PROVINCE OF KWAZULU-NATAL

ESTIMATES
OF
PROVINCIAL REVENUE AND
EXPENDITURE

2013/14

for the
financial year ending 31 March 2013

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FOREWORD

Crafting the 2013/14 MTEF for KwaZulu-Natal (KZN) has been a very difficult exercise. There are two fiscal shocks that have emerged. Firstly, the 2011 Census results have had a negative impact on the magnitude of the provincial equitable share. In short, KZN's population, while still growing, the rate of growth is declining, resulting in a reduction in the equitable share allocation. In real numbers, KZN's equitable share is reduced by R1.124 billion, R2.387 billion and R3.261 billion over the 2013/14 MTEF. Although National Treasury (NT) has allocated some buffer funding to cushion against this reduction, it is not enough to fully finance the reduction. The second fiscal shock emanates from the national fiscal stance of curbing the unsustainable growth in public spending over the medium term, in order to stabilise the national debt portfolio. Currently, debt service costs are the fastest growing expenditure item in the national expenditure framework and, if these remain unchecked, they will crowd out service delivery expenditure in the near future. To give effect to this fiscal stance, National Cabinet approved a 1, 2 and 3 per cent reduction in the baselines of all government agencies. For provinces, these reductions are effected on 20 per cent of provincial equitable shares. For KZN, this results in reductions of R170 million, R358 million and R555 million over the 2013/14 MTEF.

Factoring in NT's buffer funding – alluded to earlier of R290 million, R656 million and R773 million over the 2013/14 MTEF – the net effect of both reductions, namely the Census data and the 1, 2 and 3 per cent baseline cuts of the provincial equitable share, is a R1.005 billion, R2.089 billion and R2.592 billion reduction over the 2013/14 MTEF. The province has not experienced such reductions in the recent past, and it will take some time to adjust. What is clear, though, is that the province needs to be innovative, eliminate wastage, and focus on the core business of government. To this effect, the provincial Cabinet has approved a revised list of cost-cutting measures aimed at assisting the province to finance the budget reductions. The details of the revised cost-cutting measures are contained in this *Estimates of Provincial Revenue and Expenditure (EPRE)* document.

Another area where savings can be realised is in the procurement of goods and services (SCM). As custodians of SCM, Provincial Treasury (PT) has gone on tender to secure an electronic procurement tool. This tool will eliminate collusion between government officials and suppliers. It will also improve transparency and ensure that government pays market prices for goods and services. This is a critical part of prudent fiscal management.

It is my honour to present the 2013/14 *EPRE* to the people of KZN 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 and public entities accountable for the public funds they spend.

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

CONTENTS

LIST OF ANNEXURES

LIST OF ABBREVIATIONS

Abbreviation	Full description
AARTO	Administrative Adjudication of Road Traffic Offences
ABET	Adult Basic Education and Training
ADA	Agri-business Development Agency
AEPRE	Adjustments Estimate of Provincial Revenue and Expenditure
AFCON	Africa Cup of Nations
AFS	Annual Financial Statements
AFMS	Application Filing Management System
A-G	Auditor-General
ANA	Annual National Assessments
ANC	African National Congress
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
B-BBEE	Broad-Based Black Economic Empowerment
BCP	Business Continuity Plan
BIS	Business Intelligence System
BPO	Business Process Outsourcing
BRICS	Brazil, Russia, India, China and South Africa
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
CCGs	Community Care Givers
CCMA	Commission for Conciliation, Mediation and Arbitration
CD	Compact Disk
CDC	Community Day Centre
CDW	Community Development Worker
CEO	Chief Executive Officer
CETA	Construction Education Training Authority
CFO	Chief Financial Officer
CHC	Community Health Centres
CIDB	Construction Industry Development Board
CiDP	Communities-in-Dialogue Programme
COGTA	Co-operative Governance and Traditional Affairs
COHOD	Committee of Heads of Departments
COIDA	Compensation of Injuries and Diseases' Act
COP	Conference of Parties
CNBC	Consumer News and Business Channel
CMP	Contract Management Project
CPA	Commonwealth Parliamentary Association
CPD	Corporate for Public Deposit
CPF	Community Policing Forum
CPI	Consumer Price Index
CRG	Capital Restructuring Grant
CRU	Community Residential Unit
CSC	Community Service Centre
CSIR	Council for Scientific Industrial Research
CTA	Common Task for Assessment
CYCC	Child and Youth Care Centres
CYCW	Child and Youth Care Workers
CWP	Community Work Programme
DAC	Department of Arts and Culture

Abbreviation	Full description
DAEARD	Department of Agriculture, Environmental Affairs and Rural Development
DAFF	Department of Agriculture, Forestry and Fisheries
DBSA	Development Bank of South Africa
DBE	Department of Basic Education
DCSL	Department of Community Safety and Liaison
DDMC	District Disaster Management Centre
DEDT	Department of Economic Development and Tourism
DHET	Department of Higher Education and Training
HSDG	Human Settlements Development Grant
DH	District Houses
DIS	Development Information Services
DISSA	Disability Sport South Africa
DOE	Department of Education
DOH	Department of Health
DOHS	Department of Human Settlements
DOPW	Department of Public Works
DORA	Division of Revenue Act
DOSR	Department of Sport and Recreation
DOT	Department of Transport
DPSA	Department of Public Service and Administration
DPSS	Development Planning Shared Services
DRDLR	Department of Rural Development and Land Reform
DRP	Disaster Recovery Plan
DRM	Disaster Risk Management
DSD	Department of Social Development
DTI	Department of Trade and Industry
DTP	Dube TradePort
DWAF	Department of Water Affairs
EAP	Economically Active Population
EC	Eastern Cape
ECD	Early Childhood Development
ECM	Enterprise Content Management
EGD	Engineering, Graphics and Design
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
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
EXCO	Executive Committee
FBO	Faith Based Organisation
FBS	Free Basic Services
FET	Further Education and Training
FETC	Further Education and Training College
FFC	Financial and Fiscal Commission
FFW	Food For Waste
FLISP	Finance Linked Individual Subsidy Programme
FPC	Finance Portfolio Committee
FS	Free State
FTE	Full-time Equivalent
GDCSC	Gender, Disability, Children and Senior Citizens
GDP	Gross Domestic Product
GEMS	Government Employees Medical Scheme
GEPF	Government Employees Pension Fund
GET	General Education and Training

Abbreviation	Full description
GHS	General Household Survey
GIAMA	Government Immoveable Asset Management Act
GIS	Geographical Information System
GP	Gauteng Province
GRAP	Generally Recognised Accounting Practice
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
ICH	Integrated Craft Hubs
ICT	Information Communication Technology
ICU	Intensive Care Unit
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
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 Networks
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
JCPS	Justice Crime Prevention and Security
JE	Job Evaluation
KSIA	King Shaka International Airport
KWANALU	KwaZulu-Natal Agricultural Union
KZN	KwaZulu-Natal
KZNGBB	KwaZulu-Natal Gaming and Betting Board
KZNMERA	KwaZulu-Natal Monitoring, Evaluation and Research Association
KZNLA	KwaZulu-Natal Liquor Authority
KZNSB	KwaZulu-Natal Sharks Board
L:E	Learner: Educator
LA	Legislative Assembly
LAP	Local Area Planning
LED	Local Economic Development
LG	Local Government
LGTAS	Local Government Turn Around Strategy
LHs	Local Houses
LIM	Limpopo
LIV	*Lungisisa Indlela* Village
LTSM	Learner Teacher Support Material
LUMS	Land Use Management Strategy
MAP	Management Assistance Programme

Abbreviation	Full description
MBAT	Municipal Bid Appeals Tribunal
MBRR	Municipal Budget and Reporting Relations
MCA	Municipal Capacity Assessment
MDB	Municipal Demarcation Board
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
MK	Umkhonto We Sizwe
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
MP	Mpumalanga Province
MPAC	Municipal Public Accounts Committee
MPCC	Multi-Purpose Community Centre
MPL	Member of Provincial Legislature
MPRA	Municipal Property Rates Act
MPSD	Mass Participation and Sport Development
MRO	Maintenance Repair and Overhaul
MSA	Municipal Structures Act
MSP	Municipal Support Programme
MST	Mathematics, Science and Technology
MTAS	Municipal Turn-Around Strategies
MTEC	Medium-Term Expenditure Committee
MTEF	Medium-Term Expenditure Framework
MTSF	Medium-Term Strategic Framework
MTV	Music Television
MYHDP	Multi-year Housing Development Plan
N3TC	N3Toll Concession
NATED	National Education
NC	Northern Cape
NC(V)	National Certificate (Vocational)
NCOP	National Council of Provinces
NCS	National Curriculum Statement
NDA	National Development Agency
NDOH	National Department of Health
NDHS	National Department of Human Settlements
NDMC	National Disaster Management Centre
NDOSR	National Department of Sport and Recreation
NDOT	National Department of Transport
NDP	National Development Plan
NEPA	National Education Policy Act
NGO	Non-government Organisation
NHBRC	National Home Builders Registration Council
NHFC	National Housing Finance Corporation
NHI	National Health Insurance
NHLS	National Health Laboratory Service
NHS	National Health System
NIP	National Integrated Plan
NPOs	Non-profit Organisations
NRS	Non-Repudiation System
NSC	National Senior Certificate
NSF	National Skills Fund
NSNP	National School Nutrition Programme
NSRP	National Sport and Recreation Plan

Abbreviation	Full description
NT	National Treasury
NTSS	National Tourism Sector Strategy
NUFFIC	Netherlands Organisation for International Co-operation in Higher Education
NW	North West
NYS	National Youth Service
OHS	Occupational Health and Safety
OPD	Out-Patients Department
OPMS	Organisational Performance Management System
OPRE	Overview of Provincial Revenue and Expenditure
OSD	Occupational Specific Dispensation
OSS	Operation *Sukuma Sakhe*
OTP	Office of the Premier
OVC	Orphans and Vulnerable Children
PAC	Planning Africa Conference
PAES	Protected Area Expansion Strategy
PAIA	Promotion of Access to Information Act
PAJA	Promotion of Administrative Justice Act
PALC	Public Adult Learning Centre
PARMED	Parliamentary Medical Aid
PBS	Performance Budgeting System
PCR	Polymerase Chain Reaction
PDA	Planning and Development Act
PDE	Patient-day Equivalent
PDMC	Provincial Disaster Management Centre
PDMP	Provincial Disaster Management Plan
PEPFAR	President’s Emergency Plan for AIDS Relief
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
PHP	Private Hospital Patients
PHC	Primary Health Care
PIA	Provincial Immovable Assets
PICC	Presidential Infrastructure Co-ordinating Committee
PICT	Provincial Information Communication Technology
PIJF	Provincial Integrated Justice Forum
PL	Provincial Legislature
PILIR	Policy on Incapacity Leave and Ill Health Retirement
PIP	Provincial Infrastructure Plan
Pmb	Pietermaritzburg
PMG	Pay Master-General
PMS	Performance Management System
PMU	Project Management Unit
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
PRF	Provincial Revenue Fund
PSEDS	Provincial Spatial Economic Development Strategy
PSETA	Public Sector Education and Training Authority
PSP	Professional Service Provider
PT	Provincial Treasury
PTB	Pulmonary Tuberculosis
PTOG	Public Transport Operations Grant
Pty (Ltd)	Propriety (Limited)
PVAs	Public Viewing Areas
PVC	Pneumococcal Vaccine
PWC	PriceWaterhouseCoopers
QPR	Quarterly Performance Report

Abbreviation	Full description
RAF	Road Accident Fund
RAMS	Road Asset Management System
RBIDZ	Richards Bay Industrial Development Zone
RHH	Royal Household
RFID	Radio Frequency Identification
RNCS	Revised National Curriculum Statement
RRTF	Rural Road Transport Forum
RV	Rota Virus
RWOPS	Remuneration for Work Outside Public Service
SA	South Africa
SAAMBR	SA 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
SAFA	South African Football Association
SAICA	South African Institute of Chartered Accountants
SAMTRA	South African Maritime Training Academy
SAMSA	South African Maritime Safety Authority
SANDF	South African National Defence Force
SANRAL	South African National Roads Agency Limited
SAP	Systems, Applications and Products
SAPI	South African Planning Institute
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
SERO	Socio-economic Review Outlook
SEZ	Special Economic Zones
SHRA	Social Housing Regulatory Authority
SITA	State Information Technology Agency
SIPs	Strategic Infrastructure Projects
SIPS	Strategic Infrastructure Programmes
SIU	Special Investigation Unit
SLA	Service Level Agreement
SLIMS	SITA Library Information Management System
SMME	Small Medium and Micro Enterprise
SP	Strategic Plan
SPCA	Society for the Prevention of Cruelty Against Animals
STI	Sexually Transmitted Infection
STP	Service Transformation Plan
TA	Technical Assistant
TAC	Traditional Administrative Centre
TAFI	Travel Agencies Federation of India
TAs	Transaction Advisors
TB	Tuberculosis
TC	Traditional Council
THETA	Tourism, Hospitality, Sport, Education and Training Authority
TETA	Transport Education and Training Authority
TIK	Trade and Investment KwaZulu-Natal
TKZN	KwaZulu-Natal Tourism Authority
TLTP	Taking Legislature to the People

Abbreviation	Full description
TSCs	*Thusong* Service Centres
TV	Television
U-AMP	User-Asset Management Plan
UAP	Universal Access Plan
UCT	University of Cape Town
UISP	Upgrade of Informal Settlements Programme
UKZN	University of KwaZulu-Natal
UN	United Nations
UPFS	Uniform Patient Fee Structure
USA	United States of America
USDG	Urban Settlement Development Grant
USSA	University Sport South Africa
VEP	Victim Empowerment Programme
VSCPP	Volunteer Social Crime Prevention Project
WC	Western Cape
WESSA	Wildlife and Environmental Society of South Africa
WHO	World Health Organisation
WSA	Water Services Authority
XDR	Extreme Drug Resistance

Zulu words	**English translation**
amabutho (pl.)	A group of traditional warriors (regiment)
Amadelakufa	Stalwarts
Amaganu	Amarula
Amafa	Heritage
Amakhosi (pl.)	Traditional leaders or chiefs
Ezomnotho	Economic affairs (DEDT Publication)
Funza	Feed
Hlasela	Invade
Isigodi	A village within a tribal authority
i(zi)mbizo	Public meeting(s) called by government involving a large number of people
i(zi)nduna (pl.)	Traditional leaders
Ifihlile	Hidden
imizi yeSizwe	Houses for *Amakhosi*
Induku	Stick fighting
Indaba	Forum
ingqathu	Rope skipping
iso elibanzi	Wide eye
izandla ziyagezana	People helping one another
Khuz'umhlola	Condemning shameful behaviour
Lekgotla	Cabinet Forum
Lungisisa Indlela	Prepare the way
Masifundisane	Lets teach each other
omama bezintombi	Mothers of young maidens
ondlunkulu	Traditional leader's or chief's wife
Sakhisizwe	Building a nation
S'fundisimvelo	We are teaching about nature
S'hamba Sonke	Moving together
Simama	Growth
Siyadladla	We are playing
Sukuma Sakhe	Stand up and build
Ubukhosi	Kingship
ukuthwala	Abduction
Umbimbi	A coalition of people working towards the same goal
Umkhonto weSizwe	The spear of the nation
Umkhosi wezithungo	Ritual information sharing session
Umkhosi woselwa	First fruit ceremony
Umlabalaba	Board games
Unembeza	Conscience
Vulindlela	Open the way
Vukuzakhe	Wake up and build
Vuselela	Restore
Zibambele	Do it yourself
Zimele	Stand up for yourself

OVERVIEW
OF
PROVINCIAL REVENUE
AND
EXPENDITURE

1. SOCIO-ECONOMIC OUTLOOK

1.1. Introduction

The year 2012 had two distinct halves. The first half of the year was filled with optimism – there was a renewed sense that the tide had turned for the world economy, with most growth forecasts for South Africa (SA) exceeding the 2011 growth forecasts. According to the International Monetary Fund (IMF) (2012), the prospects for the global economy had gradually strengthened during the first quarter of 2012 and the threat of a sharp global slowdown eased with improved activity in the USA and the development of better policies in the Euro area.

Unfortunately, this optimism faded during the latter part of 2012, mostly because of domestic political and labour unrests. It was indeed a very challenging period, with negative headlines featuring in both international and local media. For example, the Wall Street Journal in October 2012 published an article titled: "The unrest is exposing a stark reality – SA is falling behind, even in Africa". The Daily News in October 2012 published a story that included the following statement: "A toxic mix of government stasis, creaking infrastructure and social unrest is prompting doubts about SA's stability in a continent with too many economic scare stories".

During the same period, Moody's, an international credit rating agency, downgraded SA's government bond rating by one notch to Baa1[1] from A3. Moody's downgrade placed SA more or less on the same level as Russia, Brazil and Thailand. Moody's further stated that SA's future was uncertain, hence further downgrades were possible.

It was no surprise, then, that the growth forecasts for SA were cut by various financial institutions. The South African Reserve Bank cut its forecasts for 2012 and 2013 to 2.6 per cent and 3.4 per cent, respectively. The IMF cut its forecasts for 2012 from 2.7 to 2.6 per cent and from 3.6 to 3.4 per cent in 2013. This was followed by the World Bank, which also cut its forecast to 2.5 per cent for 2012, down from 3.1 per cent in 2011. NT also conceded that the initial 2012 growth forecasts were unlikely to be realised.

The SA economy suffered a major setback during November and December 2012 as a result of widespread labour market instability. As it enters 2013, the prognosis is for another tough year of sub-optimal growth, with little support expected from a weak global economy. It is evident that the domestic economy will experience a major constraint for growth in 2013, because it ended 2012 in distress. This bleak growth outlook will most certainly also constrain the growth outlook for the provincial economy, probably resulting in an increase in unemployment and poverty.

Hopefully, 2013 will also be a year of two halves, where optimism will return during the second half. It will take a conscious and holistic approach by government, business and labour to address the fundamental challenges that exist in the SA economy.

1.2 Demographic profile

1.2.1 South African population

The population of SA increased from 44.8 million to 51.7 million between 2001 and 2011. The national population is spread across nine provinces, namely: Gauteng (GP), KZN, Limpopo (LIM), Free State (FS), Eastern Cape (EC), Western Cape (WC), North West (NW), Mpumalanga (MP) and Northern Cape (NC). The most populous provinces in 2011 were GP and KZN. These provinces constitute an estimated 43.5 per cent of the SA population, with KZN comprising about 19.8 per cent.

[1] Baa1 is rated as medium grade, with some speculative elements and moderate credit risk, but has high ability to repay short term debt. A3, on the other hand, is rated as upper-medium grade and low credit risk, indicating best ability or high ability to repay short term debt. (http://en.wikipedia.org/wiki/Moody's_Investors_Service).

Table 1.1: South Africa and KwaZulu-Natal population, 2011

	Population Number (2011)	% Share of national	% Average Annual Growth 2001-2011	Size of area in km²	% Share of National Area	Population Density
Eastern Cape	6 562 053	12.7	0.2	169 063	13.8	38.8
Free State	2 745 590	5.3	0.1	130 007	10.6	21.1
Gauteng	12 272 263	23.7	3.3	18 213	1.5	673.8
KwaZulu-Natal	**10 267 300**	**19.8**	**0.9**	**93 378**	**7.6**	**110.0**
Limpopo	5 404 868	10.4	0.2	126 042	10.3	42.9
Mpumalanga	4 039 939	7.8	2.6	76 642	6.3	52.7
North West	3 509 953	6.8	15.6	373 351	30.6	9.4
Northern Cape	1 145 861	2.2	-11.0	105 076	8.6	10.9
Western Cape	5 822 734	11.2	2.6	129 475	10.6	45.0
Total National	**51 770 561**	**100.0**	**1.5**	**1 221 246**	**100.0**	**42.4**

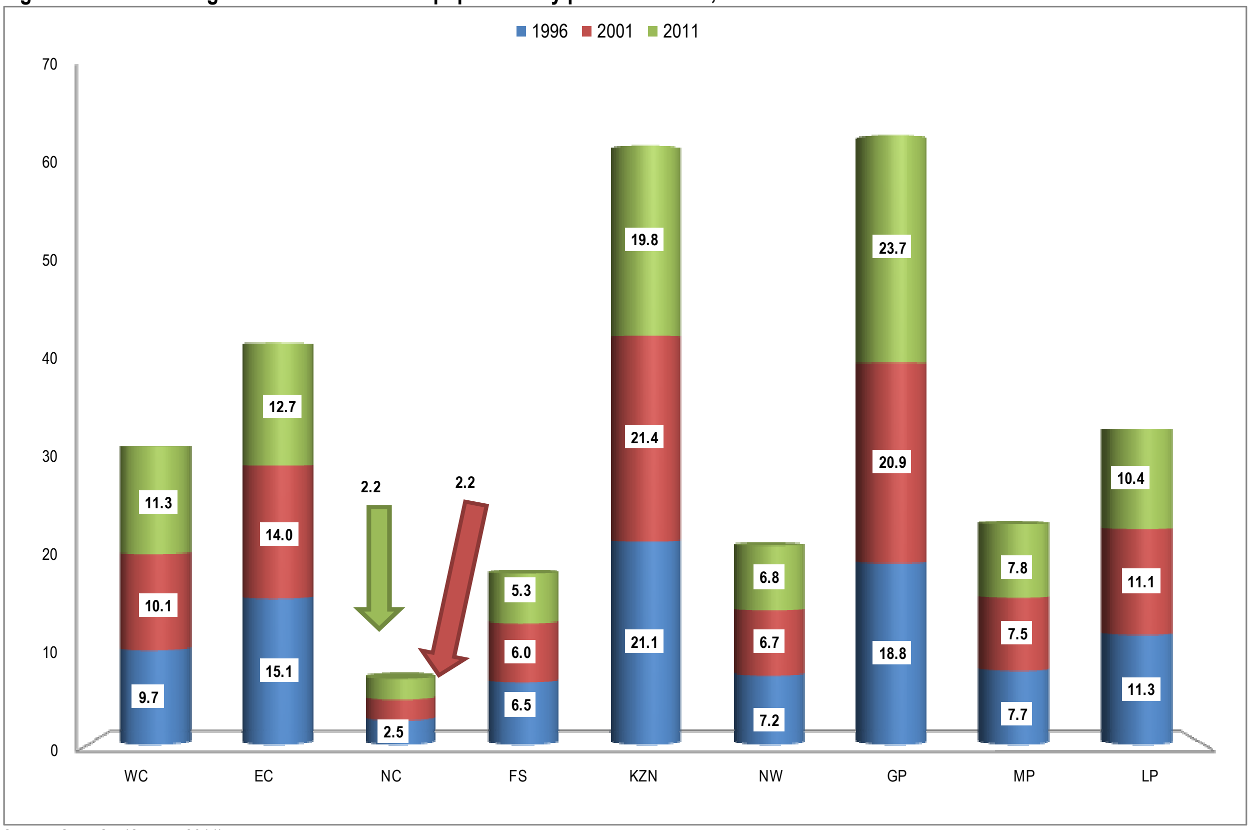
Source: Stats SA (Census 2011)

The Census undertaken in 1996, 2001 and 2011 indicate that the national population has been increasing at a steady pace. The national average growth rate, which was 2 per cent between 1996 and 2001, plunged to 1.3 per cent from 2001 to 2011. KZN's population growth rate followed the same trend over the period, where it plummeted from 2.4 per cent to 0.8 per cent, respectively.

1.2.2 Population size of the Province of KwaZulu-Natal

KZN experienced a decrease in the national population share from 21.1 per cent in 1996 to 19.8 per cent in 2011, as did EC from 15.1 per cent to 12.7 per cent. On the contrary, MP recorded a marginal increase from 7.7 per cent to 7.8 per cent over the same period. GP (18.8 per cent in 1996 to 23.7 per cent in 2011) and WC (9.7 per cent to 11.3 per cent) experienced significant increases in their share of the national population (Figure 1.1). The other provinces all experienced a decline.

Figure 1.1: Percentage share of the national population by province - 1996, 2001 and 2011



Source: Stats SA (Census 2011)

Migration is cited as one of the main factors contributing to the decline in KZN's share of the national population. Table 1.2 shows considerable outflow of KZN's population to different provinces, especially to GP and WC. An estimated 281 558 of KZN's population migrated to other provinces, and about 60 per cent of migrants went to GP (180 000 people) between 2001 and 2011.

One of the key factors contributing to the larger number of people migrating from KZN to GP is the attainment of better job opportunities. The search for a higher standard of living in other provinces within the country is also cited as a contributing factor.

