This is the second highest share (31.9%) of the provincial budget and reflects an annual average growth of 5.7% in nominal terms.This budget will be used for priorities, such as:

- *National Health Insurance:* The NHI grant provides financial support for the development of projects directed at improving health delivery in line with the introduction of the national health insurance.
- Other new specific priorities and concrete interventions funded in 2013/14 include:
  - Strengthening of school health, mobile services, district specialist teams, malaria, port health services, as well as the appointment of additional staff nurses and nutrition advisors as a result of the Community Care Givers' career programme started in 2012/13.
  - Clinical services: Improving the provision of health care services in line with the vision of ensuring a long and healthy life for all South Africans remains a priority.
  - Review and updating of referral pathways with identification and clearing of bottlenecks; the strengthening of the GeneXpert system in diagnosing TB faster, monitoring of re-admission rates and developing targets for hospitals in this regard; as well as the development of an electronic referral system as part of a longer term goal of establishing electronic patient records.

H.8 Human Settlements

The budget of the Department of Human Settlements decreases from R3.378 billion in 2012/13 to R2.015 billion in 2015/16, due to portion of the Human Settlements Development grant not yet being allocated to provinces for 2014/15 and 2015/16, but kept at National Treasury, as I mentioned earlier. The budget will be used for the following, among others:

- *Informal Settlements Upgrade:* The key deliverables will be the identification of well-located affordable land for the implementation of the informal settlements upgrade. The key focus area will be the reduction of informal settlements in 22 wards, mainly located in the eThekwini Metro and the six accredited municipalities.[5]
- *Rural Housing Development:* Due to KZN's largely rural nature, the Department will be focusing on the rural areas as part of the informal settlements upgrade, mainly due to the type of dwellings that are found in rural areas which are particularly vulnerable when heavy rains, storms or similar disasters occur.
- *Rectification of Pre-1994 Housing Stock:* This programme, which is aimed at rectifying housing stock constructed pre-1994, is currently underway in the eThekwini Metro (e.g. Lamontville – 1 840 units). The following projects, which are either in the planning stage or awaiting funding approval, are projected for completion in 2013/14 and beyond, i.e.

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5 Msunduzi, eMnambithi, Newcastle, uMhlatuze, KwaDukuza and Hibiscus Coast.

Shallcross – 510 units; Austerville – 1 148 units; Estcourt: Umtshezi Municipality – 8 units; Emawozeni: Newcastle Municipality – 148 units; Dundee – 800 units; Bhekezulu, Vryheid – 73 units; and eThekwini Metro – 24 487 units.

- *Community Residential Unit (CRU):* This programme will improve the living conditions at hostels by converting hostels into family units. The Department anticipates to deliver 2 761 CRUs during 2013/14. These projects are mainly in Newcastle, eThekwini and KwaDukuza.

H.9 Community Safety and Liaison

The budget allocation of the Department of Community Safety and Liaison is set to grow from R161.334 million in 2012/13 to R187.627 million in 2015/16, which is an annual average nominal increase of 5.2%. This allocation provides for:

- *Civilian Secretariat in terms of the Police Act:* The Department derives its mandate from the Constitution, which states that a civilian secretariat for the police must be established. To this end, the Civilian Secretariat for Police Service Act was enacted in 2011. All the previous functions of this Department have been incorporated into the statutory functions of the Provincial Secretariat in terms of this Act.
- *Community Policing Forums:* These provide oversight over the establishment and functioning of CPFs at all police stations in the Province.
- *Social Crime Prevention:* This programme provides for the execution of social crime prevention programmes at provincial and local level.

H.10 Royal Household

The Royal Household's budget allocation decreases from R65.361 million in 2012/13 to R56.063 million in 2015/16. This is a nominal decrease of 5%. This reduction is due to the once-off allocation from 2011/12 to 2013/14 for the rehabilitation and renovation of the palaces. This funding ends in 2013/14, in line with project requirements. In the 2013/14 MTEF funding is provided for His Majesty, the King to fulfil all his official duties, namely to:

- Participate in government ceremonies and events,
- Install *Amakhosi*,
- Host the First Fruits ceremony and the Reed Dance ceremony, among others.
- There is also provision for His Majesty to undertake both national and international trips as a business ambassador of KZN, and
- Be involved in crop and animal production.

H.11 Co-operative Governance and Traditional Affairs

The budget of the Department increases from R1.316 billion in 2012/13 to R1.358 billion in 2015/16, showing an average annual increase of 1% in nominal terms. This budget provides for:

- *Local Governance:* The Department will focus on supporting vulnerable priority municipalities in the implementation of the Municipal Turn-Around Strategies through their support plans. Operation Clean Audit remains a key programme in ensuring all municipalities obtain clean audits by 2014.
- *Development and Planning:* Universal access to services remains a serious challenge in all municipalities in KZN. The Department will support municipalities in the processes of infrastructure planning through the preparation of Universal Access Plans, which form the basis for infrastructure implementation in the future. The Department will also support infrastructure implementation, operation and maintenance and reticulation of basic services in terms of the Massification programme and the Municipal Infrastructure Grant.