Table 1.2: South Africa and KwaZulu-Natal population migration patterns, 2011

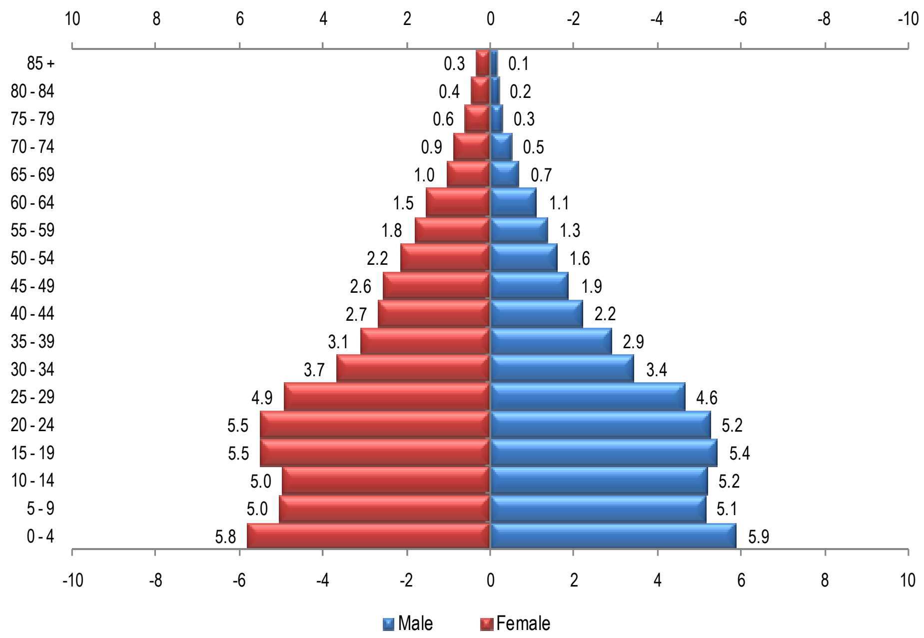
	2001-2011		
	Out-migration	In-migration	Net migration
Western Cape	128 967	432 790	303 823
Eastern Cape	436 466	158 205	-278 261
Northern Cape	69 527	62 792	-6 735
Free State	151 402	127 101	-24 301
KwaZulu-Natal	**281 568**	**250 884**	**-30 684**
North-West	166 008	273 177	107 169
Gauteng	402 271	1 440 142	1 037 871
Mpumalanga	191 089	243 934	52 845
Limpopo	372 283	219 426	-152 857

Source: Stats SA (Census 2011)

1.2.3 Population distribution by age and gender

Figure 1.2 shows the proportion of KZN's population size by age cohort in 2011. The largest size in terms of age cohort of approximately 6.6 million (62.9 per cent) of the provincial population falls within the 15-64 age cohorts, which constitutes the economically active population (EAP). This means that approximately 3.9 million (37.1 per cent) of KZN's population are those under the age of 15 and those who are 65 and above, which translates to a dependency ratio[2] of 59 per cent (an ideal dependency ratio is 25 per cent which ensures sustainability is achievable and reduces dependence on government support).

Figure 1.2: KZN Population by Age, 2011



Source: Stats SA (Census 2011)

2 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 the ages 15 and 64. Dependency ratio = (number of people under 15 years) + (number of people aged 65 and over) / (number of people between 15 and 64 years) X 100= [(3 355 552+545 308)/6 615 321] x 100 = 58.96 per cent.

1.2.4 Dependency ratio

A high dependency ratio means that the economically active population is heavily burdened as it has to support that portion of the population which is not part of the labour force. A high dependency ratio has a negative effect on the provision of public goods and services, as it implies that there are fewer people contributing toward tax revenue.

1.3 Provincial economic structure and performance

1.3.1 Provincial economic structure

PT developed a structural model in an attempt to model the provincial economy. This model will allow PT to model the quarterly and annual performance of the different economic sectors in KZN and to forecast the real GDP of KZN, based on national GDP estimates. The model is a structural one, and therefore its stability and relevance is dependent on the degree of the stability of the structural relationship between the national and provincial GDP since 1995.

Table 1.3 indicates the yearly structural relationship between the national and provincial GDP, per sector, from 2001 to 2011.

Table 1.3: Structural GDP relationship - Provincial sector GDP as a % of national sector GDP: 2001 - 2011

Industry	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011
Primary Industries	**10.4**	**10.2**	**10.4**	**10.4**	**9.6**	**9.8**	**10.0**	**11.0**	**11.2**	**11.0**	**11.1**
Agriculture, forestry and fishing	28.9	28.4	29.6	29.5	27.0	28.7	29.1	28.7	28.3	28.9	29.2
Mining and quarrying	4.1	3.7	3.7	3.8	3.5	3.4	3.5	3.5	3.4	3.5	3.5
Secondary Industries	**20.8**	**20.4**	**20.1**	**20.1**	**20.1**	**20.0**	**19.9**	**19.9**	**19.6**	**19.8**	**19.9**
Manufacturing	21.2	21.2	21.3	21.2	21.2	21.2	21.2	21.2	21.2	21.3	21.3
Electricity, gas and water	18.6	19.7	17.0	17.1	17.2	17.2	17.2	17.1	16.6	16.5	16.4
Construction	20.1	15.0	14.6	14.6	14.9	14.5	14.4	14.4	14.5	14.6	14.6
Tertiary industries	**15.6**	**15.6**	**15.7**	**15.7**	**15.9**	**15.8**	**15.8**	**15.8**	**15.9**	**16.0**	**16.0**
Wholesale and retail trade, hotels and restaurants	16.8	16.9	17.0	17.0	16.9	17.0	17.0	17.0	17.3	17.3	17.4
Transport, storage and communication	21.3	21.3	21.4	21.4	21.5	21.5	21.6	21.7	21.8	21.9	22.0
Finance, real estate and business services	13.5	13.3	13.4	13.4	14.1	13.8	13.8	13.8	13.9	13.9	13.9
Personal services	16.3	16.3	16.3	16.3	16.3	16.3	16.3	16.3	16.4	16.4	16.4
General government services	13.8	13.8	13.7	13.6	13.6	13.6	13.6	13.7	13.7	13.8	13.7
KZN - GDP at constant 2005 prices	**16.4**	**16.2**	**16.2**	**16.2**	**16.2**	**16.2**	**16.3**	**16.3**	**16.3**	**16.4**	**16.4**

Source: Stats SA (2011), Own calculations

Some provincial sectors, such as agriculture, wholesale, transport and finance, have experienced a steady increase in their contribution to the national sector GDP, whereas mining, electricity and construction have experienced a steady decrease. However, no dramatic and significant structural changes have occurred over the period, therefore the structural relationship seems to display a high degree of stability.

1.3.2 Economic performance

Table 1.4 shows that the provincial economy recorded, on a seasonally adjusted and annualised basis, an increase of 2.7 per cent during the third quarter of 2012 compared to an increase of 2.8 per cent during the second quarter of 2012.

The third quarter 2012 annual growth rates, both on a seasonal and non-seasonal adjusted basis, indicate that economic activity is at lower levels than experienced during the second quarter of 2012.

The annualised growth rates also indicate that the tertiary economic sectors continue to record positive growth rates, but at levels lower than during the second quarter of 2012. The manufacturing sector recorded a positive growth rate, and the construction sectors showed robust growth rates over the period.

Table 1.4: Provincial GDP-R and economic growth rate – year-on-year, 2011Q2 – 2012Q3

Industry	2011Q2	2011Q3	2011Q4	2012Q1	2012Q2	2012Q3
Primary Industries	**5.7**	**-0.9**	**-4.1**	**-2.9**	**2.3**	**5.3**
Agriculture, forestry and fishing	3.7	-1.3	-4.3	-2.0	2.7	6.1
Mining and quarrying	12.8	0.3	-3.6	-6.2	0.9	2.3
Secondary Industries	**2.9**	**3.3**	**3.1**	**1.9**	**2.6**	**3.2**
Manufacturing	3.3	3.8	3.7	2.2	3.1	3.5
Electricity, gas and water	0.7	0.2	-1.0	-1.7	-2.9	-1.7
Construction	1.5	1.8	1.7	2.5	3.3	4.1
Tertiary industries	**3.0**	**3.3**	**3.4**	**3.1**	**2.7**	**2.1**
Wholesale and retail trade, hotels and restaurants	3.9	4.2	4.2	4.4	3.8	2.8
Transport , storage and communication	4.1	4.1	4.1	3.7	3.2	3.0
Finance, real estate and business services	0.9	1.7	1.7	1.3	1.0	0.1
Personal services	1.8	1.7	1.7	1.6	1.4	1.3
General government services	4.6	4.9	5.1	4.7	4.0	3.7
GDPR at constant 2005 prices	3.3	3.3	3.1	2.6	2.8	2.7
GDPR at constant 2000 prices (seasonal adjusted)	**3.1**	**3.3**	**3.6**	**2.7**	**3.2**	**2.2**

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

1.3.3 KwaZulu-Natal barometer

Table 1.5 suggests that the industrial action that hit the national economy since August 2012 has also had an effect on KZN's economy, although indirectly. The latest KZN barometer[3]grew by only 0.6 per cent, the slowest year-on-year growth since May 2009. The barometer was also down on a quarter-on-quarter and month-on-month basis. KZN's economy grew by 2.2 per cent compared to a year ago, and contracted by 1.3 per cent on a quarter-on-quarter and month-on-month basis, respectively.

Table 1.5: Main and sub-indices of KwaZulu-Natal barometer - October 2012

Main and sub-indices of KZN's barometer	% Change on a year ago	% Change on a month ago	% Change on a quarter ago	% change on 3 years ago
Agriculture Index	-4.4	-0.1	-2.1	-8.0
Mining Index	-0.7	-2.8	-4.9	-5.2
Manufacturing Index	2.6	0.4	1.7	9.2
Electricity Index	-3.8	1.0	2.7	-5.8
Construction Index	6.4	13.0	0.1	-24.6
Transport Index	6.1	0.1	-1.7	34.7
Trade Index	3.0	-0.2	-0.7	20.7
Government	2.3	-2.3	-3.5	25.1
Finance, Real Estate and Business Services Index	-2.1	-1.2	1.2	4.5
KwaZulu-Natal Growth Index	2.2	-0.4	-0.7	15.3
KwaZulu-Natal Stress Index	1.6	0.9	0.7	-2.0
KwaZulu-Natal Barometer	0.6	-1.3	-1.3	17.6

Source: KZN barometer (2012)

The sudden increase in economic stress[4] by 1.6 per cent year-on-year in KZN contributed to the slow growth of the KZN barometer. While growth in economic stress of below 2 per cent is no reason for concern yet, the increased economic stress in KZN is expected to continue to negatively affect the economy during 2013.

1.3.4 Provincial economic outlook

The economic indicators, particularly for 2011 and 2012, suggest that 2013 will also be a difficult and challenging year characterised by significant levels of uncertainty, particularly external fiscal pressure, domestic political instability and labour market uncertainty.

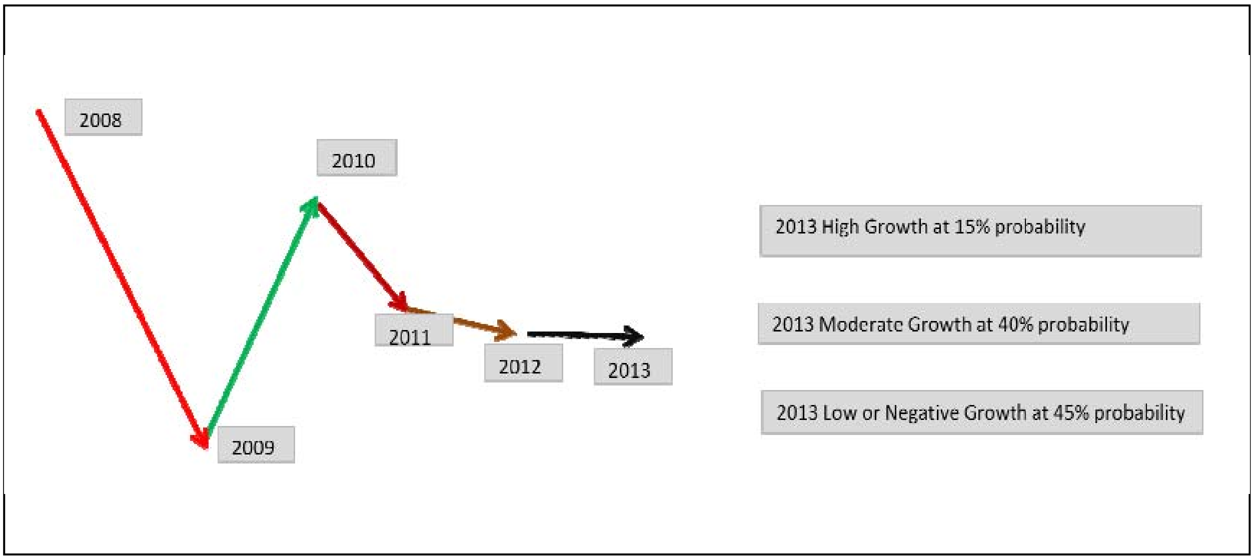
The national and provincial economy unsurprisingly experienced decreasing economic growth during 2012, with very little job creation and private capital formation. The 2012 economic growth trend will most probably continue during 2013, and the economic prospects for 2013 therefore seem very bleak.

3 The KwaZulu-Natal barometer is compiled by Mike Schüssler (Economists.co.za).

4 The economic stress index reflects factors like inflation, interest rates and unemployment.

Given the past and current economic performance of the province and the deteriorating economic risk and conditions, it is estimated that the economic performance for KZN for 2013 will be similar to that of 2012. Figure 1.3 indicates the growth behaviour of the provincial economy from 2008 to 2012. Three possible scenarios are also indicated, with the moderate growth scenario of 3 per cent being set at a likelihood of 40 per cent. The slow or negative growth scenario increases significantly from 10 per cent probability in 2012, to 45 per cent probability in 2013.

Figure 1.3: Economic past and present and three scenarios, 2008 – 2013

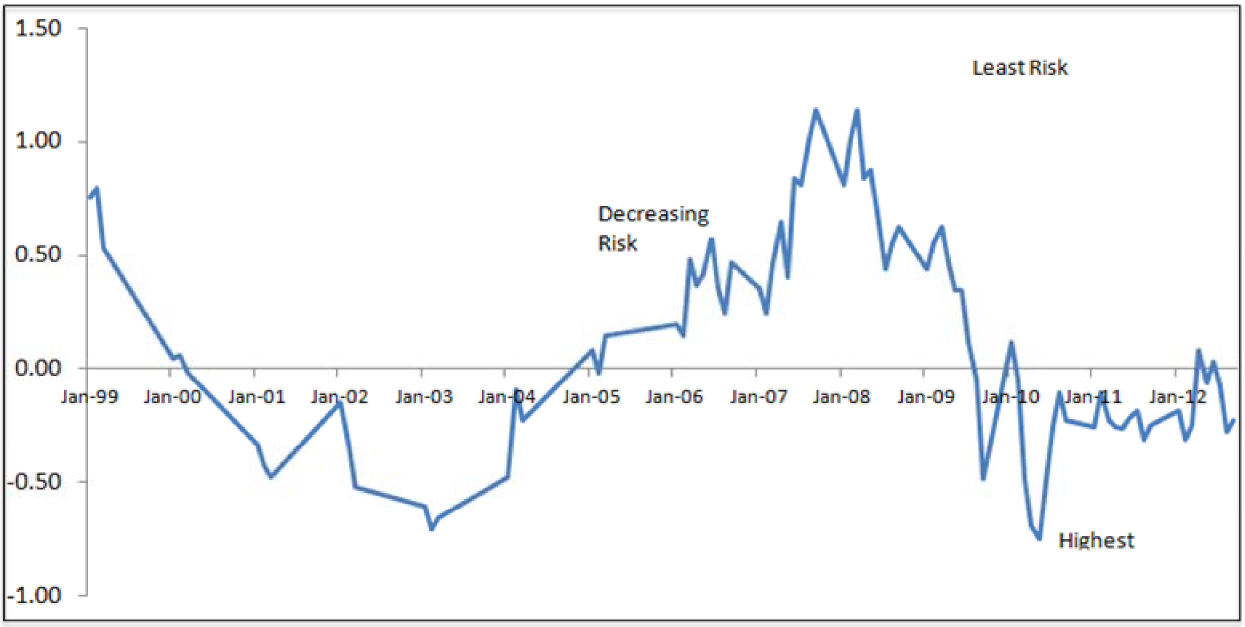


Source: Own calculations using various sources including Stats SA (2012)

1.3.5 Economic conditions monitor

The economic conditions monitor for KZN is displayed in Figure 1.4. The results have been smoothed using a 12 month moving average method because of the inclusion of monthly data in the calculations.[5] The monitor should be interpreted as follows: positive values indicate low or decreasing risk, zero indicating neutral risk and negative depict high or increasing risk.

Figure 1.4: Economic risk/Conditions monitor, January 1999 – January 2012



Source: Own calculations using various sources including Stats SA (2012)

5 Economic modelling and methodology used in estimating economic conditions monitor is available on request.

The results suggest that the economic conditions in the province during 2011 and 2012 were consistently weak or not conducive for growth. However, the outlook seems to be improving slightly, given the behaviour of the majority of economic variables since the beginning of the third quarter of 2012. This should support the economic outlook of the province during 2013, but only marginally, given significant labour unrest and the uncertain global economic conditions, particularly in the Euro Zone.

1.4 Provincial labour market

1.4.1 Employment

Despite the volatility in the South African labour market, the number of people employed continued to increase between 2010 and 2012. The total number of people employed in both the formal and the informal sectors rose steadily from an estimated 13 million in the third quarter of 2010, to approximately 13.6 million in the third quarter of 2012. Furthermore, of the estimated 600 000 new jobs created, 198 000 (33 per cent) were generated between the second and third quarters of 2012. The upward trend in employment between these quarters arose mainly from finance and other business services (74 000), manufacturing (49 000) and transport (43 000) industries. Job losses were most significant in private households (29 000), mining (8 000) and trade (4 000) industries.[6]

1.4.2 Skills levels of people employed by sector

Table 1.6 below depicts KZN's formal employment by skills level. Although provincial employment generally increased, this is not the case with the unskilled labour, as it marginally declined between 2001 and 2010. This is in contrast to trends for highly skilled persons. In 2010, 72 per cent of those employed in the primary sector were unskilled. The secondary sector followed at 56.2 per cent, but this has been declining since 2001, particularly as a result of the employment of more skilled and highly skilled workers. With approximately 47.9 per cent of the labour force skilled and 15.1 per cent highly skilled, the tertiary sector had the largest portion of skilled workers to total employment in the sector. It is the only sector that had a larger portion of highly skilled and skilled workers than unskilled.

Table 1.6: Formal employment by skills level KZN, 2001-2010

	% Highly skilled			% Skilled			% Semi- and unskilled		
	2001	2005	2010	2001	2005	2010	2001	2005	2010
Primary sector	2.4	2.6	3.3	27.9	25.9	24.7	69.6	71.5	72.0
Agriculture, forestry and fishing	2.3	2.4	2.6	28.2	26.1	25.5	69.5	71.5	71.9
Mining and quarrying	8.0	7.9	8.0	19.7	19.5	19.3	72.3	72.6	72.7
Secondary sector	8.5	9.2	9.5	34.4	35.1	34.3	57.1	55.8	56.2
Manufacturing	9.3	9.9	10.5	39.8	39.8	39.8	50.9	50.4	49.7
Electricity, gas and water	12.6	13.4	14.7	28.8	31.1	32.9	58.6	55.5	52.4
Construction	5.3	5.8	6.0	14.7	16.1	16.8	80.0	78.1	77.1
Tertiary sector	15.1	14.2	14.5	44.7	46.0	47.9	40.2	39.8	37.7
Wholesale and retail trade, catering and accommodation	11.7	11.5	11.4	58.0	58.1	58.3	30.3	30.4	30.3
Transport, storage and communication	10.3	11.0	11.8	31.3	32.7	33.8	58.4	56.3	54.4
Finance, insurance, real estate and business services	22.1	21.7	21.4	59.8	59.6	59.4	18.1	18.7	19.2
Community, social and personal services	4.0	4.1	3.9	11.8	14.1	14.4	84.2	81.8	81.7
General government	25.4	22.2	21.0	55.4	58.9	60.7	19.1	18.9	18.4
Total	**11.8**	**11.7**	**12.8**	**40.0**	**41.2**	**43.8**	**48.2**	**47.0**	**43.4**

Source: Quantec, 2011

1.4.3 Analysis of employment by sector

As evident in Table 1.7, employment in agriculture has been declining considerably, both nationally and provincially between 2001 and 2011.

An estimated 190 176 and 21 996 jobs were lost nationally and provincially, respectively. Most of the jobs that were lost came from the Agriculture sector, including the hunting, forest and logging sub-sectors.

[6] Stats SA, Quarterly Labour Force Survey (2012:Q3).

Table 1.7: Number of jobs gained OR lost nationally and in KZN between 2001 and 2011

	National	KZN	eThekwini	Ugu	uMgungun-dlovu	Uthukela	Umzin-yathi	Amajuba	Zululand	Umkhan-yakude	uThungulu	iLembe	Sisonke
Primary Sector	**-79 096**	**-14 429**	**-2 662**	**-2 465**	**-4 579**	**-497**	**-1 541**	**180**	**-254**	**-753**	**2 991**	**-4 099**	**-750**
Agriculture	-190 176	-21 996	-2 789	-2 731	-4 720	-548	-1 581	-425	-821	-995	-2 426	-4 220	-738
Mining	111 080	7 567	127	266	141	51	40	605	567	242	5 417	121	-11
Secondary Sector	**329 276**	**52 146**	**32 173**	**1 938**	**3 210**	**1 560**	**45**	**2 991**	**562**	**395**	**2 988**	**5 914**	**368**
Manufacturing	109 491	25 464	14 226	622	1 335	716	-108	2 437	176	229	958	4 767	104
Electricity	-5 446	119	-58	-6	5	55	4	21	39	5	34	1	18
Construction	225 231	26 563	18 006	1 322	1 870	789	149	533	347	161	1 995	1 146	246
Tertiary Sector	**1 908 370**	**311 450**	**180 881**	**14 637**	**33 378**	**13 275**	**4 407**	**11 755**	**11 791**	**5 721**	**18 106**	**9 623**	**7 875**
Trade	459 752	58 329	39 720	3 603	4 447	1 992	251	1 374	624	269	2 623	2 274	1 152
Transport	72 541	15 483	10 940	552	956	660	77	323	121	73	905	760	116
Finance	614 678	85 891	60 778	3 175	8 125	2 176	315	2 284	941	468	4 283	2 746	600
Community serv	646 686	120 550	55 786	5 301	15 752	6 537	3 190	6 070	8 113	4 270	8 263	2 888	4 379
Households	114 715	31 197	13 658	2 005	4 099	1 909	574	1 703	1 992	641	2 033	955	1 628
Total	**2 158 550**	**349 167**	**210 393**	**14 110**	**32 009**	**14 339**	**2 911**	**14 926**	**12 098**	**5 364**	**24 085**	**11 438**	**7 494**

Source: Global Insight, 2012

Between 2001 and 2011, the mining sector experienced considerable growth in employment and added about 7 567 jobs in KZN. This was mainly due to an increase in the mining ore sub-sector. Ironically, production in the sector had been declining, despite employment numbers being on the increase. Moreover, employment in the primary sector had been declining, due to the overwhelming number of jobs lost in the agricultural sector. Manufacturing employment grew modestly over the period, adding 25 464 jobs in the province. A substantial number of these jobs were added in eThekwini (14 226) and Ilembe (4 767).

Government (Community services) was the largest employer in KZN in 2011. An estimated 34.5 per cent of new jobs in KZN came from government between 2001 and 2011. Ideally, government should not be a source of employment, but should create a conducive environment for the private sector to operate competitively, thus creating more jobs (Dawson, 2012).

1.4.4 Unemployment

Table 1.8 shows that the provincial unemployment rate was 21.9 per cent in 2011, compared to the national rate of 24.7 per cent.

Although the unemployment rate is a good indicator of the health status of the labour market, like any other measure it should not be viewed in isolation. It is from this perspective, that the following subsection undertakes a closer analysis of other labour market indicators. These additional employment indicators are aimed at fostering an understanding of the provincial labour market.