H.12 Transport

The budget allocated to the Department of Transport increases from R7.644 billion in 2012/13 to R9.562 billion in 2015/16 which shows an average annual growth of 7.7% in nominal terms.

The Department will continue to support rural development, poverty alleviation and job creation as it builds roads and bridges, provides safe integrated public transport systems, and manages traffic and the safety of all road users. This budget will be used to:

- Place greater emphasis on road safety education and increase public participation and road safety awareness through mass awareness campaigns and media interventions. The planned 13 pedestrian bridges per annum will increase pedestrian safety and shift road safety to go beyond traffic regulation and enforcement, toward a people-centred approach that deals with accident prevention. The pedestrian bridge programme will continue to be implemented to ensure that communities have access to schools, health facilities and amenities.

H.13 Social Development

The budget of the Department of Social Development increases from R2.062 billion in 2012/13 to R2.606 billion in 2015/16, which is an annual average increase of 8.1% in nominal terms. This budget provides for, among others:

- *Protection and promotion of services for older persons and people with disabilities:* The main focus in the provision of services for older persons in 2013/14 will be the provision of community based care and support services to under resourced areas. Furthermore, the focus will be on raising awareness of the rights of older persons in an endeavour to protect and curb abuse of elder persons; training on autism, sign language and My Confidence (training designed to boost confidence among people with disabilities); as well as the expansion of protective workshops[6] to under resourced areas.

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6 (workshops to develop people with disabilities to ensure that they find decent employment and DSD assists them in finding such employment).

- *Strengthening Child and Youth Care Services:* The Department will implement various programmes to strengthen child and youth care services. These programmes include:
  - Training on the provisions of the Children's Act, including training in respect of foster care placements.
  - Transformation of children shelters into Child and Youth Care Centres (CYCCs).
  - Establishment and registration of CYCCs with programmes for children with disabilities.
  - Conducting various disorder (such as mental disorders) campaigns and substance abuse awareness campaigns.
  - The establishment of Child Protection forums at all district municipalities.

H.14 Public Works

The budget of the Department of Public Works increases from R1.352 billion in 2012/13 to R1.370 billion in 2015/16, reflecting an average annual nominal growth of 0.4%. This budget provides for:

- The provincial departments' needs in building infrastructure and property management services through acquisition, construction, maintenance and disposal of public land and buildings.
- Signing an estimated 150 leases with the Ingonyama Trust Board in 2013/14. The balance of approximately 800 leases will be completed in the two outer years of the 2013/14 MTEF.
- Establishing the new integrated fixed asset register system in 2013/14; the migration of data from the existing system onto the new system; the capturing of condition assessments; and the generation of maintenance plans, among others.

H.15 Arts and Culture

The budget of the Department of Arts and Culture increases from R479.857 million in 2012/13 to R757.299 million in 2015/16, showing substantial nominal growth of 16.4%. This allocation contains funding for the phased-in provincial take-over of public libraries and museums, explaining the significant growth in the allocation. The budget further provides for:

- *Arts and Culture*: The Department will continue with the training of crafters and artists in specialised programmes such as recycling waste material. The focus will be women and youth. Social transformation, moral regeneration and nation building programmes will be given more emphasis. Furthermore, emphasis will be placed on the establishment and support of arts and culture centres, cultural villages and creation of cultural precincts.
- *Language Services:* To promote access to information in the language preferred by clients. The Provincial Languages Bill will be implemented through translation and interpretation of all requests from government institutions. As part of the implementation of the language policy, government departments and municipalities will be assisted to develop their institutional language policy.

- *Museum Services:* Three major research projects will commence, namely in respect of the 1913 Land Act, the proposed Margaret Mncadi museum, and the Museum project. Two new provincial museums are to be officially opened. Three major museum infrastructure projects are to be developed. A new museum in Newcastle is to be built, as the old museum building is too small to accommodate the existing collection. A new museum will be built in KwaDukuza to replace an existing one.

- *Library Services:* Full automation of all public libraries will be completed by the end of 2013/14. This initiative will ensure provision of improved internet access in all libraries. Over three million items in the provincial collection will be tagged with radio frequency identification equipment for ease of stocktaking and control of resources. Construction of new libraries in Maphumulo, Nkungumathe and Vulamehlo will be completed and study libraries will be established in two rural communities. Additional mobile library units will be provided to impoverished communities to promote access to learning and reading material.

H.16 Sport and Recreation

The Department of Sport and Recreation's budget increases from R384.163 million in 2012/13 to R410.981 million in 2015/16, showing average annual nominal growth of 2.3%.