Table 1.8: Unemployment rate by race and gender, 2011

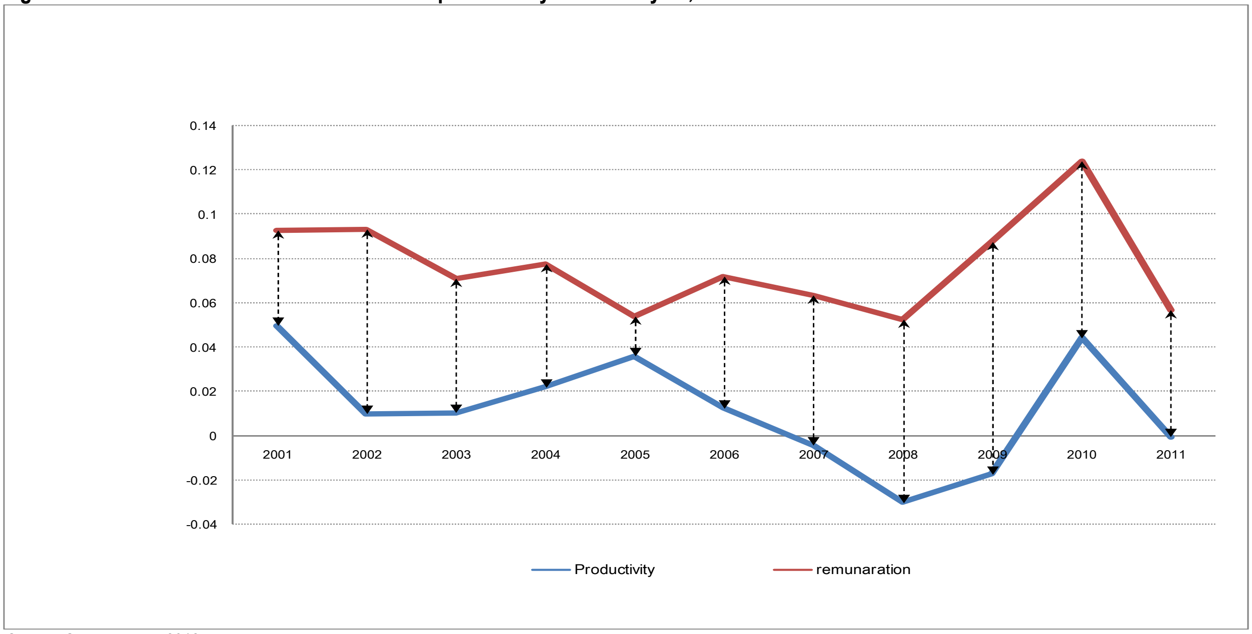
	Male					Female					Overall Unemployment
Percentage	African	White	Coloured	Asian	Total	African	White	Coloured	Asian	Total	
National Total	26.1	5.0	24.6	9.7	22.7	32.1	5.8	23.2	10.9	27.2	24.7
KwaZulu-Natal	26.0	3.8	23.8	10.6	22.0	25.1	4.5	14.3	11.7	21.7	21.9
eThekwini	26.5	3.8	25.1	10.6	20.6	25.0	4.0	14.2	11.5	20.2	20.4
Ugu	17.9	5.2	22.0	808.0	16.7	14.7	6.7	15.8	10.1	14.0	15.5
uMgungundlovu	29.9	3.6	20.5	12.1	25.3	32.2	4.4	14.3	13.7	27.9	26.6
Uthukela	29.9	3.5	19.8	10.0	27.5	24.0	5.3	9.5	15.9	22.7	25.3
Umzinyathi	34.8	5.2	30.8	17.3	32.5	27.1	6.0	25.1	19.6	26.1	29.5
Amajuba	27.4	5.0	31.0	10.9	25.3	28.7	7.5	25.0	12.0	27.2	26.2
Zululand	31.7	4.1	24.5	9.5	30.3	32.5	6.2	22.6	5.2	31.3	30.7
Umkhanyakude	20.0	2.9	18.4	8.6	19.6	8.4	5.0	4.4	28.4	8.4	15.2
uThungulu	21.8	3.3	13.9	6.6	19.9	22.7	5.0	11.4	8.5	20.9	20.3
Ilembe	18.6	2.4	11.5	9.1	16.8	19.8	6.6	7.4	9.6	18.5	17.6
Sisonke	29.3	0.7	25.2	1.8	28.0	21.9	2.9	12.2	1.8	20.9	25.0

Source: Global Insight, 2012

1.4.5 Labour remuneration and productivity

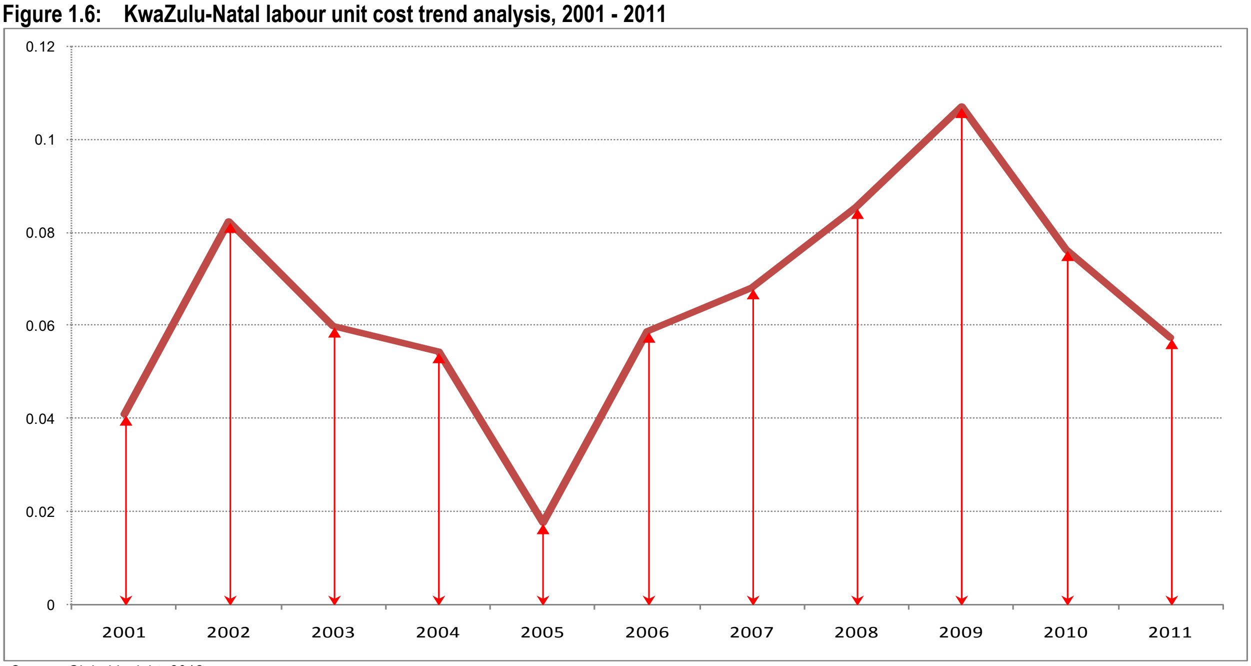
Labour productivity[7] is a measure usually used when calculating unit labour cost, thereby reflecting changes in the price of labour. According to the International Labour Organisation (2010), an improvement in this variable can be attributed to accumulation of machinery, technological advancement, infrastructure improvement, skills development and optimised efficiency of organisations. The unit labour cost[8], on the other hand, measures the average cost of output, therefore rapid growth in remuneration per worker is not harmful as long as it is coupled with a proportional increase in productivity. This measure serves as a key indicator of cost pressures, competitiveness and cost efficiency of labour.

Figure 1.5: KwaZulu-Natal remuneration and productivity trend analysis, 2001 - 2011



Source: Global Insight, 2012

Figure 1.6: KwaZulu-Natal labour unit cost trend analysis, 2001 - 2011



Source: Global Insight, 2012

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7 Labour productivity is defined as output per unit of labour. Labour remuneration is measured as remuneration per worker at current prices.

8 The unit labour cost is calculated by dividing remuneration per worker by labour productivity.

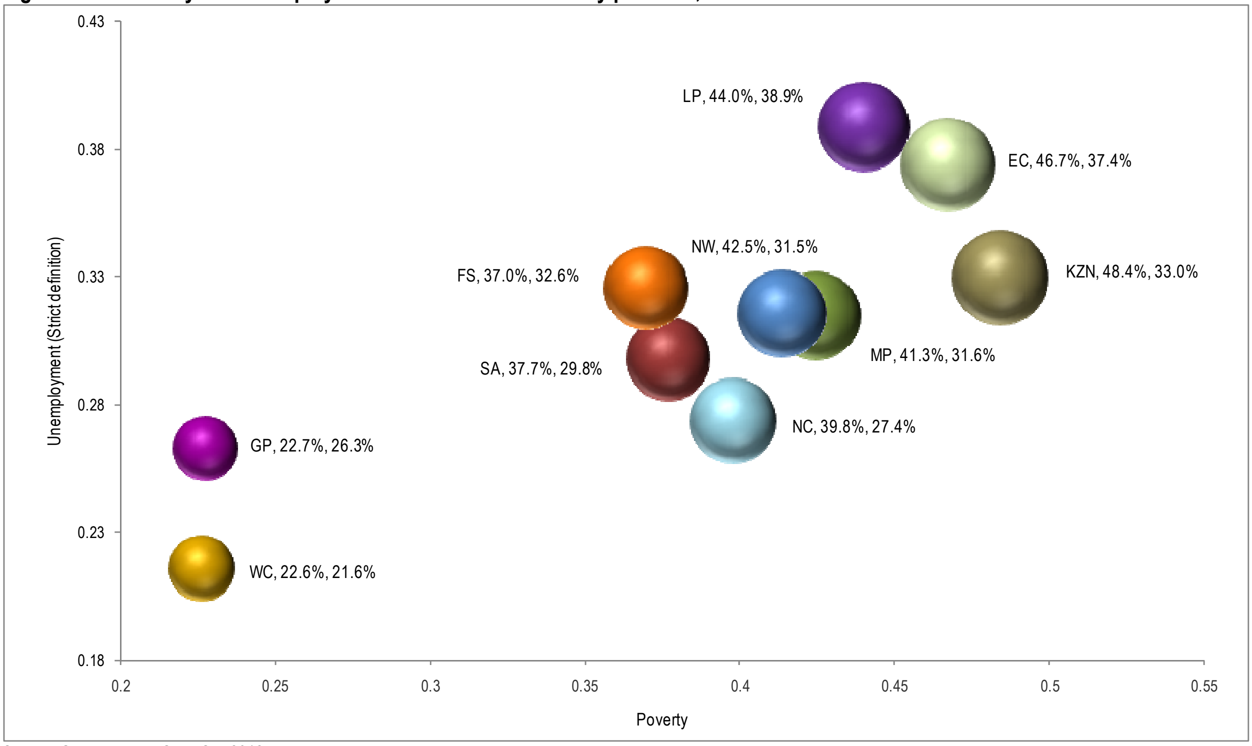
Similar to most provinces across the country, the growth rate in labour remuneration has out-stripped productivity growth in KZN between 2001 and 2011. As argued by Genesis Analytics (2012), higher labour remunerations, coupled with costly labour arbitration processes make it difficult to expel poor performing employees. This has led to businesses being wary to create more jobs thus affecting global competitiveness. This finding was also pertinent in the red tape study conducted by the province in 2012, which revealed that a number of businesses felt that they were faced with increased input costs. The inflexibility of the labour market is cited as one of the constraints that make it difficult to incentivise higher productivity. This argument is further confirmed by Figures 1.5 and 1.6.

1.5 Development Indicators

1.5.1 Poverty

Households that have adequate income to meet their needs are able to acquire education and health benefits for their members, thereby improving their general quality of life. KZN does not meet the above-mentioned statement of acquiring income that can improve general quality of life. This is depicted in Figure 1.7, which illustrates poverty and unemployment rates across provinces in South Africa in 2011.

Figure 1.7: Poverty and unemployment rates in South Africa by province, 2011



Source: Global Insight, Stats SA, 2012

It is evident that KZN was the most poverty stricken province in the country, with a poverty rate of 48.4 per cent, in 2011. As expected, provinces which were worst affected by poverty, also experienced high levels of unemployment.

Although KZN experienced the highest incidence of poverty, it had the third highest unemployment rate in the country, after LIM (38.9 per cent) and EC (37.4 per cent).

1.5.2 Income distribution

It is evident from Table 1.9 that the majority of KZN households were in the lower income category in 2001. This proportion was alarmingly high among African households (89 per cent), with Coloured households at 58.8 per cent, followed by Asian households at 50.4 per cent. A sizeable amount of White households (21.9 per cent) fell in this category.

The bleak situation observed in 2001 had improved considerably in 2011 across all race groups. However, much still needs to be done in addressing the reality that an estimated 53.6 per cent of households residing in KZN were still categorised as low income earners in 2011. This observation is further supported by KZN's Gini-coefficient (0.64), which is the highest across all provinces (Figure 1.8).

Table 1.9: Income distribution in KwaZulu-Natal by race, 2011

Income category (%)	Income level Rands p.a.	African		Asian		Coloured		White		Total	
		2001	2011	2001	2011	2001	2011	2001	2011	2001	2011
Affluent	1 200 000+	0.0	0.2	0.1	1.2	0.0	1.0	0.5	5.9	0.1	0.8
Upper middle class	600 000 - 1 200 000	0.1	0.6	1.0	6.9	0.6	4.5	2.7	17.8	0.5	2.7
Realised Middle class	360 000 - 600 000	0.4	1.3	2.5	16.6	2.2	10.4	8.5	24.5	1.5	4.8
Emerging middle class	96 000 - 360 000	4.5	14.3	26.7	59.5	24.4	45.2	50.7	45.8	11.5	21.5
Low Emerging middle Income	54 000 - 96 000	6.0	18.2	19.3	12.6	13.9	20.5	15.7	4.7	8.3	16.6
Lower income	0 - 54 000	89.0	65.4	50.4	3.2	58.8	18.4	21.9	1.3	78.2	53.6

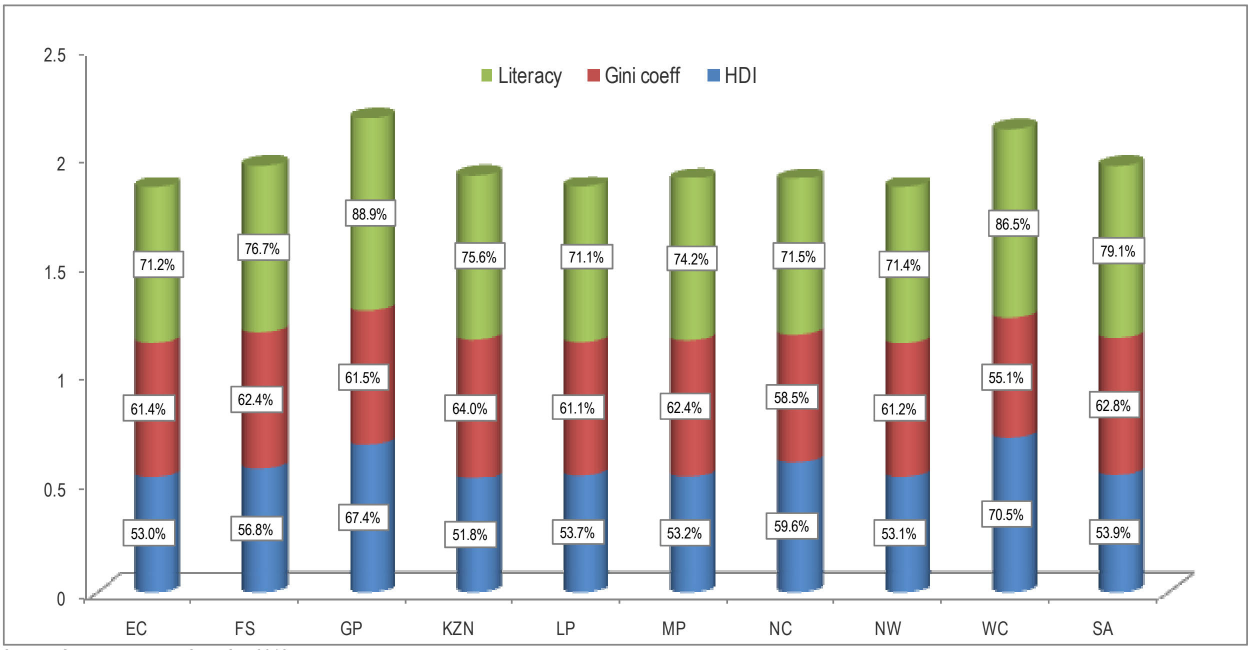
Source: Global Insight, 2012

1.5.3 Human Development Index (HDI)

The HDI measures the degree of development in a country by evaluating three components in a region, namely life expectancy (living a long healthy life), the standard of living (measured by purchasing power parity income) and the level of education (measured by adult literacy and gross enrolment in education). The index ranges between zero and one. A desirable indicator is an HDI value closer to one, while an undesirable HDI indicator is a value closer to zero.

Regions with an HDI value of 0.80 or more are classified as having high human development status, those with HDI values between 0.50 and 0.80 are classified as having medium human development status, and an HDI of less than 0.50 indicates low human development. Figure 1.8 depicts that, in 2011, KZN had an HDI of 0.52, lower than the national index of 0.54.

Figure 1.8: Human Development Index, inequality and literacy by province, 2011



Source: Global Insight and Stats SA, 2012

1.5.4 Literacy rates

By definition, literacy refers to the ability to read, write and understand written material. However, for the purposes of this document, functional literacy rate[9] will be used. Literacy plays a significant role in

[9] The functional literacy rate measures the percentage number of people aged 20 years and older, who have completed their primary schooling education (Grade 7).

improving human development. It would cost less to train an individual who is functionally literate than it would to train an illiterate person. Therefore, being functionally literate increases an individual's chances of attaining employment. This, in turn, can assist in improving an individual's or household's quality of life, thus reducing poverty. A region consisting of literate individuals tends to have a higher socio-economic status.

Figure 1.8 shows the literacy rates across provinces in 2011. KZN's literacy rate (75.6 per cent) was below the national average rate of 79.1 per cent. GP (88.9 per cent) had the highest literacy rate, followed by the WC (86.5 per cent) and FS (76.7 per cent).

1.6 Grant beneficiaries

Table 1.10 illustrates the total numbers of social beneficiaries according to grant type[10] across the nine provinces in 2012.

An alarmingly high percentage of old age (20.7 per cent), disability (27.2 per cent), grant-in-aid (41 per cent), child dependency (30.1 per cent), foster (26.3 per cent) and care dependency (24.7 per cent) grant recipients were located in KZN.

Table 1.10: Total number of social grant beneficiaries by grant type and province as at 30 September 2012

	Old Age Grant		War Veterans' Grant		Disability Grant		Grant-in-aid		Child Dependency Grant		Foster Child Grant		Care Dependency Grant		Total
	No.	%	No.	%	No.	%	No.	%	No.	%	No.	%	No.	%	No.
Eastern Cape	501 011	17.8	80	12.5	186 632	15.7	8 798	12.6	18 418	15.5	126 894	21.7	1 865 645	16.5	**2 707 478**
Free State	16 829	0.6	11	1.7	89 838	7.6	1 085	1.6	5 641	4.8	47 329	8.1	631 653	5.6	**943 826**
Gauteng	381 116	13.6	156	24.3	118 458	10.0	1 411	2.0	14 703	12.4	60 414	10.3	1 450 718	12.8	**2 026 976**
KwaZulu-Natal	**582 023**	**20.7**	**94**	**14.7**	**323 234**	**27.2**	**28 701**	**41.0**	**35 696**	**30.1**	**153 914**	**26.3**	**2 791 322**	**24.7**	**3 914 984**
Limpopo	387 703	13.8	50	7.8	88 344	7.4	10 065	14.4	11 682	9.9	63 338	10.8	1 565 730	13.8	**2 126 912**
Mpumalanga	224 793	8.0	29	4.5	82 272	6.9	2 622	3.7	8 378	7.1	37 195	6.4	1 051 683	9.3	**1 406 972**
North West	239 585	8.5	22	3.4	93 763	7.9	3 799	5.4	9 091	7.7	50 449	8.6	833 745	7.4	**1 230 454**
Northern Cape	73 411	2.6	20	3.1	50 517	4.3	4 184	6.0	4 414	3.7	15 849	2.7	273 249	2.4	**421 644**
Western Cape	253 469	9.0	179	27.9	154 399	13.0	9 300	13.3	10 446	8.8	30 317	5.2	842 279	7.4	**1 300 389**
South Africa	2 811 380	100.0	641	100.0	1 187 457	100.0	69 965	100.0	118 469	100.0	585 699	100.0	11 306 024	100.0	**16 079 635**

Source: Global Insight, 2012

1.7 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 Constitution, everyone has a right to basic education. It is in this respect that education has been targeted as one of the priorities in national government's Medium-Term Strategic Framework (MTSF).

1.7.1 Matric pass rate

A key measure of education's performance 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 1.9 shows a comparison of provincial National Senior Certificate (NSC) pass rates across the country in 2010, 2011 and 2012.

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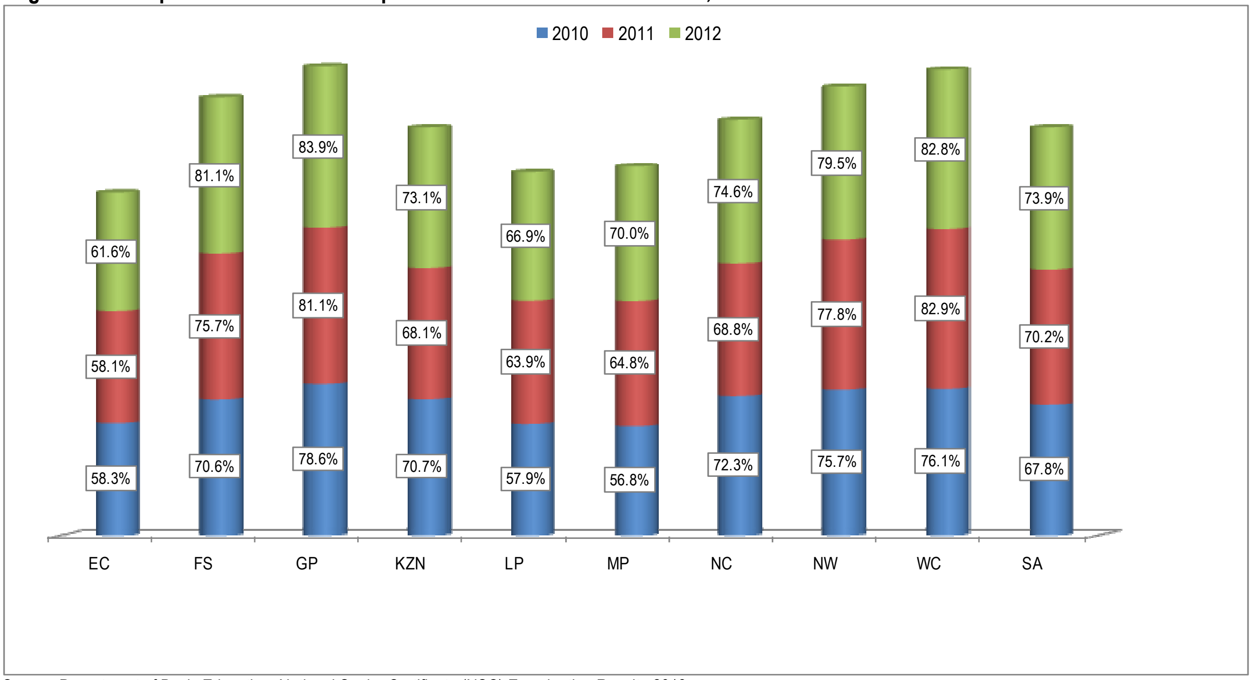
[10] The existing grant types are old age grant, war veterans' grant, disability grant, grant-in-aid grant, child dependency grant, foster child grant and the care dependency grant (which constitutes the largest share).

Figure 1.9: Comparison of national and provincial NSC achievements 2010, 2011 and 2012



Source: Department of Basic Education, National Senior Certificate (NSC) Examination Results-2013

The Minister of Basic Education announced in January 2013 that there was an improvement in the matric pass rate by 3.7 per cent, from 70.2 per cent to 73.9 per cent nationally between 2011 and 2012. If this trend continues, the economically active population is expected to increase with time, and so should the skilled sector. The KZN matric pass rate improved by 5 per cent from 68.1 per cent in 2011 to 73.1 per cent in 2012. In 2010, the KZN pass rate (70.7 per cent) was above the national average of 67.8 per cent. However, this situation was reversed in 2011 and 2012. In terms of the other provinces, GP, WC, and FS performed better, at 83.9 per cent, 82.8 per cent, and 81.1 per cent, respectively, in 2012.

1.8 Health

The development and implementation of comprehensive primary health care is necessary to enhance healthy communities in KZN. This will assist to reverse the adverse effects of diseases, maternal, infant and child mortality rates. This subsection therefore provides an overview of health indicators in KZN.

1.8.1 Causes of death in KwaZulu-Natal

The level of mortality is one of the indicators of the level of human development, hence its inclusion in the construction of human development indices. Table 1.11 shows that tuberculosis (TB) was the leading cause of death in the province (16.9 per cent). Though HIV was ranked sixth, it is, still a major concern.

Table 1.11: Ten leading underlying natural causes of death in KwaZulu-Natal (%), 2008

	Rank	Percentage (%)
Tuberculosis	1	16.9
Intenstinal infectious disease	2	7.3
Influenza and pneumonia	3	5.9
Cerebrovascular disease	4	4.6
Other forms of heart diseases	5	3.9
Human Immunodeficiency Virus	6	3.6
Diabetes mellitus	7	3.6
Other viral diseases	8	2.9
Hypertensive disease	9	1.9
Ischaemic heart disease	10	1.9
Other natural causes		39.1
Non-natural causes		8.6
All Causes		**100**

Source: Stats SA (Death Notification, 2008)

1.8.2 Infant and under-five mortality rates and crude death rate

Healthy and equitable societies are characterised by an environment where children are able to grow into healthy, secure and productive adults. Though provincial infant and child mortality rates have been decreasing over the years, it is unlikely that KZN will achieve millennium development goal (MDG) number 4 of reducing the under-five and infant mortality[11] rate to 20 and 18 per thousand live births or less, respectively, by 2015.

Table 1.12: Provincial infant and under 5-mortality and crude death rates, 2001-2011

Year	Infant mortality rate (IMR)	Under 5 mortality	Crude death rate
2001	53.3	78.8	11.9
2002	53	79.2	12.7
2003	52.4	79.1	13.4
2004	51.4	78.2	14
2005	50	76.2	14.4
2006	46.8	72.2	14.2
2007	45.1	67.8	13.8
2008	42.1	63.1	13.1
2009	40.6	59.3	12.4
2010	39.1	56.6	11.9
2011	37.9	54.3	11.7

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

Despite the setbacks, Table 1.12 indicates a step in the right direction, with both under-five and infant mortality rates dropping from 2001 to 2011. The table shows that the provincial infant mortality rate declined immensely from 53.3 per 1 000 live births (2001) to 37.9 deaths per 1 000 live births (2011). This observation is also pertinent to both under-5 mortality and crude death[12] rates. The crude death rate, however, has been increasing over time, from 11.9 deaths per 1 000 people in 2001, peaking at 14.4 deaths per 1 000 people in 2005, before moderately slowing to 11.7 deaths per 1 000 people in 2011. The decline is partly due to an improvement in medical research, public health and social services.

1.8.3 HIV and AIDS infection by province

The impact of HIV and AIDS is observable especially in the dramatic change in SA's general mortality rates. The pandemic does not only affect the infected person but family members and the wider community.

Table 1.13 shows national and provincial estimates of the number and percentage of people infected with HIV and AIDS in 2011. KZN had the highest percentage of people estimated to be infected with HIV. With the percentage of people living with HIV being this high, it is not surprising that the estimated percentage of people in KZN living with AIDS was also alarming at 30.8 per cent.

Table 1.13: Estimated HIV and AIDS infection by province, 2011

	% Share of national HIV infected population	% Share of national AIDS infected population
Western Cape	4.9	4.3
Eastern Cape	14.0	13.0
Northern Cape	1.4	1.3
Free State	6.6	6.8
KwaZulu-Natal	**29.5**	**30.8**
North West	7.6	7.4
Gauteng	19.3	20.5
Mpumalanga	9.3	9.1
Limpopo	7.4	6.8
South Africa	100.0	100.0

Source: Global Insight, 2011

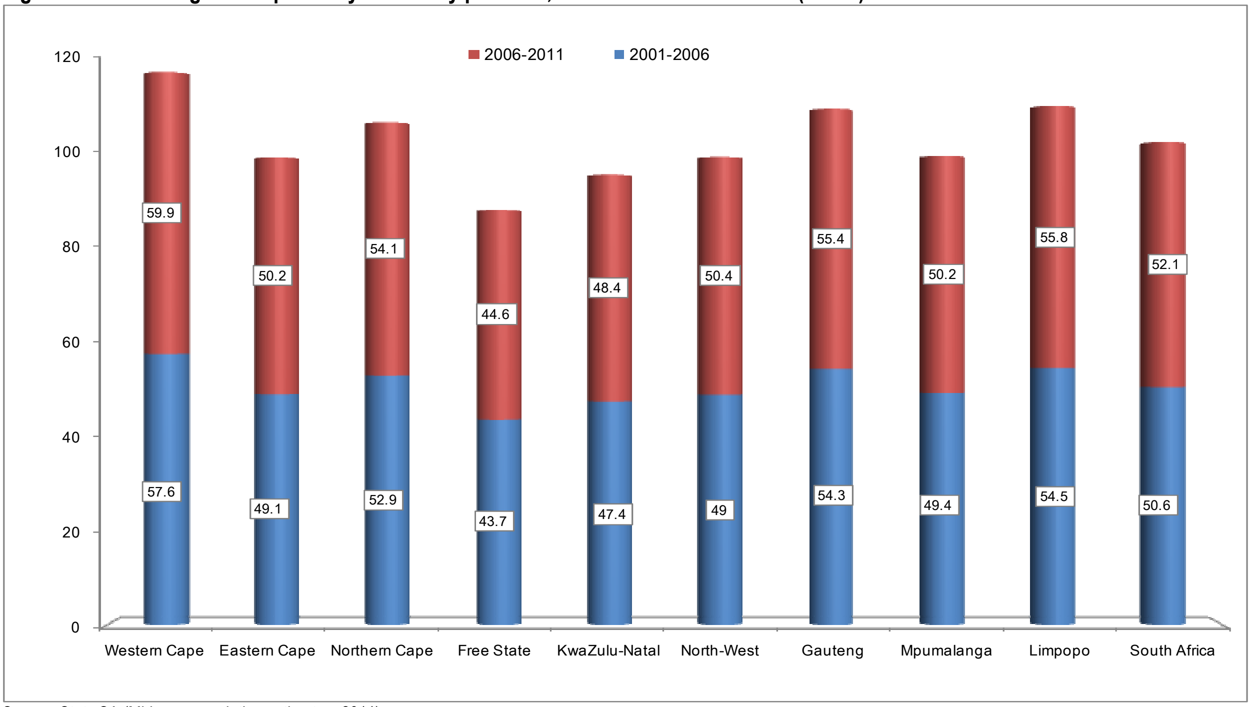
11 Infant mortality gives the number of deaths of infants less than one year in a given year per 1 000 live births in the same year.

12 Crude death rate indicates the number of deaths occurring during the year, per 1 000 population estimated at mid-year. Subtracting the crude death rate from the crude birth rate provides the rate of natural increase, which is equal to the rate of population change in the absence of migration.

1.9 Life expectancy

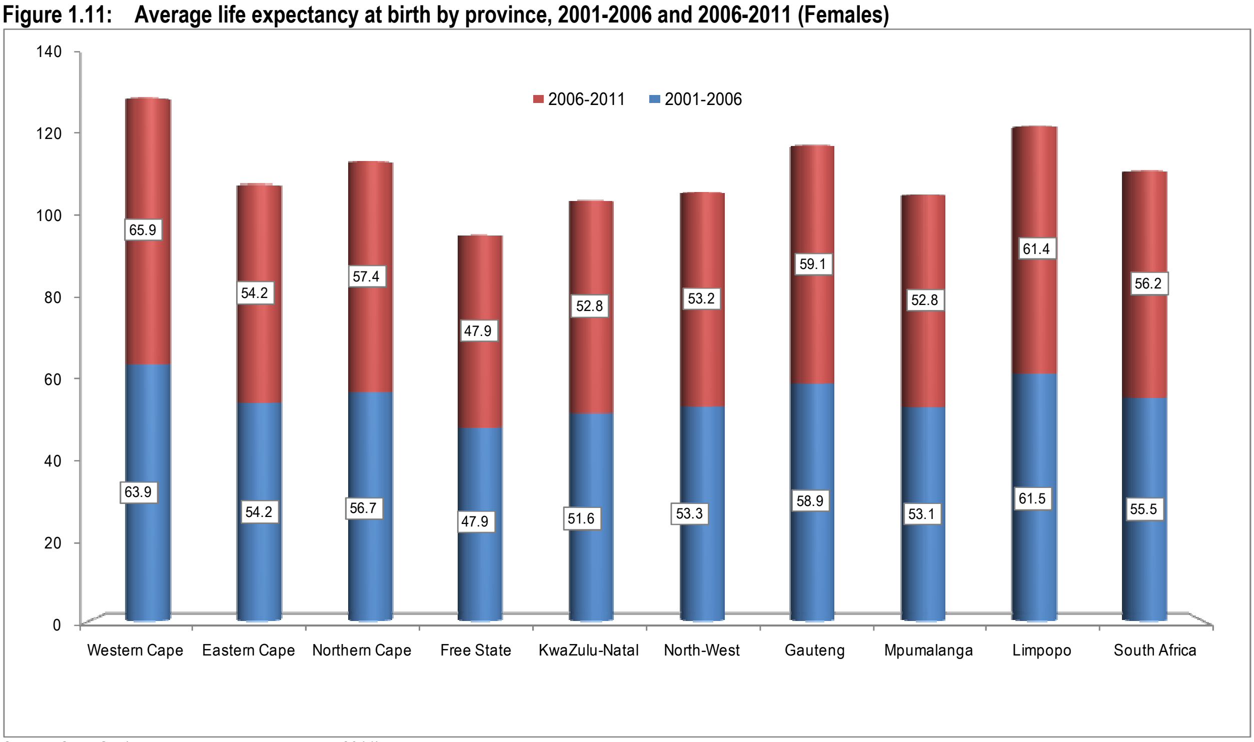
Life expectancy[13] provides a summary of mortality at all ages. Figures 1.10 and 1.11 show the average provincial life expectancy at birth for males and females for 2001 - 2006 and 2006 - 2011, respectively.

Figure 1.10: Average life expectancy at birth by province, 2001-2006 and 2006-2011 (Males)



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

Figure 1.11: Average life expectancy at birth by province, 2001-2006 and 2006-2011 (Females)



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

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13 Life expectancy at birth contains the average number of years to be lived by a group of people born in the same year, if mortality at each age remains constant in the future. The entry includes total population, as well as the male and female components.

KZN had a life expectancy for males of around 47.4 years between 2001 and 2006, and estimated to have increased slightly to 48.4 years between 2006 and 2011. Life expectancy at birth for females stood at around 51.6 years between 2001 to 2006, increasing slightly to 52.8 years between 2006 and 2011.

1.10 Crime

As argued by Garrett and Ott (2009), crime is a community attribute along with educational quality, infrastructure, and employment opportunity that, in part, determines the attractiveness of a city or region. Considering this statement, and given the need for aggressive economic growth within KZN, it is clear that all crime elements should be dealt with decisively in order to minimise the cost of doing business in KZN.

Table 1.14 depicts the crime levels and growth rates in KZN between 2009 and 2012.

It indicates that, between 2011 and 2012, there was a stark increase in the crime category Driving under the influence of alcohol or drugs (25.9 per cent) in KZN. The next fastest growing crime category was that of Drug-related crime. Both these are categorised under crimes that are heavily dependent on police action for detection. This signals a need for more to be done in the areas of policing, and that rigorous strategies should be put in place to curb these illegal activities. It is likely that effective strategies were implemented in previous years, as the number of driving under the influence of drugs and/or alcohol offences declined between 2009 and 2011.

Table 1.14: Crime levels and growth rates in KwaZulu-Natal, 2009 to 2012

Crime Category	March 2009	March 2010	March 2011	March 2012	March 2010	March 2011	March 2012
Total Number of Crimes in KwaZulu-Natal					Growth Rates (%)		
CONTACT CRIMES AGAINST A PERSON							
Murder	4 747	4 224	3 749	3 422	-11.0	-11.2	-8.7
Total Sexual Crimes	13 279	13 269	12 793	12 288	-0.1	-3.6	-3.9
Attempted Murder	4 922	4 614	3 915	3 666	-6.3	-15.1	-6.4
Assault with the intent to inflict grievous bodily harm	30 119	30 884	30 582	29 608	2.5	-1.0	-3.2
Common assault	29 906	32 980	32 271	31 983	10.3	-2.1	-0.9
Common robbery	8 575	7 985	7 320	7 637	-6.9	-8.3	4.3
Robbery with aggravating circumstances	25 856	23 239	19 573	18 469	-10.1	-15.8	-5.6
CONTACT-RELATED CRIMES							
Arson	1 200	1 202	1 141	1 074	0.2	-5.1	-5.9
Malicious damage to property	16 347	16 792	16 574	15 583	2.7	-1.3	-6.0
PROPERTY-RELATED CRIMES							
Burglary at non-residential premises	11 173	11 314	10 984	10 958	1.3	-2.9	-0.2
Burglary at residential premises	37 650	40 393	39 550	41 120	7.3	-2.1	4.0
Theft of motor vehicle and motorcycle	12 136	11 453	10 587	10 106	-5.6	-7.6	-4.5
Theft out of or from motor vehicle	12 971	14 221	15 945	15 960	9.6	12.1	0.1
Stock-theft	7 541	7 967	7 402	7 743	5.6	-7.1	4.6
CRIMES HEAVILY DEPENDENT ON POLICE ACTION FOR DETECTION							
Illegal possession of firearms and ammunition	4 236	4 968	5 072	4 696	17.3	2.1	-7.4
Drug-related crime	23 819	28 693	32 457	37 415	20.5	13.1	15.3
Driving under the influence of alcohol or drugs	12 837	11 935	10 220	12 867	-7.0	-14.4	25.9
OTHER SERIOUS CRIMES							
All theft not mentioned elsewhere	49 179	46 882	50 227	53 157	-4.7	7.1	5.8
Commercial crime	12 970	13 775	15 276	13 681	6.2	10.9	-10.4
Shoplifting	12 746	15 402	12 815	12 402	20.8	-16.8	-3.2
SUBCATEGORIES FORMING PART OF AGGRAVATED ROBBERY ABOVE							
Carjacking	4 062	3 715	2 619	2 229	-8.5	-29.5	-14.9
Truckjacking	133	127	94	64	-4.5	-26.0	-31.9
Robbery at residential premises	4 601	4 580	3 998	3 751	-0.5	-12.7	-6.2
Robbery at non-residential premises	2 499	2 066	1 943	1 911	-17.3	-6.0	-1.6
OTHER CRIMES CATEGORIES							
Culpable homicide	2 469	2 400	2 391	2 411	-2.8	-0.4	0.8
Public violence	96	144	138	117	50.0	-4.2	-15.2
Crimen injuria	5 132	5 542	5 904	6 206	8.0	6.5	5.1
Neglect and ill-treatment of children	490	455	372	302	-7.1	-18.2	-18.8
Kidnapping	686	769	839	839	12.1	9.1	0.0

Source: Stats SA and own calculation

1.11 Access to housing and basic services

Access to housing is one of the basic needs of local citizens. Homelessness and lack of quality housing reduce prospects for a sustainable livelihood, posing a threat to human security. Households living in formal housing are less susceptible to health risks and sanitation problems than their informally-housed counterparts, due to the benefits of water and electricity services being more accessible. Effective waste management services are also necessary in reducing pollution, thereby promoting a healthier and safer social environment for all citizens.

Table 1.15 indicates provincial housing and access to basic services in 2001 and 2011.

The majority of households across all provinces were formal household dwellers in 2011. KZN had 71.6 per cent formal houses, 19 per cent traditional houses, 8.3 per cent informal houses and 1 per cent other housing.

KZN had the seventh highest (third lowest) rate for access to water, both in 2001 (48.7 per cent) and in 2011 (63.6 per cent). GP led the country in respect of access to piped water at 89.4 per cent, followed by FS at 89.1 per cent in 2011. Electricity access in KZN, on the other hand, saw an upward trend during this period, indicated by a notable increase of 16.6 and 11.1 percentage points for lighting and heating, respectively.

Table 1.15: Access to housing and basic services, 2001 and 2011

Access to Basic Services (%)	Sub-Categories	Year	EC	FS	GP	KZN	LIM	MP	NW	NC	WC	SA
Electricty	Electricity for lighting	2001	50.0	74.4	80.1	**60.9**	62.9	68.9	72.3	72.4	88.0	69.7
		2011	74.8	89.8	87.2	**77.5**	87.1	86.2	83.8	85.1	93.2	84.5
	Electricity for heating	2001	23.9	40.5	69.4	**46.4**	27.4	37.4	44.9	5.0	73.2	49.0
		2011	31.2	55.7	74.7	**57.5**	45.0	57.6	61.8	62.2	63.5	58.8
	Electricity for cooking	2001	28.3	47.0	72.0	**47.6**	25.3	38.1	44.8	54.1	78.8	51.4
		2011	62.1	84.5	83.9	**68.7**	50.0	69.3	75.3	78.1	86.9	73.9
Water	Piped water in dwelling/yard	2001	37.8	70.6	82.7	**48.7**	38.9	56.5	52.8	72.0	85.2	61.3
		2011	49.4	89.1	89.4	**63.6**	52.3	71.7	69.3	78.0	88.4	73.4
Refuse	Refuse removal	2001	39.4	61.7	84.6	**49.4**	15.6	37.0	36.7	62.6	88.8	57.0
		2011	43.5	72.7	89.8	**53.1**	21.8	43.7	50.2	66.3	91.1	63.6
Housing	Formal	2001	51.5	66.5	74.4	**60.2**	72.5	72.2	72.0	81.0	81.3	68.5
		2011	63.2	81.1	79.9	**71.6**	89.8	83.8	76.2	82.4	80.4	77.7
	Informal	2001	11.2	26.1	23.9	**12.6**	7.1	14.5	22.9	11.3	16.2	16.4
		2011	7.7	15.7	18.9	**8.3**	5.2	10.9	21.2	13.1	18.2	13.6
	Traditional	2001	37.1	7.2	1.3	**28.7**	20.2	13.0	4.9	7.0	2.2	14.8
		2011	28.2	2.4	0.4	**19.0**	4.5	4.5	1.7	3.9	0.5	7.9
	Other	2001	0.2	0.3	0.3	**0.4**	0.3	0.3	0.2	0.7	0.3	0.3
		2011	0.9	0.8	0.9	**1.0**	0.5	0.8	0.9	1.3	1.0	0.9
Sanitation	Households with flushable/ chemical toilet	2001	36.0	47.0	81.0	**46.0**	18.0	37.0	35.0	59.0	86.0	54.0
		2011	46.0	68.0	87.0	**53.0**	23.0	45.0	46.0	67.0	90.0	63.0
	% of Households with no toilet facility	2011	13.0	3.0	1.0	**6.0**	7.0	6.0	6.0	8.0	3.0	5.0

Source: Stats SA, 2012

2. SUMMARY OF BUDGET AGGREGATES AND FINANCING

2.1 Introduction: Budget strategy - An overview

Unlike the 2012/13 MTEF, the 2013/14 MTEF budget saw some significant cuts in the provincial equitable share allocation received from the national fiscus. In the first instance, the province is severely impacted on by the 2011 Census data used to update the equitable share formula. NT indicated that the provincial equitable share formula has been updated with population data from the 2011 Census with this update having implications on the total equitable share allocated per province. Some provinces (such as GP and WC) receive additional resources as a result of increased service delivery responsibilities resulting from increased population numbers. Others (such as KZN and EC) receive reduced allocations as a result of the reduced proportion in terms of population numbers as reported in the 2011 Census data results. Consideration was given to the fact that sufficient time needs to be given to provinces with reduced populations to adjust to smaller budgets. As such, NT is giving some additional funding to cushion the impact of phasing in the new Census data. It should be noted, though, that this cushioning will only provide relief in the 2013/14 MTEF and that, from 2016/17, the equitable share will be allocated solely through the formula with no additions to support provinces with declining shares. This means that provinces must use the three years of support provided to adjust to their new baselines. Having said this, the reduction as a result of the Census data used to update the equitable share formula amounts to R1.124 billion in 2013/14, R2.387 billion in 2014/15 and R3.261 billion in 2015/16. As mentioned, some buffer funding is received from the national fiscus to assist the province to absorb this unprecedented fiscal shock, with the province receiving R289.915 million, R656.600 million and R1.224 billion over the 2013/14 MTEF. The net result, then, is a reduction of R933.993 million, R1.731 billion and R2.037 billion over the MTEF.

Besides this, NT is implementing across the board (across all three levels of government) cuts of 1, 2 and 3 per cent of the equitable share allocations. This cut is not effected against the entire equitable share allocation of provinces, but is calculated against 20 per cent of the equitable share allocation. The point was made that South Africa’s debt service-costs are rising faster than any other expenditure in the national fiscal framework. The reason is that our public spending is rising faster than revenue collection. In short, there is a widening gap between income and expenditure. What is more worrying is that the borrowings (deficit) are not necessarily financing capital investments, but are financing current government consumption. These cuts result in a reduction of R170.703 million, R358.424 million and R554.928 million over the 2013/14 MTEF for KZN. As such, if the 2011 Census data, the buffer funding from the national fiscus and the 1, 2 and 3 per cent reductions are aggregated, the province loses an enormous R1.005 billion, R2.089 billion and R2.592 billion over the 2013/14 MTEF.

The province receives some additional equitable share funding to provide for the carry-through costs of the 2012 wage agreement (these were allocated to Education and Health only, though, due to the labour-intensive nature of their operations, with all other departments expected to absorb these higher costs from within their existing baselines). The amount received in this regard is R1.411 billion, R1.728 billion and R2.456 billion over the 2013/14 MTEF. Further to this, the province received additional funding which was ear-marked for specific national priorities in Education, Health and Social Development. The amount received in this regard was R54.312 million in 2013/14 rising to R607.819 million in 2015/16. The priorities funded with these amounts are the increase in Grade R teachers, increase in the number of teachers in Quintile 1 schools, improved diagnostic tests for TB (GeneXpert), the absorption of social work graduates and support to the Non-governmental Organisations (NGOs) sector (under the Department of Social Development (DSD)).

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 and to find areas to cut back on in order to achieve the baseline cuts. Similarly, departments were told to look at strengthening efficiency savings to provide for these significant cuts, and that cutting service delivery spending, and especially infrastructure budgets, should be seen as an absolute last resort. The provincial own revenue budgets were reviewed and resulted in a marginal increase, in aggregate, of the revenue projections in 2013/14, and decreases in 2014/15 and 2015/16. Departments were reminded that the cost-cutting measures, which were first introduced in 2009/10, remain in place for the foreseeable future, and that the list of cost-cutting measures were being expanded in view of the massive baseline cuts which the province has to absorb.

KZN continues to budget for a surplus in the 2013/14 MTEF. The budget surplus is set at some R1 billion per annum over the 2013/14 MTEF. While the provincial overdraft has been repaid, there are spending pressures in the province, especially in Education, that could result in KZN going into overdraft again and this budgeted surplus acts as a buffer if this should occur. Further, the province is not yet sure how departments will adjust to these significant baseline cuts, and this budgeted surplus also protects the province in instances where departments find it difficult to immediately adjust to their lower baselines.

In recent years, KZN was able to finance numerous provincial priorities, largely as a result of increases in its equitable share allocations brought about by the data updates of the equitable share formula. As discussed above, this is not the case this year. In fact, the province was only able to fund a few provincial priorities through the utilisation of provincial cash resources which became available when the net financial position of the province was calculated during the 2012/13 Adjustments Estimate process. These resources became available largely due to the net surplus realised in 2011/12, as well as the surplus budgeted for in 2012/13. As such, departments were requested to indicate whether there were any projects which would require once-off funding, with some of these being funded in the 2012/13 Adjustments Estimate and some receiving funding over the 2013/14 MTEF only (i.e. with no carry-through budget provided beyond 2013/14 in most instances). This has allowed the province to finance a few provincial priorities over the 2013/14 MTEF. These include, but are not limited to, the following:

- Upgrading a regional laundry at Dundee by the Department of Health (DOH).
- The Rhino Security Intervention plan by Ezemvelo KZN Wildlife (EKZNW).
- Radio frequency identification for library books by the Department of Arts and Culture (DAC).
- Exit packages for Members of the Provincial Legislature (MPLs) by the Provincial Legislature (Legislature) to provide for a special allowance to Members whose tenure of office may be affected by the 2014 general elections.

As mentioned earlier, the cornerstone of the 2013/14 budget strategy continues to be the reprioritisation of the existing provincial budget, an enhanced focus on cost-cutting and maintaining a healthy budget surplus to provide a sufficient cushion in cases of fiscal shocks in the system. Given the resource constraints that exist due to the high demand for government services, and the reduction in the province's equitable share, 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 DOH is being 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 SAPS, Correctional Services, the Road Accident Fund (RAF), 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. A comprehensive position paper in this regard is in the process of being prepared, and it is anticipated that the findings of this will unblock some of the areas that have resulted in lower health patient fee collections. In summary, the 2013/14 budget strategy is underpinned by four elements, namely:

- Reprioritisation of the current budget.
- Expanded fiscal austerity measures to at least partially absorb the shock of the baseline cuts.
- 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 2013/14 MTEF budget, departments were requested to focus on the national outcomes, the PGDS and the PGDP. The 12 national outcomes are listed below:

National Outcome	Departments
1. Improved quality basic education	Vote 5, Vote 13
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 the *EPRE*, departments have indicated under the Strategic objectives sections, which national outcomes they are responsible for.

The Office of the Premier (OTP), the Provincial Planning Commission (PPC) and PT have embarked on a comprehensive exercise to ensure that departments align their APPs to the PGDP and PGDS, as well as ensure alignment between the APPs and budgets. It is imperative that synergies exist between these three sets of documents, to prevent departments from planning in silos and to ensure an integrated approach to development and service delivery in KZN.

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 2009/10 to 2011/12 is based on audited receipts and payments, while the 2012/13 figures provide a revised estimate position as at the end of December 2012. The 2013/14 to 2015/16 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		
	2009/10	2010/11	2011/12	2012/13			2013/14	2014/15	2015/16
Provincial receipts									
Transfer receipts from national	60 826 209	69 985 468	77 007 095	82 230 360	83 288 135	83 288 135	88 090 019	91 771 145	97 769 815
Equitable share	*51 972 804*	*57 632 201*	*63 584 195*	*67 802 913*	*68 638 663*	*68 638 663*	*73 509 972*	*77 812 867*	*82 110 075*
Conditional grants	*8 853 405*	*12 353 267*	*13 422 900*	*14 427 447*	*14 649 472*	*14 649 472*	*14 580 047*	*13 958 278*	*15 659 740*
Provincial own receipts	1 857 195	2 041 364	2 726 959	2 338 953	2 338 953	2 589 634	2 505 115	2 619 818	2 777 732
Total provincial receipts	**62 683 404**	**72 026 832**	**79 734 054**	**84 569 313**	**85 627 088**	**85 877 769**	**90 595 134**	**94 390 963**	**100 547 547**
Provincial payments*									
Current payments	48 496 893	52 348 834	61 968 245	66 043 869	67 585 006	68 219 969	72 290 458	76 663 525	81 839 288
Transfers and subsidies	8 729 987	9 228 387	9 529 717	10 118 836	10 331 511	10 336 869	10 105 857	8 931 913	9 053 624
Payments for capital assets	5 417 997	5 640 063	7 119 627	7 406 955	8 088 376	7 908 086	7 393 389	7 861 040	8 681 125
Payments for financial assets	1 164 407	445 440	26 265	1 800	2 109	2 145	2 500	2 500	4 694
Total provincial payments	**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**
Lending									
Surplus/(deficit) before financing	**(1 125 880)**	**4 364 108**	**1 090 200**	**997 853**	**(379 914)**	**(589 300)**	**802 930**	**931 985**	**968 816**
Financing	**(24 928)**	**420 639**	**400 375**	**130 824**	**1 279 914**	**1 279 914**	**239 776**	**54 255**	**7 400**
Provincial roll-overs	65 617	124 757	255 216	16 027	180 803	180 803	4 865	-	-
Provincial cash resources	(92 254)	299 391	142 603	114 797	1 098 158	1 098 158	234 911	54 255	7 400
Surplus Own Revenue surrendered	1 709	(3 509)	2 556	-	953	953	-	-	-
Surplus/(deficit) after financing	**(1 150 808)**	**4 784 747**	**1 490 575**	**1 128 677**	**900 000**	**690 614**	**1 042 706**	**986 240**	**976 216**

* Estimated actual expenditure for 2012/13 is as at 31 December 2012

In aggregate, KZN recorded a deficit before financing in 2009/10. This over-expenditure, along with substantial over-expenditure in 2007/08 and 2008/09 (not seen in table) resulted in KZN'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 that year, with the over-spending 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 R4.785 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 ending the year with a surplus of R1.491 billion. Despite over-spending by R311.795 million at the end of that year, the province over-collected against its own revenue budget by R783.994 million, while continuing to budget for a surplus of R948.008 million.