- *School Sport:* The Department's school sport intervention programme will revive school sport through the formation of viable sport code structures in 16 priority codes of sport including volleyball, netball, soccer and cricket. The Department will establish leagues in schools registered in the programme. An estimated 5 000 schools and 610 000 learners are expected to benefit from the programme in 2013/14.

- *Sport for Life:* Sport and recreation will be used as a means to develop citizenship values in young people and to teach them how to make a contribution to their communities. The programme will adopt a holistic approach to education of the youth, and includes technical skills and life skills, such as teamwork, time management, responsibility and reliability, which in turn prepares the youth for work.

- *Sport Academies:* The Department will establish 11 district academies that will link into the KZN Academy of Sport in Durban. The purpose of the district academies is to take technical, scientific and medical services to the sporting community (i.e. athletes, coaches, administrators and technical officials).

- *Sporting Codes at War Room Level:* The Department will focus on issues such as obesity, drug and substance abuse, teenage pregnancy and crime. It will be promoted at both school sport and club level and will involve the youth ambassadors in the various wards. The Department will review the budget requirements in this regard for possible consideration in the 2013/14 Adjustments Estimate.

CONCLUSION

I conclude by emphasising a few important points that are relevant to this year's budget. Firstly, it would not have been possible to finance various provincial government priorities if this Province had not:

- Realised savings in the previous financial year,
- Budgeted for a reserve, and
- Ensured that the bank account remained positive, thus accruing interest.

Through careful and prudent management we have managed to increase the allocations to most of our departments, despite a significant reduction in our equitable share. We have now proven that **we can do more with less**.

We must remember that "a budget tells us what we can't afford, but it doesn't keep us from buying it."[7]

We need discipline and courage to:

- Spend on budget
- Obtain clean audits
- Eliminate unnecessary costs and wastage
- Get value for money: **doing more with less**
- Deal with corruption and deliberate wrong-doing
- Eliminate unauthorised and irregular expenditure

Peter Tosh, the famous reggae singer said "*Everybody wants to go to heaven but nobody wants to die.*" To take our Province forward we all have to make sacrifices. I urge everybody to work with us in that regard. Ultimately it will take our Province and our citizens to where we deserve to be.

Trimming the fat and eliminating wastage (the so-called cost-cutting measures) are merely pillars of good governance, as I have often said. In effecting the budget cuts we have had to make some tough decisions and choices. However, **we have been very mindful of the needs of our people and have taken great care not to impact on programmes and projects that are in line with the NDP and our own PGDP, and which deliver much needed services to our people**. We believe with careful management of our finances by each one of us, we can and will deliver on our mandate to make the lives of our people better. We must spend wisely and consider each and every time we spend taxpayers' money whether it contributes to that goal of a better life for all. It may take time for fully realise this, but as a government we must ensure that tomorrow is better than today, and today better than yesterday.

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7 William Feather.

We cannot afford to lose sight of our long-term vision, namely *"By 2030 KwaZulu-Natal will be a prosperous Province with a healthy, secure and skilled population acting as a gateway to Africa and the world."* [8]

We need to be vigilant in managing our personnel budgets. We cannot employ additional personnel without the associated budget – in other words we cannot spend money we do not have.

The eradication of fraud and corruption remains a priority. We cannot lose money that should be spent on effective and efficient service delivery programmes through dishonesty. Let us be mindful to **'Do the right thing, even when nobody is watching!'** I will elaborate more on this in my Vote 6: Provincial Treasury Budget Speech.

Lastly, several role players have contributed to ensure that we are able to table the 2013/14 budget today:

I express my gratitude to the Premier, Dr. Z.L. Mkhize and the entire Cabinet for the leadership and support demonstrated in ensuring that KwaZulu-Natal remains financially sound. Without your support this budget would not have been possible.

We are indebted to Minister Pravin Gordhan and National Treasury officials for their wisdom, guidance and technical support.

The members of the Ministers' Committee on the Budget (MinComBud) have also worked tirelessly alongside me in crafting the budget which I am tabling today. We engaged in lively debate on many complicated issues along the way which has added to the value of the budget I am presenting.

To the Chairperson of the Finance Portfolio Committee, Ms Belinda Scott and the rest of the Committee, we always have robust engagements with you, and we look forward to fruitful discussions going forward. Thank you for your support and commitment to place financial management in our Province on a solid footing.

I also thank the Heads of Departments, Chief Financial Officers and all provincial government officials for the role that they have played in ensuring that our Province is once again "in the black". Let us all re-commit ourselves to keep it like that. We rely on you to carry out your role as implementers to the benefit of the people whom we serve.

Our Provincial Treasury Team Finance and my own support staff have worked with dedication and enthusiasm to ensure that the end products before us today are of a high quality. Thank you for your professionalism and excellent support. You really are the best!

Remember, when the going gets tough, the tough get going. They don't go shopping! As KwaZulu-Natal we are tough enough and smart enough to keep going from strength to strength.

Thank you.

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8 Provincial Growth and Development Plan

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