The Revised Estimate for 2012/13 in Table 2.1, which is based on the December IYM, indicates that the surplus will be R690.614 million, if the current spending patterns and projections of departments are taken into account. This is a reduction when compared to the 2012/13 Adjusted Appropriation, where the province was budgeting for a surplus of R900 million. The main reason for the difference between the two, results from the spending pressures experienced by DOH against the Comprehensive HIV and AIDS grant. Having said this, though, provincial departments continue to implement the cost-cutting measures (with an expanded version being implemented from December 2012 onward). It is expected that this will have a positive impact on the spending of departments, which should reduce the projected year-end over-expenditure to a degree. Also, the national DOH has indicated that they will assist the provincial DOH by providing medication for ARV patients, and it is expected that this will substantially reduce the projected over-expenditure.

KZN continues to budget for a surplus or Contingency Reserve over the 2013/14 MTEF. This Contingency Reserve is set at R1.043 billion in 2013/14, R986.240 million in 2014/15 and R976.216 million in 2015/16. This is done in line with NT practice. KZN is not yet certain how departments will adjust to the significant baseline cuts mentioned earlier, and this budgeted surplus therefore protects the province in instances where departments find it difficult to immediately adjust to their lower baselines. The Contingency Reserve also protects the province from unfunded mandates which may occur in-year, with NT having indicated that the current economic outlook may result in no additional funding being given to provinces in the 2013/14 Adjustments Budget. If this is the case, KZN will have to try and fund any unbudgeted portion of the 2013 wage agreement from within its baseline, which could cripple the province if no Contingency Reserve is provided for. It should be noted that any surplus or deficit that may arise in 2012/13 will be taken into account when the province prepares its Adjustments Estimate for 2013/14.

2.4 Financing

Budgeted surplus/Contingency Reserve

The total provincial receipts exceed the total provincial payments over the 2013/14 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 budgeted surplus also acts as a safety net, especially in view of the spending pressures that continue to exist in the Department of Education (DOE), as well as the fact that the province is unsure, at this stage, how departments will respond to their severely cut baselines. The budgeted surplus protects the province in so far as it should not go into overdraft should any department over-spend its budget allocation, 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 PT 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 PT, 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.

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 budgets 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 2013/14 MTEF is Vote 10: Royal Household (RHH). Further first charges will be implemented once 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 finance 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. It is imperative that these cost-cutting measures continue to be implemented by departments and public entities in view of the significant equitable share baseline cuts mentioned in more detail earlier. These enhanced cost-cutting measures should be departments' and public entities' first area to delve into when cutting back their spending to remain within their reduced baselines. Once all efficiency savings have been realised, only then should departments and public entities look at cutting service delivery spending, including infrastructure spending. As mentioned, the cost-cutting measures have been expanded and re-issued with effect from January 2013, and now read as follows:

- A large proportion of KZN's budget is tied up in *Compensation of employees* and this is not a spending item that can be reduced overnight. As such, all departments and public entities **MUST implement an immediate moratorium on the filling of non-critical posts** (posts such as HOD, CFO, clinical staff and essential administrative staff may continue to be filled) and look at staff becoming more focused and streamlined in their various work processes. Growth in staff numbers will crowd out service delivery spending unless these numbers are controlled very carefully.

- Another review of all departments' and public entities' organograms **MUST** be undertaken with the view of eliminating some non-essential posts from these structures permanently. This review must be completed by the end of February 2013, with departments submitting a report to PT indicating which posts are being abolished from their structures and the funds that will be released from *Compensation of employees* as a result of this exercise.

- All departments and public entities **MUST** undertake a head count exercise with a view to eliminating ghost employees. This head count exercise must be completed by the end of July 2013, and the findings of this exercise must be shared with PT by the end of August 2013.
- 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 with the number of delegates being kept to a minimum.
- 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 the HOD, but there should be no catering for internal meetings).
- Kilometre controls be implemented on travelling (average of 2 500 kilometres per month per official unless there are exceptional circumstances – exceptions to be approved by the HOD).
- Officials to travel together unless absolutely unavoidable.
- Departments and public entities must plan meetings carefully and rationalise the number of meetings held (it seems that staff from regions/districts are sometimes called to head office meetings organised by different units on various different days, requiring them to travel to and from the regions/districts frequently. These meetings must be co-ordinated and planned between the various units to reduce the wastage of time and money).
- Only essential trips be undertaken.
- Internal meetings, strategic planning sessions and workshops to be held in departments' offices instead of private venues (exceptions to be approved by PT). Where PT approval is being requested, proof must be provided that all other avenues have been exhausted before a private venue will be approved.
- External meetings, workshops and events to be held in government facilities instead of private venues (exceptions to be approved by PT). Use of marquees to only be considered where such events could not be held in municipal halls, school halls, FET College facilities, etc. Where PT approval is being requested, proof must be provided that all other avenues have been exhausted before a private venue will be approved.
- 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 events per month (i.e. 24 events in total per annum). To ensure sufficient time for all SCM processes to be undertaken, the CFO's office must be given 5 working days' notice to request quotes, etc. for these events. Where a quote has been accepted, it is recommended that departments and public entities negotiate with the service provider for a "better price" as this can also result in cost savings. It was approved by Cabinet that, for an event with 3 500 community members, this event should not cost more than R1 million to host. For events where 1 500 to 2 000 community members attend, these events may not cost more than R500 000 – R700 000 per event).
- 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.

- Where there are one-day meetings in other provinces, officials must travel there and back on the same day (where possible).
- When printing APPs, SPs, Annual Reports, etc., departments and public entities must minimise the use of colour pages in their documents, as well as use a lighter weight of pages and covers as these incur an unnecessary higher cost. Where possible, departments and public entities should look at the feasibility of using electronic distribution (e.g. compact discs) to reduce costs. Gold and silver embossed letterheads may not be used.
- No promotional items (e.g. shirts, caps, bags) to be purchased (exceptions to be approved by PT).
- 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.
- No bottled water may be procured for meetings, etc.

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 PT 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 2013/14 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 2013/14 MTEF budget process. This document explains the policy framework and format which departments must use to prepare the 2013/14 MTEF budget submissions. It should be noted that the *Treasury Guidelines* workshop took place prior to the province being aware of the substantial negative impact the 2011 Census data would have on its equitable share allocation.

The 2013/14 budget process focuses on the compilation of reprioritised budgets and service delivery that is aligned with the 12 national outcomes, the PGDP 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/public entity.
- Evidence of cost-cutting without affecting service delivery.
- Evidence that the department/public entity 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 five 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 five criteria translated to ‘2’ points if complied with, and a ‘0’ if not. A higher score was accorded to the first five criteria, simply because they were seen as being essential. An initiative therefore could score a maximum of 13 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 2012, as well as their related public entities. The MTEC for the 2013/14 MTEF cycle indicated that the meeting was taking place during difficult times as South Africa’s debt service-costs are rising faster than any other expenditure in the national fiscal framework. The reason is that public spending is rising faster than revenue collection. In short, there is a widening gap between income and expenditure. What is more worrying is the fact that borrowings (deficit) are not necessarily financing capital investments, but are financing current government consumption. As a result, NT indicated, at the time, that all levels of government would see a 1, 2 and 3 per cent reduction of their equitable share (this decision was later amended to be a 1, 2 and 3 per cent reduction of some 20 per cent of provinces' equitable share). Also, while KZN's cash position has improved remarkably and the provincial overdraft has long-since been fully repaid, the province felt that it 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-spending. 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, NT indicated that there would be very little additional funding allocated to provinces, and that any possible additional allocation would be earmarked for the 2012 wage agreement, as well as some national priorities in the Education, Health and Social Development sectors. As mentioned above, it was also indicated that NT was going to reduce all level of government's equitable share 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 ask departments to indicate any once-off funding requests they may have (i.e. which would not have any carry-through costs) with a view to the province funding these using provincial cash resources, which had become available as a result of a positive net financial position outcome at the end of 2011/12, as well as using the budgeted surplus of 2012/13. It was made very clear to departments and public entities that these funds would only be available to fund once-off projects and that they would be allocated in the 2012/13 Adjustments Estimate, and over the 2013/14 MTEF, but with no allocation being available beyond that. Education received some additional funding from the provincial fiscus to assist the department with the spending pressures they are experiencing. These funds were kept in the provincial fiscus as part of the 2012/13 MTEF's budgeted surplus, with the agreement that these funds would be allocated to Education if they implemented their internal cost containment plan to start controlling some of their spending pressures. There were some positive developments in this regard in 2012/13, and these funds are therefore now being allocated to Education as part of the 2013/14 MTEF process.

Table 3.1 indicates the departments' requests for additional funding as they were submitted as part of the 2013/14 MTEF process. This table excludes the once-off additional funding requests departments and entities were asked to submit, as mentioned above. All funding requests had to be very critically assessed in view of the uncertainty of additional funding the province would receive from the national fiscus, as well as the impending baseline cuts. It is worthwhile noting that, in spite of sizeable growth rates already in most departments' baseline budgets, averaging 6.2 per cent (see Table 3.3), departments and public entities requested, in total, R3.698 billion, R3.659 billion and R4.001 billion over the 2013/14 MTEF (a total of R11.358 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 provincial baseline cuts imposed by NT did not allow the province to fund these requests.

Table 3.1: Summary of additional funding requested by departments and public entities

R thousand	Amounts requested			
	2012/13	2013/14	2014/15	Total
1. Office of the Premier	76 756	92 457	106 663	**275 876**
2. Provincial Legislature	43 514	32 052	33 852	**109 418**
3. Agriculture, Environmental Affairs and Rural Development	528 690	511 585	430 988	**1 471 263**
4. Economic Development and Tourism	290 527	141 043	137 712	**569 282**
5. Education	95 849	88 150	87 150	**271 149**
6. Provincial Treasury	105 305	102 983	112 536	**320 824**
7. Health	1 180 876	1 320 248	1 317 480	**3 818 604**
8. Human Settlements	-	-	-	**-**
9. Community Safetyand Liaison	9 265	20 063	39 215	**68 543**
10. The Royal Household	-	-	-	**-**
11. Co-operative Governance and Traditional Affairs	273 610	301 196	320 161	**894 967**
12. Transport	554 455	364 384	695 774	**1 614 613**
13. Social Development	139 976	229 051	275 402	**644 429**
14. Public Works	39 000	47 000	48 550	**134 550**
15. Arts and Culture	251 383	274 289	269 068	**794 740**
16. Sport and Recreation	108 298	134 790	126 765	**369 853**
Total	**3 697 504**	**3 659 291**	**4 001 316**	**11 358 111**

As indicated above, departments and public entities were requested to go back and to indicate which part of their requests would have once-off funding requirements, for MTEC to consider funding these from the positive net financial position realised at the end of 2011/12, and the budgeted surplus of 2012/13. As such, departments and public entities were requested to resubmit their initiatives focusing only on those aspects that would bear fruit even if they only received once-off funding. Once submitted, KZN was able to fund some of these funding requests, and this is discussed in a bit more detail later in this chapter.

With the exception of the Department of Human Settlements (DOHS) and RHH, all departments submitted requests for additional funds, with the largest coming from DOH, the Departments of Transport (DOT) and Agriculture, Environmental Affairs and Rural Development (DAEARD). These departments requested additional amounts of R3.819 billion, R1.615 billion and R1.471 billion, respectively, over the 2013/14 MTEF. DOH requested additional funds largely to address spending pressures, such as child health vaccines, the appointment of qualifying critical clinical staff, commissioning of new facilities (i.e. operational costs for these), the take-over of municipal clinics, among others. DOT requested the additional funds for maintenance of the provincial road network. DAEARD's request for additional funds is for a job creation initiative undertaken by the department, revitalisation of departmental buildings, asset maintenance and refurbishment by EKZNW and farming infrastructure for Mjindi.

As mentioned, DOHS and the RHH did not submit a request for additional funding. DOHS did not request additional funds over the MTEF due to its ongoing restructuring and its history of under-spending in recent years. The RHH indicated that they would like to request additional funding for the construction of His Majesty, the King's house at Enyokeni Palace and another one at KwaKhwashakhwasha. However, RHH did not provide any motivation for the proposed initiative, and it was therefore not evaluated.

MinComBud and Cabinet meetings were convened from August 2012 to January 2013 to consider the 2013/14 provincial fiscal framework, with these forums providing direction in terms of the provincial fiscus each step of the way. Cabinet was therefore kept updated when NT indicated the severity of the cuts affecting the province as a result of the 2011 Census data updates of the equitable share formula, as well as the 1, 2 and 3 per cent reductions on some 20 per cent of the province's equitable share. While ZKN was losing money due to these cuts, NT was also allocating funds toward the carry-through costs of the 2012 wage agreement (only allocated to Education and Health by the province, as discussed in the previous chapter), as well as some social sector priorities. These social sector priorities are the increase in Grade R teachers, increase in the number of teachers in Quintile 1 schools, improved diagnostic tests for TB (GeneXpert), the absorption of social work graduates and support to the NGO sector (under DSD).

MinComBud and Cabinet reviewed the MTEC recommendations with regard to the once-off funding requests, which were being funded through provincial cash resources, and agreed that the provincial budgeted surplus should remain at some R1 billion per year over the MTEF, despite the vast improvement in KZN's cash position. It was thought prudent to tread carefully, especially in view of the spending pressures experienced by DOE, and also in view of the significant baseline cuts implemented over the MTEF. The budgeted surplus therefore remains in place and acts as a safety net should any fiscal shocks arise in-year, or should departments find it difficult to immediately adjust to their lower baselines.

After taking into account the data updates that inform the equitable share formula, the funding requests to be funded using provincial cash resources, as well as additional funding received from NT for various national priorities, MinComBud and Cabinet agreed to the following:

- Capping the budgeted surplus at some R1 billion per year over the MTEF.
- Cutting all departments proportionately in terms of the 2011 Census data updates of the equitable share formula, the 1, 2 and 3 per cent baseline cuts and the buffer funding.
- Providing funding relating to the carry-through costs of the 2012 wage agreement to Education and Health only in view of the labour intensive nature of these two departments, with all other departments (and public entities) having to absorb these costs from within their baselines.
- Funding all national priorities affecting Education, Health and Social Development at the required levels, as specified in NT's allocation letter.
- Providing some additional funding to Education to assist with spending pressures.

- Funding some once-off funding requests from provincial cash resources.

Details of the additional allocations over the 2013/14 MTEF, per department, are provided in Table 3.4.

3.2. Provincial fiscal framework

Table 3.2 summarises the provincial fiscal framework for the 2013/14 MTEF budget. The difference (Section 1 of the table) between the baseline and the revised allocations yields the additional resource made available to KZN, or the reductions affecting the province where this movement is negative.

Table 3.2: 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**

The provincial equitable share allocation increases in 2013/14 by R930.631 million, R261.764 million in 2014/15 and R991.621 million in 2015/16. This is despite the baseline cuts, and largely results from the national priority funding received, the buffer funding (to help protect the province against the full impact of the Census data cuts), the carry-through funding for the 2012 wage agreement, as well as the phasing into the equitable share of the Devolution of Property Rate Funds grant. There are a number of changes to the conditional grant allocations over the 2013/14 MTEF, with these decreasing by R985.543 million in 2013/14, R2.777 billion in 2014/15 and R1.075 billion in 2015/16. NT advised that some savings would be realised against various grants to assist in controlling government spending levels. Besides this, various grants are reduced or amended, as follows:

All conditional grants in the health sector which focus on infrastructure delivery have been consolidated into one grant with separate grant components. The newly amalgamated grant is called the Health Facility Revitalisation grant and funds the construction and maintenance of health infrastructure. This grant has been created through the merger of the Health Infrastructure grant, Hospital Revitalisation grant and the Nursing Colleges and Schools grant, which are now three components within the merged grant. This gives greater flexibility to shift funds between the three grant components, with the approval of NT, so the department can avoid under- or over-spending in any one area of health infrastructure.

The National Health Insurance (NHI) grant is drastically reduced over the MTEF, as national Health has put in place a new indirect grant which will be spent by the national DOH on behalf of provinces. This grant amounts to R5.300 billion over the MTEF and has two components, one to support infrastructure projects and the second to support the national health insurance scheme pilots. The NHI component is allocated R1.100 billion over the MTEF.

With regard to the Human Settlements Development grant (HSDG), the 2011 Census data has shown large shifts in the need for housing toward larger urban areas. The current formula for HSDG does not sufficiently respond to these shifts, which therefore necessitates a review of the formula. The full amount of this grant will be allocated to the department in 2013/14, and only half the allocations will be allocated to provinces in 2014/15 and 2015/16 (the remainder of the allocations for the two outer years remains unallocated in the interim). In addition, of the HSDG, R878.400 million in 2013/14, R468.800 million in 2014/15 and R514.557 million in 2015/16 is allocated to eThekwini. Also, R51.720 million in 2013/14 of the HSDG is earmarked for repairs relating to flood damage.

The Provincial Roads Maintenance grant was increased significantly as a new allocation formula was developed for this grant for implementation from 2013/14 onward. The new formula results in significant reductions to the allocations of four provinces (EC, GP, LIM and NW). Increased allocations through the new formula were allocated to FS, NC and KZN. Amounts of R45.573 million in 2013/14 and R45.464 million in 2014/15 of this grant are earmarked for repairs relating to flood damage.

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

As mentioned, the Devolution of Property Rate Funds grant is phased into the equitable share from 2013/14 onward, at a reduced amount in line with an indication by the Department of Public Works (DOPW) that there is an over-provision against this grant.

The provincial own receipts increase by R5.487 million in 2013/14, and decrease in 2014/15 and 2015/16 by R51.578 million and R16.548 million, respectively, partly due to the slow pace in promulgating the KZN Liquor Licensing Act and delays in the formulation of regulations. PT advised the department to rather be conservative in their projections until such time as all the processes have been concluded. As such, the revenue earned from liquor licences has been revised downward. This reduction is counteracted by the increase in revenue collection by various departments.

Section 2 of Table 3.2 gives the planned spending of departments, based on their MTEF allocations. After deducting this from the province's updated national and provincial receipts, KZN is left with a budgeted surplus of R802.930 million, R931.985 million and R968.816 million over the MTEF (see Section 3). The table also indicates that some of the additional funding provided to departments over the MTEF was funded using provincial cash resources which became available due to the positive net financial position realised at the end of 2011/12, as well as the budgeted surplus of 2012/13. Once these amounts are taken into account, the budgeted surplus for the province is R1.043 billion in 2013/14, R986.240 million in 2014/15 and R976.216 million in 2015/16. Table 3.4 in Section 3.3.2, then, indicates the amounts allocated to departments in addition to their baseline allocations, from provincial cash resources, as well as from NT for various national priorities.

3.3 Summary of additional allocation for the 2013/14 MTEF

3.3.1 Existing growth in the 2012/13 MTEF baseline allocation

Table 3.3 shows the baseline budgets for the 2012/13 MTEF period, before any additional allocations were made and before the baseline cuts were implemented.

Table 3.3: Existing growth rates in 2012/13 MTEF baseline budgets

	Main Appropriation	Medium-term baseline budgets			Ann. % growth
R thousand	2012/13	2013/14	2014/15	2015/16	12/13-15/16
1. Office of the Premier	594 600	611 754	656 426	686 622	4.9
2. Provincial Legislature	402 377	422 871	448 227	468 845	5.2
3. Agriculture, Environmental Affairs and Rural Development	2 653 834	2 857 997	3 018 973	3 157 846	6.0
4. Economic Development and Tourism	1 641 018	1 862 345	2 003 296	2 095 448	8.5
5. Education	34 764 633	37 159 915	39 523 694	41 341 784	5.9
6. Provincial Treasury	604 274	595 349	625 123	653 879	2.7
7. Health	26 555 350	28 508 609	30 544 907	31 949 973	6.4
8. Human Settlements	3 300 935	3 465 289	3 641 059	3 808 548	4.9
9. Community Safety and Liaison	161 334	169 280	180 251	188 543	5.3
10. The Royal Household	59 566	64 203	55 334	57 879	(1.0)
11. Co-operative Governance and Traditional Affairs	1 208 003	1 262 467	1 337 973	1 399 520	5.0
12. Transport	7 418 873	7 764 144	8 723 942	9 125 243	7.1
13. Social Development	2 047 812	2 293 980	2 401 373	2 511 836	7.0
14. Public Works	1 311 171	1 387 173	1 460 500	1 527 683	5.2
15. Arts and Culture	470 392	612 434	659 163	689 484	13.6
16. Sport and Recreation	377 288	397 223	420 696	440 047	5.3
Total	**83 571 460**	**89 435 033**	**95 700 937**	**100 103 180**	**6.2**

This serves as a reminder that most departments' baselines for the MTEF showed positive rates of growth, although this may differ in terms of level. While KZN was able to allocate some additional funding over the MTEF, the baseline cuts, in most cases, will result in far lower growth over the MTEF.

3.3.2 Summary of changes to baselines

This section previously only focused on additions being made to baselines. However, due to the significance of the baseline cuts affecting KZN over the 2013/14 MTEF, it was thought appropriate to also capture the baseline cuts in this table. As such, the additional allocations to departments and their respective purposes, as well as the baseline cuts, are summarised in Table 3.4 below. Note that Table 3.4 reflects only the provincial additional allocations, and excludes changes in respect of conditional grants.

As can be seen in Table 3.4, only Education and Health receive an additional allocation for the carry-through costs of the higher than anticipated 2012 wage agreement. While NT did not specify that these funds are only intended for these two departments, the province took a decision to allocate these funds to Education and Health only. The reason for this is that these two departments were most affected by the proportional baseline cuts emanating from the Census data updates and the 1, 2 and 3 per cent baseline reductions. As these cuts were calculated on a proportional basis, these two departments were most severely affected as their budgets are the largest by far. As a result, and because they are both labour-intensive departments, it was agreed that these departments receive the full amount allocated to KZN for the 2012 wage agreement carry-through costs.

Some departments received once-off additional funding for various provincial priorities. As mentioned, these are funded from provincial cash resources and have no carry-through funding beyond the MTEF.

NT provided additional funding for nationally identified priorities, apart from the allocation provided for the higher than anticipated 2012 wage agreement. KZN receives additional funding for specific national priorities in Education, Health and Social Development, namely the increase in Grade R teachers, increase in the number of teachers in Quintile 1 schools, improved diagnostic tests for TB (GeneXpert), the absorption of social work graduates and support to the NGO sector.

All departments are affected by the 2011 Census data updates and the 1, 2 and 3 per cent baseline cuts, as seen in the table. Besides this, a short description of the purpose of the main additional allocations made to departments, over and above the national priorities and the 2012 wage agreement, is provided below.

The OTP sees an increase in its baseline for a number of projects. These include Zimele Developing Community Self-Reliance (this project aims to provide women with knowledge, skills and resources to be successful family and community leaders), a roll-over from 2011/12 relating to the 150-year commemoration of the arrival of Indian indentured labourers in KZN and for the African Renaissance which focuses on social cohesion, democracy, economic rebuilding and growth and the establishment of Africa as a significant player in geo-political affairs.

The Legislature receives some additional funding, but only in 2014/15, for observing and monitoring the 2014 general elections and to pay exit packages of Members who will leave after the elections.

DAEARD receives additional funding for the development of the Makhathini Flats area, as well as an allocation to EKZNW for its Rhino Security Intervention plan.

DOE receives funding which was held in reserve when the 2012/13 MTEF budget was prepared, to assist the department with its personnel spending pressures.

PT receives funding for various transversal projects aimed at improving the financial management of KZN. This includes Operation Clean Audit, the provincial SCM procurement tool, SCM contract management, forensic investigations and the Infrastructure Crack Team. Treasury also receives some funding for the feasibility study of developing a government office park. Funds are also allocated for two projects in the Greater Kokstad municipality, namely the Shayamoya eco-complex (a cultural complex and community park aimed at making East Griqualand a more attractive tourist destination) and the development of a light industrial park (aimed at developing infrastructure and institutional arrangements to operationalise a light industrial park that will operate as a small business incubator to attract, train, mentor and assist in the development of skilled artisans). Funds are also allocated for the Thuthuka Bursary Fund (this Fund annually places 100 students at selected SAICA-accredited universities on special under-graduate Bachelor of Commerce programmes) and the Aero Grand Prix.

Table 3.4: Summary of changes to allocations, 2013/14 MTEF

	2013/14	2014/15	2015/16	2013/14	2014/15	2015/16
	R thousand			Percentage share		
Vote 1: Office of the Premier	**9 100**	**(17 368)**	**(21 544)**	**1.0**	**(31.3)**	**(2.5)**
Census data and 1%, 2% and 3% baseline cuts	(8 320)	(17 368)	(21 544)	(1.0)	(31.3)	(2.5)
Zimele Developing Communty Self Reliance	7 555	-	-	0.9	-	-
Roll-over: 150-yr commemoration of Indian indentured labourers	4 865	-	-	0.6	-	-
African Renaissance	5 000	-	-	0.6	-	-
Vote 2: Provincial Legislature	**(5 751)**	**22 996**	**(14 711)**	**(0.7)**	**41.5**	**(1.7)**
Census data and 1%, 2% and 3% baseline cuts	(5 751)	(11 859)	(14 711)	(0.7)	(21.4)	(1.7)
Observing and monitoring the 2014 elections	-	7 000	-	-	12.6	-
Exit packages for MPLs	-	27 855	-	-	50.2	-
Vote 3: Agriculture, Environmental Affairs and Rural Development	**4 035**	**(72 134)**	**(89 483)**	**0.5**	**(130.1)**	**(10.5)**
Census data and 1%, 2% and 3% baseline cuts	(34 968)	(72 134)	(89 483)	(4.0)	(130.1)	(10.5)
Makhathini Development	20 000	-	-	2.3	-	-
Ezemvelo KZN Wildlife-Rhino Security intervention	19 003	-	-	2.2	-	-
Vote 4: Economic Development and Tourism	**(25 330)**	**(53 003)**	**(65 750)**	**(2.9)**	**(95.6)**	**(7.7)**
Census data and 1%, 2% and 3% baseline cuts	(25 330)	(53 003)	(65 750)	(2.9)	(95.6)	(7.7)
Vote 5: Education	**487 818**	**240 433**	**958 290**	**55.9**	**433.7**	**112.8**
Census data and 1%, 2% and 3% baseline cuts	(456 681)	(946 054)	(1 173 578)	(52.3)	(1 706.4)	(138.1)
Allocation of funds held in reserve for personnel spending pressures	172 307	218 976	321 842	19.7	395.0	37.9
Carry-through of 2012 wage agreement	897 007	1 098 941	1 561 529	102.8	1 982.1	183.7
Learner Transport (portion moved to Transport)	(124 815)	(131 430)	(137 476)	(14.3)	(237.1)	(16.2)
National priorities:	-	-	385 973	-	-	45.4
Grade R teachers	-	-	*170 455*	-	-	*20.1*
Increased no. of teachers (Quintile 1 schools)	-	-	*215 518*	-	-	*25.4*
Vote 6: Provincial Treasury	**89 580**	**(4 539)**	**(20 517)**	**10.3**	**(8.2)**	**(2.4)**
Census data and 1%, 2% and 3% baseline cuts	(8 097)	(16 539)	(20 517)	(0.9)	(29.8)	(2.4)
Feasibility study of Government office park	9 000	-	-	1.0	-	-
Operation Clean Audit (Financial Management)	10 000	-	-	1.1	-	-
Provincial SCM procurement tool	8 000	-	-	0.9	-	-
SCM contract management	10 000	-	-	1.1	-	-
Infrastructure Crack Team	10 000	-	-	1.1	-	-
Operation Clean Audit (Internal Audit)	10 000	-	-	1.1	-	-
Forensic investigations	8 000	-	-	0.9	-	-
Shayamoya eco-complex, cultural village and community park	13 677	-	-	1.6	-	-
Thuthuka Bursary Fund	4 000	4 000		0.5	7.2	-
Development of light industrial park	7 000	8 000	-	0.8	14.4	-
Aero Grand Prix	8 000	-	-	0.9	-	-
Vote 7: Health	**257 068**	**16 861**	**189 030**	**29.5**	**30.4**	**22.2**
Census data and 1%, 2% and 3% baseline cuts	(313 796)	(646 991)	(802 590)	(36.0)	(1 167.0)	(94.4)
Carry-though of 2012 wage agreement	513 767	629 426	894 376	58.9	1 135.3	105.2
Regional laundry in Dundee	50 580	-	-	5.8	-	-
National priorities	6 517	17 213	48 622	0.7	31.0	5.7
TB-GeneXpert	*6 517*	*17 213*	*48 622*	*0.7*	*31.0*	*5.7*
Vote 8: Human Settlements	**(4 305)**	**(8 877)**	**(11 012)**	**(0.5)**	**(16.0)**	**(1.3)**
Census data and 1%, 2% and 3% baseline cuts	(4 305)	(8 877)	(11 012)	(0.5)	(16.0)	(1.3)
Vote 9: Community Safety and Liaison	**(2 302)**	**231**	**(916)**	**(0.3)**	**0.4**	**(0.1)**
Census data and 1%, 2% and 3% baseline cuts	(2 302)	(4 769)	(5 916)	(0.3)	(8.6)	(0.7)
Implement structure to roll-out Civilian Secretariat Police Act	-	5 000	5 000	-	9.0	0.6
Vote 10: The Royal Household	**(873)**	**(1 464)**	**(1 816)**	**(0.1)**	**(2.6)**	**(0.2)**
Census data and 1%, 2% and 3% baseline cuts	(873)	(1 464)	(1 816)	(0.1)	(2.6)	(0.2)
Vote 11: Co-operative Governance and Traditional Affairs	**(14 771)**	**(33 000)**	**(41 513)**	**(1.7)**	**(59.5)**	**(4.9)**
Census data and 1%, 2% and 3% baseline cuts	(17 171)	(35 400)	(43 913)	(2.0)	(63.9)	(5.2)
uMsekeli Municipal Support Services pensioners' med. aid obligation	2 400	2 400	2 400	0.3	4.3	0.3
Vote 12: Transport	**51 435**	**(33 605)**	**(67 249)**	**5.9**	**(60.6)**	**(7.9)**
Census data and 1%, 2% and 3% baseline cuts	(73 380)	(165 035)	(204 725)	(8.4)	(297.7)	(24.1)
Learner Transport (portion moved from Education)	124 815	131 430	137 476	14.3	237.1	16.2
Vote 13: Social Development	**16 595**	**45 142**	**94 409**	**1.9**	**81.4**	**11.1**
Census data and 1%, 2% and 3% baseline cuts	(31 200)	(63 535)	(78 815)	(3.6)	(114.6)	(9.3)
National priorities:	47 795	108 677	173 224	5.5	196.0	20.4
Absorption of social work graduates	*26 070*	*65 645*	*109 303*	*3.0*	*118.4*	*12.9*
Support to the NGO sector	*21 725*	*43 032*	*63 921*	*2.5*	*77.6*	*7.5*
Vote 14: Public Works	**(10 867)**	**(22 202)**	**(27 541)**	**(1.2)**	**(40.0)**	**(3.2)**
Census data and 1%, 2% and 3% baseline cuts	(10 867)	(22 202)	(27 541)	(1.2)	(40.0)	(3.2)
Vote 15: Arts and Culture	**25 132**	**(15 597)**	**(19 348)**	**2.9**	**(28.1)**	**(2.3)**
Census data and 1%, 2% and 3% baseline cuts	(7 564)	(15 597)	(19 348)	(0.9)	(28.1)	(2.3)
Radio frequency ID for library books	31 696	-	-	3.6	-	-
Funds from uMgungundlovu for various arts and culture events	1 000	-	-	0.1	-	-
Vote 16: Sport and Recreation	**(4 090)**	**(8 432)**	**(10 461)**	**(0.5)**	**(15.2)**	**(1.2)**
Census data and 1%, 2% and 3% baseline cuts	(4 090)	(8 432)	(10 461)	(0.5)	(15.2)	(1.2)
Total	**872 474**	**55 442**	**849 868**	**100.0**	**100.0**	**100.0**

DOH receives funding to upgrade the regional laundry in Dundee.

The Department of Community Safety and Liaison (DCSL) receives additional funding to implement, in a phased-in approach, its new structure which is required to roll-out the Civilian Secretariat Police Act.

The DAC receives an allocation to implement a system in its libraries for radio frequency identification of library books which will assist in the control and stock-taking of library books.

Table 3.5 shows the revised budgets of departments for the 2013/14 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, 2013/14 MTEF

	Main Appropriation	Medium-term Estimates (R thousand)			Annual Percentage Growth		
	2012/13	2013/14	2014/15	2015/16	2013/14	2014/15	2015/16
1. Office of the Premier	594 600	620 854	639 058	665 078	4.4	2.9	4.1
2. Provincial Legislature	402 377	417 120	471 223	454 134	3.7	13.0	(3.6)
3. Agriculture, Environmental Affairs & Rural Development	2 653 834	2 862 582	2 946 839	3 067 458	7.9	2.9	4.1
4. Economic Development and Tourism	1 641 018	1 837 015	1 950 293	2 029 698	11.9	6.2	4.1
5. Education	34 764 633	37 008 579	39 131 499	42 147 740	6.5	5.7	7.7
6. Provincial Treasury	604 274	684 929	620 584	633 362	13.3	(9.4)	2.1
7. Health	26 555 350	28 647 877	30 445 724	32 258 216	7.9	6.3	6.0
8. Human Settlements	3 300 935	3 550 676	2 012 405	2 015 177	7.6	(43.3)	0.1
9. Community Safety and Liaison	161 334	172 347	180 482	187 627	6.8	4.7	4.0
10. The Royal Household	59 566	63 330	53 870	56 063	6.3	(14.9)	4.1
11. Co-operative Governance and Traditional Affairs	1 208 003	1 247 696	1 304 973	1 358 007	3.3	4.6	4.1
12. Transport	7 418 873	8 066 335	8 851 007	9 561 829	8.7	9.7	8.0
13. Social Development	2 047 812	2 325 185	2 446 515	2 606 245	13.5	5.2	6.5
14. Public Works	1 311 171	1 261 366	1 313 705	1 369 817	(3.8)	4.1	4.3
15. Arts and Culture	470 392	644 964	696 646	757 299	37.1	8.0	8.7
16. Sport and Recreation	377 288	381 349	394 155	410 981	1.1	3.4	4.3
Total	**83 571 460**	**89 792 204**	**93 458 978**	**99 578 731**	**7.4**	**4.1**	**6.5**

The provincial budget grows by 7.4 per cent in 2013/14 from the 2012/13 Main Appropriation, despite the baseline cuts mentioned above.

The negative growth by the Legislature in 2015/16 results from the fact that 2014/15 includes once-off additional amounts of R7 million for observing and monitoring the 2014 general elections, and R27.855 million for the special allowance to Members whose tenure of office may be affected by these elections.

The negative growth in PT in 2014/15 relates to the substantial once-off allocations in 2013/14 for various transversal projects, such as the feasibility study of the government office park (R9 million), Operation Clean Audit (R10 million for Financial Management and R10 million for Internal Audit), the provincial E-Procurement Tool (R8 million), SCM contract management (R10 million), the Infrastructure Crack Team (R10 million) and forensic investigations (R8 million).

The substantial negative growth shown by DOHS in 2014/15 is as a result of the review of the current allocation formula of the HSDG. The 2011 Census data has shown significant shifts in the need for housing toward larger urban areas. The current formula for the grant does not sufficiently respond to these shifts, which therefore necessitates a review of the formula. Pending this review, the full amount of this grant has been allocated to the department in 2013/14, and only half the allocations will be allocated to provinces in 2014/15 and 2015/16. The balance of the allocations for the two outer years remain unallocated in the interim until the formula review is finalised.

The negative growth shown by RHH results from the infrastructure allocation for the renovations to palaces coming to an end in 2013/14, in line with project requirements.

The negative growth shown by DOPW in 2013/14 relates to the lower allocation for property rates, following an indication by the department that their baseline was over-provided in this regard.

The strong growth shown by DAC in 2013/14 relates to the significant additional funding given to the department over the 2011/12 MTEF (with carry-through) for the provincialisation of public libraries and museums. This allocation increases significantly in 2013/14.

4. RECEIPTS

4.1 National Fiscal Framework and Division of Revenue for the 2013/14 MTEF

4.1.1 Background

Section 214(1) of the Constitution requires that, annually, 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 S214, 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 NT. However, the horizontal division of revenue among provinces, as well as municipalities, is formula-based, and this is explained in Sections 4.1.3 and 4.1.5.

4.1.2 Division of revenue and fiscal framework

4.1.2.1 Fiscal policy and trends

The 2013/14 MTEF budget is prepared in a challenging environment, as the economic crisis and accompanying slow and uncertain economic recovery continues. Added to this are the deterioration in the domestic economic outlook, the unresolved European situation, a sluggish American economic recovery and dampening expectations that fast growing countries will provide economic relief. These conditions are likely to impact negatively on revenue collection.

Since the start of the crisis, government has grown expenditure levels in real terms, and this has enabled KZN to sustain the social wage and fund government priorities, which was made possible through increased government borrowing. The cost of servicing this debt has accelerated, which means that government debt and the wage bill have become the fastest growing components of spending and that there is now less money available for other purposes. In addition, it is not financially prudent to borrow money to fund consumption, which government has started doing. Given the pressures and the turbulent economic environment, it is critical that government at all levels adopts a different approach to preparing budgets. Discussions have also revealed that there are a wide range of inefficiencies in provinces, many of which can be addressed through better procurement practices, a change of attitude and smarter planning.

During the 2012/13 budget process, emphasis was placed on the need to shift the composition of spending in favour of investment that promotes economic growth. This shift needs to continue, and government also needs to focus on building its capacity to implement policies and improve its productivity and value for the tax payer's money. Spending over the 2013/14 MTEF must remain within the levels set in the 2012/13 budget. All new spending must be funded through reprioritisation and identification of savings.

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 must reprioritise and realign their budget baselines to make more effective use of resources.

Government continues to provide support to the economy, while ensuring sustainable public finances. Fiscal policy is anchored by the principles of counter-cyclicality, debt sustainability and inter-generational fairness.

With the onset of the global financial crisis in 2008, and in line with its counter-cyclical stance, government sustained expenditure levels, even as revenue declined sharply. SA's economic cycle reached a low point during the 2009 recession. Since then, structural constraints and weak global demand have dampened the pace of economic growth. Revenue has not yet fully recovered and, although spending growth has been well contained, the budget deficit has remained elevated. Economic weakness over the past six months has resulted in a pronounced shortfall in revenue, leading to an unavoidable widening of the deficit in 2012/13. The budget deficit is now estimated at 5.2 per cent of GDP. The widening deficit supports the economy, but continued counter-cyclicality in the short-term necessitates a stronger medium-term path of consolidation to ensure debt sustainability.

Within this framework, government has, as its medium-term objectives for the 2013/14 MTEF:

- Moderating expenditure growth to expand public services at a sustainable pace and maintaining the path of spending set out in the 2012/13 budget.
- Stabilising debt as a share of national income by narrowing the budget deficit. Resources available above the indicative baselines will be allocated according to unavoidable spending pressures (e.g. the wage bill) and for political priorities agreed to by Cabinet.
- Improving the impact of public spending by prioritising capital investment, and reducing waste and inefficiency.
- The fiscal framework supports a determined effort to shift the composition of spending towards investment in long-term productive assets that can build the economy.

4.1.2.3 Division of revenue

The 2013/14 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 fiscal framework makes R951.333 billion available for spending in 2013/14, growing substantially to R1.023 trillion and R1.098 trillion in 2014/15 and 2015/16, respectively. Table 4.1 sets out the division of nationally raised revenue between the three spheres of government.

Table 4.1: Division of revenue between spheres of government, 2009/10 – 2015/16

	Audited Outcome			Revised Estimate	Medium-term Estimates		
R million	**2009/10**	**2010/11**	**2011/12**	**2012/13**	**2013/14**	**2014/15**	**2015/16**
National departments	**345 366**	**355 188**	**381 324**	**413 098**	**452 530**	**489 456**	**521 706**
Provinces	**293 164**	**322 822**	**362 490**	**388 515**	**414 152**	**441 727**	**474 389**
Equitable share	*236 891*	*265 139*	*291 736*	*313 016*	*337 572*	*359 924*	*383 697*
Conditional grants	*56 273*	*57 682*	*70 753*	*75 500*	*76 580*	*81 803*	*90 692*
Local government	**51 537**	**60 904**	**68 251**	**77 027**	**84 651**	**91 579**	**101 470**
Equitable share	*23 845*	*30 541*	*33 173*	*37 373*	*40 582*	*44 490*	*50 208*
General fuel levy sharing	*6 800*	*7 542*	*8 573*	*9 040*	*9 613*	*10 190*	*10 659*
Conditional grants	*20 892*	*22 821*	*26 505*	*30 615*	*34 456*	*36 899*	*40 603*
Total	**690 067**	**738 915**	**812 066**	**878 641**	**951 333**	**1 022 763**	**1 097 565**
Percentage shares							
National departments	*50.0%*	*48.1%*	*47.0%*	*47.0%*	*47.6%*	*47.9%*	*47.5%*
Provinces	*42.5%*	*43.7%*	*44.6%*	*44.2%*	*43.5%*	*43.2%*	*43.2%*
Local government	*7.5%*	*8.2%*	*8.4%*	*8.8%*	*8.9%*	*9.0%*	*9.2%*

At R452.530 billion in 2013/14, and increasing to R521.706 billion in 2015/16, national departments continue to receive the largest share of funding, to support sustained real growth in social grant provisions, public infrastructure and employment programmes. The allocation to provinces also shows real growth from R414.152 billion in 2013/14, increasing to R474.389 billion in 2015/16. The local government allocations are revised upward from R84.651 billion in 2013/14 to R101.470 billion in 2015/16.

The national share of revenue declines from 47.6 per cent in 2013/14 to 47.5 per cent in 2015/16. Similarly, the provincial share of revenue declines from 43.5 per cent in 2013/14 to 43.2 per cent in 2015/16, while there is an increase in the local government share from 8.9 per cent to 9.2 per cent in 2013/14 and 2015/16, respectively. National transfers account for a relatively small proportion of the local government fiscal framework, with the majority of local government revenues being raised by municipalities themselves through their substantial revenue-raising powers, including property rates and service charges.

Table 4.2 summarises the additional funding allocated to the three spheres of government when compared to the 2012/13 MTEF baseline allocations.

Table 4.2: Changes to baseline, 2013/14 – 2015/16

R million	2013/14	2014/15	2015/16	Total	% Share
National departments	6 310	10 628	24 752	41 690	55.6
Provinces	3 060	4 723	17 283	25 066	33.4
Local government	793	873	6 608	8 274	11.0
Allocated expenditure	**10 163**	**16 224**	**48 643**	**75 030**	**-**

The fiscal framework adds R10.163 billion to expenditure in 2013/14, R16.224 billion in 2014/15 and R48.643 billion in 2015/16.

Of the additions to the baseline over the MTEF, 55.6 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. Improvements are being made to economic infrastructure such as ports, roads and electricity to cater for the needs of business.

Provinces receive 33.4 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, Health and Social Development. In Education, additions are made toward the increase in number of teachers in Quintile 1 schools and increase in the number of Grade R teachers. In Social Development, the focus will be on the absorption of social work graduates and support to the NGO sector, while Health receives additional funding for improved diagnostic tests for TB.

Municipalities receive 11 per cent of the additions to the baseline, mainly for sustainable provision of basic services and bulk infrastructure.

4.1.3 Provincial equitable share (PES)

Provincial 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 nationally raised revenue is formula driven.

In terms of S214 of the Constitution, the equitable division of revenue raised nationally among the three 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**

The PES formula has been updated with data from the 2011 Census for the total population and school-age population in each province. These variables account for a substantial weighting in the formula and resulted in changes to provincial allocations. The data updates impact as follows:

Education (48 per cent)
The education component uses the school age population from 5 to 17 years, now updated with data from Census 2011, and school enrolment drawn from the 2012 School Realities Survey. These elements are assigned equal weights. From the 2012/13 MTEF to the 2013/14 MTEF, the total number of learners in KZN increased by 18 991. Although still recording an increase in enrolment numbers, the growth in numbers is smaller than that of GP, WC and LIM. The impact of updating the education component with the 2011 Census data resulted in the weighted average for KZN being revised downward by 1 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 2011, and deducting it from the 2011 Census population data. The risk adjusted index is then applied to the uninsured population to estimate a weighted population. The KZN share of the risk adjusted component decreases from 22 per cent to 20.6 per cent.

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. Primary health care visits from 2010/11 to 2011/12 are used to estimate the province's share of the primary health care component, i.e. 22.4 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. KZN's share is 25.6 per cent.

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 KZN resulted in a decrease from 23 to 21.7 per cent.

Basic component (16 per cent)
This component is derived from the proportion of each province's share of SA's total population. The 2011 Census data was used and the decrease in the proportional size of KZN's population resulted in a 1.6 per cent decrease in the basic component share from 21.4 to 19.8 per cent.

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

Poverty component (3 per cent)
This component uses the 2010/11 Income and Expenditure Survey (IES) and Census 2011 population data. 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 decreasing from 23 to 22.2 per cent.

Economic activity (1 per cent)

The economic activity component was updated with the 2010 GDP-R data, and resulted in a decrease in the KZN share from 16.1 per cent to 15.8 per cent.

Table 4.3(a) reflects the components and shares of the equitable share formula by province. KZN receives 21.3 per cent of the equitable share transfer made to the provinces, down from the 22.2 per cent calculated in the 2012/13 MTEF.

Table 4.3(a): Components and shares of equitable share formula by province, 2013/14

	Education	Health	Basic share	Poverty	Economic activity	Institutional	Weighted average
	48%	27%	16%	3%	1%	5%	100%
Eastern Cape	15.3%	13.5%	12.7%	16.3%	7.7%	11.1%	14.2%
Free State	5.3%	5.4%	5.3%	5.4%	5.5%	11.1%	5.6%
Gauteng	17.3%	21.9%	23.7%	16.9%	33.7%	11.1%	19.4%
KwaZulu-Natal	**22.7%**	**21.7%**	**19.8%**	**22.2%**	**15.8%**	**11.1%**	**21.3%**
Limpopo	13.1%	10.3%	10.4%	13.6%	7.2%	11.1%	11.8%
Mpumalanga	8.5%	7.2%	7.8%	9.1%	7.0%	11.1%	8.2%
Northern Cape	2.3%	2.2%	2.2%	2.2%	2.3%	11.1%	2.7%
North West	6.5%	6.7%	6.8%	8.0%	6.7%	11.1%	6.9%
Western Cape	8.9%	11.1%	11.2%	6.1%	14.1%	11.1%	10.0%
Total	**100.0%**	**100.0%**	**100.0%**	**100.0%**	**100.0%**	**100.0%**	**100.0%**

The full impact of the changes in the data and the formula on the equitable share is reflected in Table 4.3(b). It is noted that, due to changes in the data used in the PES formula, the weighted average share of KZN declines by 0.89 per cent. The provinces gaining from the data updates are GP, MP, NC, NW and WC, whereas the weighted average shares for EC, FS, KZN and LIM decreased.

Table 4.3(b): Full impact of data update on provincial equitable share

R million	Weighted average		% Difference in weighted average
	2012/13 MTEF	2013/14 MTEF	
Eastern Cape	14.9%	14.2%	-0.79%
Free State	5.8%	5.6%	-0.20%
Gauteng	18.0%	19.4%	1.44%
KwaZulu-Natal	**22.2%**	**21.3%**	**-0.89%**
Limpopo	12.4%	11.8%	-0.56%
Mpumalanga	7.9%	8.2%	0.24%
Northern Cape	2.6%	2.7%	0.05%
North West	6.6%	6.9%	0.21%
Western Cape	9.4%	10.0%	0.51%
Total	**199.8%**	**100.1%**	**-**

As mentioned above, some provinces receive additional resources as a result of increased service delivery responsibilities (i.e. those with increased population numbers), while others receive reduced allocations as result of the reduction in their proportion of the population as reported in the 2011 Census. Consideration was given to the fact that sufficient time needs to be given to provinces with reduced populations to adjust to smaller budgets, and therefore these shifts will be phased in over the next three years, as reflected in Table 4.4 below.

Table 4.4: Implementation of the equitable share weights, 2013/14 – 2015/16

Percentage	Weighted shares	2013 MTEF weighted shares 3-year phasing		
	2012/13	2013/14	2014/15	2014/15
Eastern Cape	15.2%	14.9%	14.5%	14.2%
Free State	6.0%	5.9%	5.8%	5.6%
Gauteng	17.6%	18.6%	18.8%	19.4%
KwaZulu-Natal	**21.9%**	**21.7%**	**21.5%**	**21.3%**
Limpopo	12.6%	12.3%	12.0%	11.8%
Mpumalanga	8.1%	8.1%	8.1%	8.2%
Northern Cape	2.7%	2.7%	2.7%	2.7%
North West	6.7%	6.7%	6.8%	6.9%
Western Cape	9.3%	9.5%	9.7%	10.0%
Total	**100.0%**	**100.0%**	**100.0%**	**100.0%**

Table 4.5 depicts the revisions to the PES for the 2013/14 MTEF. The PES is revised upward by a total of R36.070 billion (R7.385 billion in 2013/14, R10.071 billion in 2014/15 and R18.613 billion in 2015/16).

Table 4.5: Revisions to the provincial equitable share - 2013/14 MTEF

R thousand	2013/14	2014/15	2015/16	Total
Provincial Equitable Share (PES)				
Technical revisions				
Original PES baseline 2013 MTEF	**328 920 693**	**349 350 999**	**365 421 145**	**1 043 692 837**
Reduction of 1%, 2% and 3%	(785 746)	(1 665 854)	(2 604 449)	(5 056 049)
Revised PES baseline	**328 134 947**	**347 685 145**	**362 816 696**	**1 038 636 788**
PES additions	**7 385 472**	**10 071 311**	**18 613 004**	**36 069 787**
Improvements in Conditions of Service	**6 493 808**	**8 032 968**	**11 526 321**	**26 053 097**
Education	**–**	**–**	**1 811 492**	**1 811 492**
Increased number of teachers (Q1 schools)	–	–	1 011 492	1 011 492
Grade R teachers	–	–	800 000	800 000
Health	**30 000**	**80 000**	**228 200**	**338 200**
TB – GeneXpert	30 000	80 000	228 200	338 200
Social Development	**220 000**	**505 100**	**812 991**	**1 538 091**
Absorption of Social work graduates	120 000	305 100	512 991	938 091
NGO Sector	100 000	200 000	300 000	600 000
Other adjustments	**641 664**	**1 453 243**	**4 234 000**	**6 328 907**
Provision for 2011 Census impact	641 664	1 453 243	2 117 000	4 211 907
Addition to PES baseline	–	–	2 117 000	2 117 000
Revised baseline for 2013/14 MTEF (excl. Devolution of Property Rates Grant)	**335 520 419**	**357 756 456**	**381 429 700**	**1 074 706 575**
Other adjustments	**337 572 412**	**359 924 199**	**383 697 159**	**1 081 193 770**
Property rate funds (to be phased into PES)	2 051 993	2 167 743	2 267 459	6 487 195
Revised baseline for 2013 MTEF (incl. Devolution of Property Rates Grant)	**337 572 412**	**359 924 199**	**383 697 159**	**1 081 193 770**

Improvements in condition of service (R26.053 billion)

Although personnel adjustments were provided for the carry-through costs of the 2012 wage agreement in all sectors, KZN took a decision to allocate these funds to Education and Health, only. The reason is that these two social sector departments were most affected by the baseline cuts emanating from the Census 2011 data updates and the 1, 2 and 3 per cent baseline cuts.

Non-personnel policy priorities for the 2013/14 budget

Some R10 billion is set aside for non-personnel policy priorities over the 2013/14 MTEF, to provide for policy adjustments in respect of urgent government priorities identified mainly in Education, Health and Social Development. These are as follows:

- ***Increased number of teachers in Quintile 1 schools: R1.011 billion in 2015/16***
  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. These schools cannot afford to fund governing body posts and these teachers are included in the ratio for all public ordinary schools. Furthermore, principals and deputy principals are included in the number of posts allocated to a school, but they do not teach a full load as a result of their administrative responsibilities. The result is that class size is often much higher than the average learner: teacher ratio and is usually high at the poorer schools where learners are more likely to need additional support. Additional funding of R1.011 billion is therefore allocated in 2015/16 to enable poorer schools to increase their number of teachers.

- ***Increased number of Grade R teachers: R800 million in 2015/16***
  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 per cent. The ECD programme is expected to grow significantly and, hence, the need for additional Grade R teachers to enable the universal enrolment.

- ***Improved diagnostic tests for TB (GeneXpert): R338.200 million***
  R30 million in 2013/14, R80 million in 2014/15 and R228.200 million in 2015/16 is made available for the roll-out of an improved diagnostic test for TB. This will include additional payments to National Health Laboratory Service (NHLS) for GeneXpert machines which provide quicker and more accurate diagnostic tests for TB, reducing the risk of more people getting infected.

- ***Absorption of social work graduates: R938.091 million***
  From 2012/13, provincial DSD have been under pressure to absorb an increased number of social work graduates funded through the social work scholarship programme run by the national DSD. The provincial DSDs compensation 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 NGO sector, but still funded by provincial DSDs. In order to address this funding pressure in provincial budgets, R120 million, R305.100 million and R512.991 million is made available over the MTEF to enable the provincial DSDs to fund the employment of more graduates in provinces, in particular within the NGO sector.

- ***Support to NGO sector: R600 million***
  The NGO sector is currently experiencing financial challenges with some closing down, retrenching staff and scaling down services, with this having a negative impact on the delivery of social welfare services. Historically, certain provinces have reduced transfer payments to NGOs to fund compensation of employees and annual wage agreement pressures, and the absorption of social work graduates. It is important that provincial DSDs 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. In order to enable provinces to protect the transfers to NGOs, an additional R600 million is provided over the MTEF (R100 million in 2013/14, R200 million in 2014/15 and R300 million in 2015/16). The national DSD is in the process of developing cost models for social welfare services. This will aid the sector in providing better cost estimates for social welfare services and a more coherent approach to funding NGOs.

- ***Provision for 2011 Census impact: R6.329 billion***
  As mentioned above, for the 2013/14 MTEF, the PES formula has been updated with population data from the 2011 Census with implications to the total equitable allocations for provinces over the MTEF. Some provinces receive additional resources, while others receive reduced allocations. As provinces need time to adjust to smaller budgets, an additional R6.329 billion is made available over the MTEF to cushion the impact of phasing in the new Census data. R4.212 billion is added as a 'top up' to losing provinces only over the MTEF, and a further R2.117 billion in support is extended to all nine provinces and allocated through the formula in 2015/16.

  It should be noted that these amounts will only provide relief in the 2013/14 MTEF and that, from 2016/17, the PES will be allocated solely through the formula (with no additions to support provinces with declining shares). This means that provinces must use the three years of support provided to adjust to their new baselines.

- ***Phasing of the Devolution of Property Rate Funds Grant into the provincial equitable share: R6.487 billion***
  Total baseline allocations for the Devolution of Property Rate Funds grant amount to R2.052 billion in 2013/14, R2.168 billion in 2014/15 and R2.267 billion in 2015/16. As part of the devolution process, the national Department of Public Works (DOPW) assisted provinces in setting up systems for paying property rates, and budgets have been adjusted to provide for property rates bills. The funds from this grant are absorbed into the equitable share allocation from 2013/14.

Table 4.6 reflects total transfers to the nine provinces for 2013/14, after revisions. KZN receives the highest share of equitable share, whereas GP received the highest share of conditional grants. Overall, KZN is still the biggest recipient of transfer funding from national.

Table 4.6: Total transfers to provinces, 2013/14

R million	Equitable Share	Conditional grants	Total transfers
Eastern Cape	50 165	9 466	59 631
Free State	20 000	6 021	26 021
Gauteng	61 375	15 510	76 885
KwaZulu-Natal	**73 510**	**14 580**	**88 090**
Limpopo	41 362	7 179	48 541
Mpumalanga	27 211	5 788	32 999
Northern Cape	9 022	3 274	12 296
North West	22 754	4 990	27 744
Western Cape	32 175	9 589	41 764
Unallocated	-	183	183
Total	**337 574**	**76 580**	**414 154**

4.1.4 Conditional grants to provinces

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

Over the 2013/14 MTEF, savings were made on several conditional grants to provinces as part of the exercise to identify funds that could be reprioritised toward government priorities.

Table 4.7 reflects the revised conditional grant baseline allocations for 2013/14 to 2015/16.

Table 4.7: Revised conditional grants allocations to provinces, 2012/13 – 2015/16

R million	Revised Est.	Medium-term Estimates			Total
	2012/13	2013/14	2014/15	2015/16	
Agriculture, Forestry and Fisheries	**1 925**	**2 147**	**2 194**	**2 294**	**6 635**
Comprehensive Agricultural Support Programme grant	1 393	1 600	1 665	1 742	5 007
Ilima/Letsema Projects grant	416	438	461	482	1 381
Land Care Programme grant	116	109	68	71	248
Arts and Culture	**565**	**598**	**1 016**	**1 341**	**2 955**
Community Library Services grant	565	598	1 016	1 341	2 955
Basic Education	**10 990**	**12 343**	**13 188**	**16 350**	**41 882**
Dinaledi Schools grant	100	105	111	116	333
Education Infrastructure grant	5 587	6 631	7 161	10 059	23 851
HIV and AIDS (Life-Skills Education) grant	203	214	221	226	661
National School Nutrition Programme grant	4 906	5 173	5 462	5 704	16 339
Technical Secondary Schools Recapitalisation grant	194	221	233	244	699
Co-operative Governance	**180**	**188**	**197**	**204**	**590**
Provincial Disaster Relief grant	180	188	197	204	590
Health	**26 073**	**27 517**	**29 610**	**32 084**	**89 211**
AFCON 2013 Medical Services grant	15	–	–	–	–
Comprehensive HIV and AIDS grant	8 763	10 534	12 311	13 957	36 802
Health Facility Revitalisation grant	6 191	5 124	4 739	4 988	14 850
Health Professions Training and Development grant	2 076	2 190	2 322	2 429	6 941
National Tertiary Services grant	8 878	9 620	10 168	10 636	30 425
National Health Insurance grant	150	49	70	74	192
Higher Education	**4 845**	**2 443**	**2 600**	**2 759**	**7 802**
Further Education and Training Colleges Sector grant	4 845	2 443	2 600	2 759	7 802
Human Settlements	**15 726**	**16 984**	**17 918**	**19 667**	**54 569**
Human Settlements Development grant	15 726	16 984	17 918	19 667	54 569
Public Works	**2 429**	**614**	**644**	**668**	**1 926**
Devolution of Property Rate Funds grant	1 919	–	–	–	–
EPWP Integrated Grant for Provinces	293	356	371	382	1 108
Social Sector EPWP Incentive Grant for Provinces	217	258	273	286	816
Sport and Recreation South Africa	**470**	**498**	**526**	**550**	**1 574**
Mass Participation and Sport Development grant	470	498	526	550	1 573
Transport	**12 299**	**13 249**	**13 909**	**14 777**	**41 935**
Provincial Roads Maintenance grant	7 982	8 696	9 126	9 774	27 596
Public Transport Operations grant	4 317	4 553	4 783	5 003	14 338
Total conditional grants	**75 500**	**76 580**	**81 803**	**90 692**	**249 075**
Indirect transfers	**1 277**	**3 060**	**5 270**	**5 032**	**13 362**
School Infrastructure Backlogs grant	1 277	1 956	3 170	2 912	8 038
2014 African Nations Championship Health and Medical Services grant	–	6	–	–	6
National Health grant	–	1 098	2 100	2 120	5 318
Total	**76 777**	**79 640**	**87 073**	**95 724**	**262 437**

Agriculture

The Comprehensive Agricultural Support Programme (CASP) receives no additional funding over the 2013/14 MTEF. The 2012/13 MTEF allocation included funds to repair flood damage to agricultural infrastructure in January and February 2011. This allocation remains earmarked for this purpose at R299 million and R298 million for 2013/14 and 2014/15, respectively.

Arts and culture

Additions are made to the Community Library Services grant to enhance capacity in the sector, to address issues arising from the function shift (i.e. the provincialisation of libraries), as well as to provide for dual-purpose libraries where needed.

Basic education

Additions are made to the Education Infrastructure grant to improve the delivery of school infrastructure in provinces. Of this grant, R159 million is allocated to repair school infrastructure damaged by floods.

The Schools Infrastructure Backlogs grant is an indirect grant to provinces introduced in 2011 as a short-term, high-impact grant to address backlogs in inappropriate structures and access to basic services. The grant's funds have been rescheduled to align the baseline with capacity to spend. The grant now amounts to R8.038 billion over the 2013/14 MTEF.

Co-operative Governance and Traditional Affairs

The provincial disaster grant is administered by the National Disaster Management Centre (NDMC) in the Department of Co-operative Governance as an unallocated grant to provincial government. The grant allows for an immediate (in-year) release of funds to be disbursed by the NDMC after a disaster is declared, without the need for the transfers to first be gazetted. Over the MTEF, R590 million is available for disbursement through this grant.

Health

The Health Facility Revitalisation grant funds the construction and maintenance of health infrastructure. This grant has been created through the merger of three previous grants, i.e. the Health Infrastructure grant, Hospital Revitalisation grant and Nursing Colleges and Schools grant, which are now three components of the merged grant. The combination gives greater flexibility to the DOH to shift funds between the three grant components, with the approval of the NT, so that they can avoid under- or over-spending in any one area of health infrastructure. This grant is supported by the National Health grant. Slight reductions are made to this grant by NT to identify savings to curb government spending, due to rising debt costs.

The Comprehensive HIV and AIDS grant enables the health sector to develop a response to HIV and AIDS. Significant growth in the outer year provides for the increased ARV take-up rate and the impact of the withdrawal of PEPFAR donor funding used for HIV and AIDS prevention, care and treatment.

The NHI grant funds national health insurance pilots introduced in 2012/13. These projects aim to strengthen primary health care for the implementation of national health insurance. Ten districts have been selected as pilot sites to test interventions that aim to strengthen health systems and improve performance. Over the 2013/14 MTEF, the grant has been allocated R192 million. A significant portion of this grant will be administered as an indirect grant (National Health grant) by national DOH from 2013/14 onward.

A new indirect conditional grant, the 2014 African Nations Championship: Health and Medical Services grant, for the provision of health and medical services during the 2014 African Nations Championship will be introduced as a once-off indirect grant in 2013/14 to support provinces hosting this championship. This grant will be spent by the national DOH in support of provinces providing medical services for the tournament. The grant is allocated R6 million in 2013/14.

The National Health grant is a new indirect grant introduced in 2013/14 that will be spent by the DOH on behalf of provinces. The grant has two components, one to support infrastructure projects and the second to support the national health insurance scheme pilot sites. The infrastructure component will be used to accelerate construction, maintenance, upgrading and rehabilitation of new and existing health infrastructure and to supplement expenditure on infrastructure delivered through public private partnerships. The second component will be used to contract general practitioners from the private sector for national health insurance sites. It will also support 10 central hospitals to strengthen their patient information systems and develop and pilot alternative hospital reimbursement tools. The grant is allocated R5.318 billion over the MTEF.

Higher Education and Training

The Further Education and Training Colleges grant was introduced in 2010/11 to protect provincial spending on these colleges while the legislative processes required to shift this function to national government are completed. From 2013/14, a portion of the grant will be transferred directly to colleges as a subsidy, which will flow from the Department of Higher Education and Training (DHET). The grant baselines over the MTEF have been revised to accommodate this decision. In addition, an amount of R138 million in 2013/14, R178 million in 2014/15 and R243 million in 2015/16 is added to the grant for the carry-through costs of the 2012 wage agreement.

Human Settlements

The Human Settlements Development grant (HSDG) seeks to establish habitable, stable and sustainable human settlements in which all citizens have access to social and economic amenities. The human settlements function will be assigned to six metropolitan municipalities, with the assignment target date being the start of the municipal financial year (1 July 2013). From the date of assignment, funds for the HSDG for these municipalities will be transferred directly to them. As the function has not yet been assigned, the funds for these cities are still reflected in the allocations to provinces. However, provisions in DORA will allow these funds to be transferred directly to cities once assignment takes place. The grant amounts to R54.569 billion over the MTEF. It is noted that the baseline also includes provision for repairs of flood-damaged infrastructure.

Transport

The Provincial Roads Maintenance grant consists of three components. The largest component enables provinces to expand their maintenance activities. The other components allow provinces to repair roads damaged by floods and cover the cost of rehabilitation work created by coal haulage activities in MP and GP. Allocations for this grant are determined through a new formula based on provincial road networks, road traffic and weather conditions. These factors reflect the different costs of maintaining road networks in each province. Allocations will also depend on satisfactory use of the road asset management systems from 2013/14. The grant requires provinces to follow best practices for planning and to use and regularly update road asset management systems.

The Public Transport Operations grant subsidises commuter bus services. It allows national government to ensure that contractual obligations are met and services are efficiently provided. The public transport contracting and regulatory functions may be assigned to certain metropolitan municipalities during 2013/14. If this takes place, funds for this grant will be transferred directly to the assigned municipality.

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

The local government fiscal framework responds to the constitutional assignment of powers and functions to this sphere of government. The framework refers to all resources available to municipalities to meet their expenditure responsibilities. National transfers account for a relatively small proportion of the local government fiscal framework, with the majority of local government revenues being raised by municipalities themselves through their substantial revenue-raising powers, including property rates and service charges. However, the proportion of revenue coming from transfers and own revenue varies dramatically across municipalities, with poor rural municipalities receiving most of their revenue from transfers, while urban municipalities raise the majority of their own revenues.

In the 2013/14 MTEF, a number of significant changes are being introduced to the way funds are allocated to municipalities. The two largest transfers to municipalities, the LES and the Municipal Infrastructure Grant (MIG), are allocated among municipalities based on Census data. The 2011 Census results were used to update these allocations. In addition, the formula used to allocate the LES has been reviewed and redesigned, and four new conditional grants are also being introduced to increase access to clean water, help cities develop more integrated and efficient patterns of urban development, subsidise the operating costs of cities running new public transport networks and support the host cities of the 2014 African Nations Championship (this is a once-off grant).

It is also likely that parts of the human settlements and public transport functions will be assigned to selected metropolitan municipalities during 2013/14. This will result in the funds for these functions, currently allocated to provinces, being transferred directly to municipalities.

Changes to local government allocations

Given the constrained and uncertain economic outlook, government utilised savings from existing baselines to fund government priorities. As a result, the baselines of most conditional grants have been revised downward, whereas no savings were made on the local government equitable share.

Table 4.8 reflects the national transfers to local government, which grow from a Revised Estimate of R81.984 billion in 2012/13 to R90.190 billion, R98.751 billion and R110.237 billion over the 2013/14 MTEF. The national allocations to local government are made up of direct and indirect transfers. The direct transfers are appropriated in 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, 2009/10 – 2015/16

	Audited Outcome			Revised Estimate	Medium-term Estimates		
R million	2009/10	2010/11	2011/12	2012/13	2013/14	2014/15	2015/16
Direct transfers to local government	**51 537**	**60 904**	**68 251**	**77 028**	**84 651**	**91 579**	**101 469**
Equitable share and related	**23 845**	**30 541**	**33 173**	**37 373**	**40 582**	**44 490**	**50 208**
Equitable share formula	20 281	26 761	29 289	32 981	35 886	39 409	44 900
Regional Service Council levy replacement	3 306	3 492	3 544	3 733	3 930	4 146	4 337
Support for councillor remuneration and ward committees	258	288	340	659	766	935	971
General fuel levy sharing with metros	**6 800**	**7 542**	**8 573**	**9 040**	**9 613**	**10 190**	**10 659**
Conditional grants	**20 893**	**22 822**	**26 505**	**30 615**	**34 456**	**36 899**	**40 603**
Infrastructure	18 699	20 871	24 643	28 029	31 092	33 548	36 971
Capacity building and other	2 194	1 951	1 862	2 586	3 364	3 351	3 632
Indirect transfers to local government	**3 081**	**2 939**	**2 770**	**4 956**	**5 538**	**7 171**	**8 768**
Infrastructure	2 763	2 682	2 553	4 823	5 399	7 029	8 617
Capacity building and other	318	257	217	133	139	142	151
Total transfers to local government	**54 618**	**63 843**	**71 021**	**81 984**	**90 190**	**98 751**	**110 237**

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 2013/14 MTEF, the LES grows from R35.886 billion in 2013/14 to R44.900 billion in 2015/16. 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.

During 2012, the LES formula was reviewed, excluding the RSC/JSB levies replacement grant or the special support for councillor remuneration and ward committees, both of which are transferred with the equitable share, but calculated separately.

Summary of updates

The revised formula uses demographics and other data to determine each municipality's share of the LES and is made up of five components: LES = BS + (I + CS) x RA ± C

Basic services component (BS)

Adjusting for the effects of inflation between 2001 and 2011, an income of R800 per month in 2001 would be worth about R1 500 in 2011. The new affordability threshold of R2 300 per month is substantially higher in real terms and, as a result, the number of households that fall below this threshold has increased from 47 to 59 per cent in the new formula.

Institutional component (I)

To provide basic services to households, municipalities need to be able to run a basic administration. Most poor households will not be able to contribute and the equitable share therefore includes an institutional support component to assist municipalities with limited own-revenue raising abilities.

Community services component (CS)

This new component funds services for communities rather than households and includes funding for municipal health services, fire services, municipal roads, cemeteries, planning, storm water, street lighting, parks, etc.

Revenue adjustment factor (RA)

The Constitution gives municipalities substantial own-revenue raising powers (largely through property rates and surcharges on services). Given different poverty levels, a revenue adjustment factor is applied to assist municipalities that are least likely to be able to fund these functions from their own revenue.

Correction and stabilisation factor (C)

Providing municipalities with predictable and stable equitable share allocations is one of the principles of the LES formula. To ensure predictability, indicative allocations are published for the second and third years of the MTEF. With the introduction of the new formula and the updated Census data used in the formula, some municipalities will experience large changes in their allocations. To smooth the impact of these changes and give municipalities time to adjust (both for municipalities with increasing and decreasing allocations), the new allocations will be phased-in over five years. The phase-in mechanism will measure the difference between the municipality's old and new allocations and will close this gap by 20 per cent each year, until the fifth year allocation is determined entirely through the new formula.

Other unconditional allocations

The RSC/JSB levies replacement grant has been replaced by the sharing of the general fuel levy. In 2013/14, the grant increases by 9 per cent a year for district municipalities authorised for water and sanitation, and 3 per cent for unauthorised district municipalities. The different rates recognise the various service-delivery responsibilities of these district municipalities. In addition, Councillors' salaries are subsidised in poor municipalities (calculated separately to the LES), based on the municipal councils' grading, as determined by the Minister of Co-operative Governance and Traditional Affairs.

Local government conditional grants

National government allocates funds to local government through a variety of conditional grants. These grants fall into two main groups: infrastructure and capacity building.

The emphasis on infrastructure investment is supported by significant increases in the Infrastructure conditional grants and includes the Urban Settlement Development grant (USDG), Integrated National Electrification Programme grant, Public Transport Infrastructure and Systems grant, among others.

The Capacity building and other grant allocation, 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, Energy Efficiency and Demand Side Management grant and Municipal Disaster grant.

Indirect transfers to local government

Amounts are also made available over the MTEF for indirect infrastructure transfers and capacity building, respectively, that will be spent by national departments on behalf of municipalities.

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, 2009/10 to 2015/16.

National transfers to the province, which comprise equitable share and conditional grants, make up 97.3 per cent of provincial revenue in 2012/13 and drop marginally to 97.2 per cent over the 2013/14 MTEF. Provincial own revenue makes up the balance of the total provincial funding, of 2.7 per cent in 2012/13 increasing to 2.8 per cent over the MTEF.

Table 4.9: Analysis of total receipts

	Audited Outcome			Adjusted Appropriation	Medium-term Estimates			Average Annual Growth	
	2009/10	2010/11	2011/12	2012/13	2013/14	2014/15	2015/16	2009/10-2012/13	2012/13-2015/16
R thousand									
Transfers from national	60 826 209	69 985 468	77 007 095	83 288 135	88 090 019	91 771 145	97 769 815		
Equitable share	*51 972 804*	*57 632 201*	*63 584 195*	*68 638 663*	*73 509 972*	*77 812 867*	*82 110 075*		
Conditional grants	*8 853 405*	*12 353 267*	*13 422 900*	*14 649 472*	*14 580 047*	*13 958 278*	*15 659 740*		
Own revenue	1 857 195	2 041 364	2 726 959	2 338 953	2 505 115	2 619 818	2 777 732		
Total receipts	**62 683 404**	**72 026 832**	**79 734 054**	**85 627 088**	**90 595 134**	**94 390 963**	**100 547 547**		
% of total revenue									
Transfers from national	97.0	97.2	96.6	97.3	97.2	97.2	97.2		
Equitable share	*82.9*	*80.0*	*79.7*	*80.2*	*81.1*	*82.4*	*81.7*		
Conditional grants	*14.1*	*17.2*	*16.8*	*17.1*	*16.1*	*14.8*	*15.6*		
Own revenue	3.0	2.8	3.4	2.7	2.8	2.8	2.8		
Nominal growth (%)									
Transfers from national		15.1	10.0	8.2	5.8	4.2	6.5	11.0	5.5
Equitable share		*10.9*	*10.3*	*7.9*	*7.1*	*5.9*	*5.5*	*9.7*	*6.2*
Conditional grants		*39.5*	*8.7*	*9.1*	*(0.5)*	*(4.3)*	*12.2*	*18.3*	*2.2*
Own revenue		9.9	33.6	(14.2)	7.1	4.6	6.0	8.0	5.9
Total		**14.9**	**10.7**	**7.4**	**5.8**	**4.2**	**6.5**	**11.0**	**5.5**
Real growth (%)									
Transfers from national		10.8	4.1	2.1	0.4	(0.9)	1.6	5.6	0.5
Equitable share		*6.8*	*4.4*	*1.9*	*1.7*	*0.7*	*0.6*	*4.4*	*1.2*
Conditional grants		*34.4*	*2.8*	*3.1*	*(5.5)*	*(8.9)*	*6.9*	*12.5*	*(2.6)*
Own revenue		5.9	26.4	(19.0)	1.7	(0.5)	1.1	2.7	0.9
Total receipts		**10.7**	**4.7**	**1.4**	**0.5**	**(0.9)**	**1.5**	**5.5**	**0.5**

Over the 2013/14 MTEF, the total provincial receipts are R90.595 billion, R94.391 billion and R100.548 billion, respectively. The share of national transfers increased from 97 per cent in 2009/10 to 97.3 per cent in 2012/13 and remains constant over the MTEF period at 97.2 per cent. Equitable share is the largest portion of national transfers to KZN, at R73.510 billion, R77.813 billion and R82.110 billion, over the MTEF. Conditional grant funding provides a further R14.580 billion, R13.958 billion and R15.660 billion, over the MTEF. The balance of the revenue comes from provincial own revenue, which forms a small proportion of total provincial revenue. This grows from R2.505 billion in 2013/14 to R2.620 billion in 2014/15 and R2.778 billion in 2015/16.

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 2009/10 to 2012/13, and 2012/13 to 2015/16. In real terms, total provincial revenue is set to increase by an average of 0.5 per cent over the 2013/14 MTEF, which is far lower than between 2009/10 and 2012/13, which averaged 5.5 per cent. Provincial own revenue illustrates a similar trend, decreasing from an average of 2.7 per cent between 2009/10 and 2012/13, to 0.9 per cent between 2012/13 and 2015/16.

The annual nominal growth of provincial own revenue increased by an average of 8 per cent between 2009/10 and 2012/13, slowing down to 5.9 per cent over the 2013/14 MTEF. This can be attributed to DOT's effort to make vehicle licensing more affordable, as well as being aligned to the other provinces. In addition, DOT, through the implementation of the Administrative Adjudication of Road Traffic Offences Act (AARTO), will collect substantially less against *Fines, penalties and forfeits*. The gradual decline of provincial own revenue to total revenue from 3 to 2.8 per cent from 2009/10 to 2015/16, is due to national transfers increasing at a faster rate than own revenue.

4.2.2 Provincial equitable share (PES)

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, with significant changes this time around brought about by the data collected in the 2011 Census.

According to the 2011 Census, GP and WC had a net gain in population, while most of the provinces realised a net outflow of people. The most pronounced outflow was registered by EC. KZN also lost significantly and now ranks second to GP with regard to total population. Consequently, KZN will receive lower national transfers by way of the PES, which is largely population driven. The lower PES will have implications on service delivery, prompting KZN to continue implementing cost-cutting, together with innovative ways to generate own revenue. Other determinants of the PES include, among others, economic disparities within and among provinces, and developmental needs of provinces and local government. 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 PES allocation for the 2013/14 MTEF, which grows by an annual average of 1.2 per cent in real terms. This is a decrease from the annual average of 4.4 per cent between 2009/10 and 2012/13. The PES allocation to KZN decreases from 82.9 per cent of total provincial revenue in 2009/10, to 80.2 per cent in the 2012/13 Adjusted Appropriation, rising marginally to 81.7 per cent in 2015/16. In nominal terms, the PES declines from 7.1 per cent in 2013/14 to 5.5 per cent in 2015/16. The average annual nominal growth for the PES over the MTEF is 6.2 per cent, which is much lower than 9.7 per cent between 2009/10 and 2012/13. As mentioned above, this is largely attributable to the lower PES allocation as result of the 2011 Census and the 1, 2 and 3 per cent cuts.

4.2.3 National 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, including 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 shown in Table 4.9, KZN's conditional grant allocation has grown steadily since 2009/10 as a share of total revenue. The conditional grant allocation as a share of total revenue rises from 14.1 per cent in 2009/10 to 17.1 per cent in the 2012/13 Adjusted Appropriation, and falls to 15.6 per cent in 2015/16. Nominally, the conditional grants grew at an average annual rate of 18.3 per cent between 2009/10 and 2012/13. Over the MTEF, it is projected to grow at a far lower average annual rate of 2.2 per cent.

Table 4.10 summarises conditional grant transfers per vote.

Relative to other provincial departments, DOH is the largest recipient of grant allocation, receiving 36.5 per cent of total grants in 2013/14. It is important to note that in 2013/14, all conditional grants in the health sector, which focus on infrastructure delivery, have been consolidated into one grant with separate grant components i.e. the Health Facility Revitalisation grant. This grant will fund the construction and maintenance of health infrastructure. Specifically, this grant has been created through the merger of the Health Infrastructure grant, Hospital Revitalisation grant and the Nursing Colleges and Schools grant, which are now three components within the merged grant. The Comprehensive HIV and AIDS grant was increased substantially over the 2013/14 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 increase of the CD4 threshold to 350 for TB sufferers and pregnant women, and providing triple therapy to all children born with HIV and AIDS.

Table 4.10: Summary of national conditional grant transfers by vote

R thousand	Audited Outcome			Main Appropriation	Adjusted Appropriation	Revised Estimate	Medium-term Estimates		
	2009/10	2010/11	2011/12	2012/13			2013/14	2014/15	2015/16
Vote 3: Agriculture, Enviro. Affairs and Rural Dev.	**138 489**	**174 525**	**242 251**	**276 738**	**276 738**	**276 738**	**287 586**	**292 579**	**305 133**
Land Care Programme grant	8 227	8 721	9 244	20 304	20 304	20 304	18 746	10 854	11 179
Comprehensive Agricultural Support Programme	117 762	135 804	164 691	183 726	183 726	183 726	202 522	212 632	222 405
Agricultural Disaster Management grant	5 000	-	-	-	-	-	-	-	-
Ilima/Letsema Projects grant	7 500	30 000	60 000	63 000	63 000	63 000	65 768	69 093	71 549
EPWP Integrated Grant for Provinces	-	-	8 316	9 708	9 708	9 708	550	-	-
Vote 4: Economic Development and Tourism	**-**	**-**	**536**	**1 000**	**1 000**	**1 000**	**-**	**-**	**-**
EPWP Integrated Grant for Provinces	-	-	536	1 000	1 000	1 000	-	-	-
Vote 5: Education	**1 341 818**	**2 598 423**	**3 180 057**	**3 344 801**	**3 363 826**	**3 363 826**	**2 943 633**	**3 133 961**	**3 787 518**
Educaton Infrastructure grant (previously IGP)	746 136	1 035 501	1 175 956	1 247 477	1 247 477	1 247 477	1 298 847	1 432 140	2 011 863
HIV and AIDS (Life-Skills Education) grant	39 765	42 686	45 114	46 806	46 806	46 806	48 634	52 261	51 255
National School Nutrition Programme (NSNP) grant	555 917	855 285	1 144 368	1 151 644	1 151 644	1 151 644	1 206 190	1 237 534	1 287 034
FET College Sector Recapitalisation grant	-	-	-	-	-	-	-	-	-
FET College Sector grant	-	649 177	765 537	839 837	858 862	858 862	325 736	347 178	369 399
Education Disaster Management grant	-	-	-	-	-	-	-	-	-
Technical Secondary Schools Recapitalisation grant	-	15 274	36 762	40 490	40 490	40 490	42 717	45 280	47 499
EPWP Integrated Grant for Provinces	-	500	-	1 000	1 000	1 000	3 000	-	-
Dinaledi Schools grant	-	-	12 320	17 547	17 547	17 547	18 509	19 568	20 468
Vote 6: Provincial Treasury	**-**	**1 634**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
Education and Health Infrastructure grants	-	1 634	-	-	-	-	-	-	-
Vote 7: Health	**3 114 646**	**3 924 609**	**4 435 205**	**4 820 849**	**5 023 849**	**5 023 849**	**5 319 234**	**5 992 400**	**6 539 263**
Health Professions Training and Development grant	222 425	235 771	249 917	261 860	261 860	261 860	276 262	292 837	306 308
Health Facilty Revitalisation grant	648 579	901 053	906 169	976 452	1 176 452	1 176 452	962 469	1 090 431	1 139 972
of which:									
Health Infrastructure component	*359 717*	*400 238*	*358 471*	*393 367*	*573 367*	*573 367*	*373 969*	*410 845*	*430 527*
Hospital Revitalisation component	*288 862*	*500 815*	*547 698*	*566 605*	*586 605*	*586 605*	*560 104*	*646 132*	*676 544*
Nursing Colleges and Schools component	*-*	*-*	*-*	*16 480*	*16 480*	*16 480*	*28 396*	*33 454*	*32 901*
National Tertiary Services grant	983 948	1 102 585	1 201 831	1 323 114	1 323 114	1 323 114	1 415 731	1 496 427	1 565 263
Comprehensive HIV and AIDS grant	1 121 575	1 518 811	1 889 427	2 225 423	2 225 423	2 225 423	2 652 072	3 098 705	3 512 927
Forensic Pathology Services grant	134 538	152 406	161 550	-	-	-	-	-	-
2010 World Cup Health Preparation Strategy grant	3 581	-	-	-	-	-	-	-	-
Social Sector EPWP Incentive Grant for Provinces	-	2 676	25 775	-	-	-	-	-	-
EPWP Integrated Grant for Provinces	-	11 307	536	1 000	1 000	1 000	3 000	-	-
National Health Insurance grant	-	-	-	33 000	33 000	33 000	9 700	14 000	14 793
AFCON 2013: Medical Services grant	-	-	-	-	3 000	3 000	-	-	-
Vote 8 : Human Settlements	**2 330 448**	**2 768 502**	**2 801 547**	**2 915 297**	**2 915 297**	**2 915 297**	**3 238 428**	**1 685 764**	**1 675 237**
Human Settlements Development grant	2 180 448	2 634 109	2 769 871	2 915 297	2 915 297	2 915 297	3 235 428	1 685 764	1 675 237
Housing Disaster Relief grant	150 000	133 800	31 140	-	-	-	-	-	-
EPWP Integrated Grant for Provinces	-	593	536	-	-	-	3 000	-	-
Vote 9: Community Safety and Liaison	**-**	**-**	**-**	**1 673**	**1 673**	**1 673**	**5 369**	**-**	**-**
Social Sector EPWP Incentive Grant for Provinces	-	-	-	1 673	1 673	1 673	5 369	-	-
Vote 12 : Transport	**1 570 723**	**2 040 505**	**2 157 272**	**2 373 740**	**2 373 740**	**2 373 740**	**2 619 732**	**2 646 943**	**3 104 476**
Sani Pass Road grant	34 347	-	-	-	-	-	-	-	-
Transport Disaster Management grant	-	-	29 736	-	-	-	-	-	-
Public Transport Operations grant	587 396	714 587	773 473	808 279	808 279	808 279	852 325	895 350	936 536
EPWP Integrated Grant for Provinces	83 900	153 130	117 415	64 290	64 290	64 290	88 487	-	-
Provincial Roads Maintenance grant	865 080	958 390	1 236 648	1 501 171	1 501 171	1 501 171	1 678 920	1 751 593	2 167 940
Provincial Disaster Relief grant	-	214 398	-	-	-	-	-	-	-
Vote 13 : Social Development	**-**	**2 700**	**3 821**	**-**	**-**	**-**	**14 610**	**-**	**-**
Social Sector EPWP Incentive Grant for Provinces	-	2 700	3 821	-	-	-	14 610	-	-
Vote 14 : Public Works	**236 544**	**713 331**	**465 546**	**552 608**	**552 608**	**552 608**	**3 000**	**-**	**-**
Devolution of Property Rate Funds grant	236 264	709 891	463 585	551 100	551 100	551 100	-	-	-
EPWP Integrated Grant for Provinces	280	3 440	1 961	1 508	1 508	1 508	3 000	-	-
Vote 15 : Arts and Culture	**35 589**	**38 282**	**48 971**	**48 619**	**48 619**	**48 619**	**63 695**	**122 754**	**160 042**
Community Library Services grant	35 589	38 282	48 971	48 619	48 619	48 619	63 145	122 754	160 042
EPWP Integrated Grant for Provinces	-	-	-	-	-	-	550	-	-
Vote 16: Sport and Recreation	**85 148**	**90 756**	**87 694**	**92 122**	**92 122**	**92 122**	**84 760**	**83 877**	**88 071**
Mass Participation and Sport Development grant	85 148	90 256	87 694	91 122	91 122	91 122	79 883	83 877	88 071
EPWP Integrated Grant for Provinces	-	500	-	1 000	1 000	1 000	550	-	-
Social Sector EPWP Incentive Grant for Provinces	-	-	-	-	-	-	4 327	-	-
Total	**8 853 405**	**12 353 267**	**13 422 900**	**14 427 447**	**14 649 472**	**14 649 472**	**14 580 047**	**13 958 278**	**15 659 740**

DOHS is the second largest recipient of grant allocation receiving 22.2 per cent of the total grant allocation in 2013/14. The HSDG shows a decrease over the 2013/14 MTEF as a result of the review of the current allocation formula of this grant. Pending this review, the full amount of this grant has been allocated to the department in 2013/14, and only half the allocations will be allocated to provinces in 2014/15 and 2015/16. The department was allocated the Housing Disaster Relief grant from 2009/10 to 2011/12 only, aimed at repairing houses ravaged by storms. In 2013/14, the disaster allocation forms part of the HSDG.

DOE receives 20.2 per cent as the third largest share of grant allocation in 2013/14. The total grant increases from R2.944 billion in 2013/14 to R3.788 billion in 2015/16. The growth is mainly due to the increased Education Infrastructure grant from R1.299 billion in 2013/14 to R2.012 billion in 2015/16 to provide for general school infrastructure requirements, as well as for the repair of infrastructure damaged due to natural disasters. The National School Nutrition Programme (NSNP) grant also grows substantially in the MTEF to allow for Quintile 3 secondary schools to benefit from the programme.

Over the seven-year period, DOT received various conditional grants, including the Sani Pass Road grant, the Public Transport Operations grant (PTOG), the EPWP Integrated Grant for Provinces, the Provincial Roads Maintenance grant and disaster grants relating to various disasters that have occurred in KZN, such as the flood disaster in the South Coast area. Over the MTEF period, the conditional grant funding increases from R2.620 billion in 2013/14 to R3.104 billion in 2015/16.

DOPW receives a total grant allocation of R3 million in 2013/14. In prior years, this grant allocation included the Devolution of Property Rate Funds grant and the EPWP Integrated Grant for Provinces. From 2013/14, the Devolution of Property Rate Funds grant has been phased into the equitable share.

The EPWP Integrated Grant for Provinces is allocated to departments in line with schedules to the DORA. Allocations are made based on the previous year's performance. In 2013/14, this grant is allocated to DOT at R88.487 million, DAEARD and DAC at R550 000 each, and DOE, DOH, and DOPW at R3 million each.

4.2.4 Total provincial own receipts (own revenue)

Table 4.11 summarises provincial own revenue by economic classification.

The bulk of provincial own revenue is collected against *Tax receipts* which comprises *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		
	2009/10	2010/11	2011/12	2012/13			2013/14	2014/15	2015/16
Tax receipts	1 327 599	1 439 970	1 637 846	1 702 324	1 702 324	1 769 130	1 802 409	1 904 649	2 018 858
Casino taxes	*283 970*	*305 583*	*337 435*	*336 827*	*336 827*	*383 835*	*385 479*	*406 680*	*427 014*
Horse racing taxes	*41 571*	*45 857*	*68 422*	*67 097*	*67 097*	*63 091*	*68 203*	*71 954*	*75 552*
Liquor licences	*4 831*	*5 023*	*465*	*48 400*	*48 400*	*5 600*	*5 727*	*6 015*	*6 292*
Motor vehicle licences	*997 227*	*1 083 507*	*1 231 524*	*1 250 000*	*1 250 000*	*1 316 604*	*1 343 000*	*1 420 000*	*1 510 000*
Sale of goods and services other than capital assets	345 775	326 565	383 949	359 551	359 551	390 184	393 790	410 902	430 568
Transfers received	-	1 255	459	-	-	5	-	-	-
Fines, penalties and forfeits	43 259	50 989	45 352	40 298	40 298	46 194	45 121	20 121	20 121
Interest, dividends and rent on land	32 384	34 598	303 685	186 161	186 161	253 524	201 270	216 364	237 918
Sale of capital assets	32 462	18 296	18 109	8 208	8 208	35 968	20 840	19 401	19 576
Transactions in financial assets and liabilities	75 716	169 691	337 559	42 411	42 411	94 629	41 685	48 381	50 691
Total receipts	**1 857 195**	**2 041 364**	**2 726 959**	**2 338 953**	**2 338 953**	**2 589 634**	**2 505 115**	**2 619 818**	**2 777 732**

Table 4.11 shows total receipts, which demonstrate notable growth over the seven-year period. In nominal terms, *Tax receipts* increase from R1.328 billion in 2009/10 to R1.769 billion in the 2012/13 Revised Estimate, with the main revenue collection category being *Motor vehicle licences*. Over the MTEF, *Tax receipts* are projected to rise from R1.802 billion in 2013/14 to R2.019 billion in 2015/16.

Tax receipts, as a percentage of total provincial own revenue, fell from 71.5 per cent in 2009/10 to 68.3 per cent in the 2012/13 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 2013/14 MTEF, this share is projected to average 72.4 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 R345.775 million in 2009/10 to R390.184 million in the 2012/13 Revised Estimate. Over the 2013/14 MTEF, this category grows from 0.9 per cent in 2013/14, to 4.8 per cent in 2015/16. Generally, this growth is attributable to inflationary increments. As a percentage of total provincial own revenue, *Sale of goods and services other than* *capital assets* fell from 18.6 per cent in 2009/10 to 15.1 per cent in the 2012/13 Revised Estimate, and is projected to stabilise at 15.6 per cent over the medium-term. The 2012/13 Revised Estimate shows a spike at R390.184 million which is due to the expected over-recovery, mainly from the RAF and the Compensation of Injuries and Disease Act (COIDA), and DOT over-collecting as a result of higher than anticipated increases in the applications for learners' licences and renewal of drivers' licences, as well as the conversion of drivers' licences. *Sale of goods and services other than capital assets* increases steadily over the MTEF.

Transactions in financial assets and liabilities increased from R75.716 million in 2009/10 to R337.559 million in 2011/12. The once-off peak in 2011/12 relates to funds paid into the Provincial Revenue Fund in relation to housing projects which did not proceed as planned in previous financial years. More detail in this regard is included in the *EPRE* in the Human Settlements chapter. The nature of collections against this category makes it difficult to budget for this category accurately.

Interest, dividends and rent on land increased substantially from R32.384 million in 2009/10 to R303.685 million in 2011/12. The share of *Interest, dividends and rent on land* to provincial own revenue increases from 1.7 per cent in 2009/10 to 11.1 per cent in 2011/12, and stabilises at 8.3 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 province has had a positive cash balance since May 2010. However, in the 2012/13 Revised Estimate, *Interest, dividends and rent on land* is lower as the level of positive cash balances reduces due to various spending pressures from departments, such as Education, which projects to over-spend by R46.369 million in 2012/13 as per the December IYM.

Over the seven-year period, the growth of *Fines, penalties and forfeits* fluctuates while showing a downward trend. This category peaks in 2010/11 due to improved recovery strategies, while a general decrease in growth is noted over the MTEF. This category consists mainly of traffic fines resulting from road traffic infringements. The substantial decrease from 2014/15 onward can be attributed to the expected implementation of the AARTO where, after 30 days, a percentage of fines received will be recorded as departmental revenue. If the transgressor pays within the 30-day period, only 50 per cent of the fine is payable to the department, substantially reducing the revenue collected. This is an incentive to encourage transgressors to make timely payments.

The lowest category by value is *Sale of capital assets.* Its share of provincial revenue is 1.7 per cent in 2009/10 falling to 0.7 per cent in 2011/12. Over the MTEF, *Sale of capital assets* as a percentage of provincial own revenue, averages 0.8 per cent. This contribution is driven largely by the sale of redundant vehicles and equipment projected by DOH. Generally, the fluctuating growth of this category is due to the number of redundant assets sold, and the price attained at the auctions.

The following section is a detailed analysis of revenue per vote and is summarised in Table 4.12.

Table 4.12: Summary of provincial own receipts by vote

R thousand	Audited Outcome			Main Appropriation	Adjusted Appropriation	Revised Estimate	Medium-term Estimates		
	2009/10	2010/11	2011/12		2012/13		2013/14	2014/15	2015/16
1. Office of the Premier	326 483	352 612	406 662	404 110	404 110	447 878	453 754	478 710	502 646
2. Provincial Legislature	594	4 076	1 554	629	629	2 396	663	703	735
3. Agriculture, Environ. Affairs and Rural Development	29 220	18 534	22 687	18 136	18 136	22 650	19 484	20 835	21 771
4. Economic Development and Tourism	5 556	105 494	1 293	48 595	48 595	10 897	5 932	6 232	6 519
5. Education	88 128	63 864	89 105	57 819	57 819	85 261	60 999	73 199	76 566
6. Provincial Treasury	9 881	30 826	289 253	185 505	185 505	251 483	200 504	215 543	237 085
7. Health	232 877	191 221	207 998	213 992	213 992	238 489	243 481	246 161	257 958
8. Human Settlements	6 555	8 117	269 168	1 250	1 250	14 465	1 539	1 660	1 802
9. Community Safety and Liaison	60	105	70	52	52	52	57	63	69
10. The Royal Household	89	513	154	98	98	100	103	109	110
11. Co-operative Governance and Traditional Affairs	5 490	5 622	3 959	2 703	2 703	7 015	3 012	3 103	3 204
12. Transport	1 139 462	1 245 979	1 409 482	1 395 850	1 395 850	1 490 905	1 503 900	1 560 950	1 655 950
13. Social Development	6 995	7 017	16 417	4 227	4 227	7 592	5 148	5 432	5 532
14. Public Works	4 982	6 608	6 116	5 498	5 498	8 901	6 034	6 588	7 227
15. Arts and Culture	470	609	2 647	394	394	1 455	405	425	448
16. Sport and Recreation	353	167	394	95	95	95	100	105	110
Total provincial own receipts	**1 857 195**	**2 041 364**	**2 726 959**	**2 338 953**	**2 338 953**	**2 589 634**	**2 505 115**	**2 619 818**	**2 777 732**
Provincial Legislature receipts not to be surrendered to the Provincial Revenue Fund	594	4 076	1 554	629	629	2 396	663	703	735
Total adjusted provincial own receipts	**1 856 601**	**2 037 288**	**2 725 405**	**2 338 324**	**2 338 324**	**2 587 238**	**2 504 452**	**2 619 115**	**2 776 997**

The most significant revenue contributors in the province are DOT, OTP, DOH and PT. Over the 2013/14 MTEF, Education's significance grows ahead of DEDT, who continue to wait for the Department of Trade and Industry (DTI) to repeal the National Liquor Act so as to implement the provincial legislation. Once implemented, the provincial Liquor Act will enable the department to collect more revenue, as the liquor licence fees contained therein are substantially higher. Other departments remain small contributors even though, in nominal terms, their collections show growth.

Transport

Transport continues to be the main contributor to total provincial own revenue, accounting for an average of 59.7 per cent of total provincial own revenue over the 2013/14 MTEF. The department's revenue has shown strong growth, rising from R1.139 billion in 2009/10 to R1.491 billion in the 2012/13 Revised Estimate. This increase is set to continue to R1.561 billion in 2014/15 and R1.656 billion in 2015/16, growing at an annual average rate of 3.6 per cent over the MTEF period.

Revenue generated from *Motor vehicle licences* increased from R997.227 million in 2009/10 to R1.317 billion in the 2012/13 Revised Estimate, and is projected to maintain a steady increase over the MTEF period to R1.510 billion in 2015/16. These increases are linked to the net growth of the motor vehicle population, coupled with the annual increase in motor vehicle licence fees. The growth in projected revenue can also be attributed to the initiatives of the DOT to improve service delivery at the various registering authorities, for the registration and licensing of motor vehicles.

Presently, the variances of motor vehicle licence fees charged across all provinces in the various fee categories are quite large. In an attempt to align KZN with other provinces, the growth in the motor vehicle licence fees is subdued. A number of discussions have been held at national and provincial levels, with the view of aligning the fees across provinces. Currently, the provinces with higher motor vehicle licence fees, such as KZN and WC, face the dilemma of individuals and companies registering their motor vehicles in provinces where the motor vehicle licence fees are lower. The main rationale of the uniform motor vehicle licence fee structure to be determined at a national level, is to reduce migration of vehicles to provinces with cheaper fees to the detriment of revenue collection of other provinces.

Office of the Premier

OTP is another major own revenue contributor, yielding more than 18 per cent of total own revenue over the 2013/14 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 R283.970 million in 2009/10 to R383.835 million in the 2012/13 Revised Estimate. It is projected to further increase over the MTEF to R427.014 million in 2015/16. As a contribution to total revenue, *Casino taxes* constitutes about 15.4 per cent over the MTEF. The growth rate for this category in 2009/10 and 2010/11 was slow due to the effects of the global economic situation which left the public with less disposable income available for gaming activities. However, growth over the MTEF can be ascribed to the enactment of the amended tax schedule of the KZN Gaming and Betting Tax Act which was implemented in November 2012 which resulted in increased tax revenue.

Revenue generated from *Horse racing taxes,* which includes collections from the Bookmakers Control Committee, increased from R41.571 million in 2009/10 to R68.422 million in 2011/12. *Horse racing taxes* continues to show positive growth over the 2013/14 MTEF, growing to R75.552 million in 2015/16.

Health

The receipts of DOH fell from R232.877 million in 2009/10 to R207.998 million in 2011/12 due to a drive in 2009/10 to collect patient fees which were due from the RAF, Correctional Services, etc. This downward trend is expected to reverse over the MTEF as the department anticipates increasing its collections from R243.481 million in 2013/14 to R257.958 million in 2015/16. In the event that the budget is realised, it will show Health as one of the major revenue generators in the province. The department's contribution to total own revenue averages at 9.5 per cent over the MTEF. Health's largest proportion of revenue is derived from patient fees and boarding fees for staff accommodation at the department's institutions. Historically, patient fee collections have under-performed, hence the above-mentioned decline in revenue due to a lack of a concise strategy to enhance collections from medical aid schemes, RAF and other statutory accounts such as SAPS and Correctional Services.

Currently, the department, with assistance from PT, is in the process of crafting a revenue enhancement strategy. It will, among others, focus on patient administration and billing systems and foster more co-ordination of business units responsible for revenue generation within the department. One of the major objectives of the strategy 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 to enhance revenue collection. 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 RAF invoices that are accumulating in the back offices of institutions. Revenue collection processes are grossly inhibited by the use of manual billing systems, with only six hospitals currently operating a computerised patient billing system. The National Health CFOs' 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.

Provincial Treasury

PT generates a significant portion of own revenue through interest earned on positive cash balances in the IGCC and the PMG accounts. Revenue generated by PT increased from R9.881 million in 2009/10 to R289.253 million in 2011/12. The decrease to R251.483 million in the 2012/13 Revised Estimate can be ascribed to lower *Interest, dividends and rent on land* due to lower cash balances resulting from various spending pressure in departments, such as Education, as mentioned above. The fluctuations over the seven-year period under review are directly linked to the amount of cash on hand and changes in interest rates. Specifically, over the MTEF, lower growth in this category is due to the decline in the equitable share to KZN as a result of the 2011 Census and the baseline cuts. The low revenue collected in 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 interest revenue collected. The slight improvement in 2010/11 and the substantial increase in 2011/12 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.

4.2.5 Donor funding and agency receipts

Table 4.13 shows information on donor funding and agency receipts, per department, over the MTEF.

Table 4.13: Donor funding and agency receipts

	Audited Outcome			Main Appropriation	Adjusted Appropriation	Revised Estimate	Medium-term Estimates		
R thousand	2009/10	2010/11	2011/12	2012/13			2013/14	2014/15	2015/16
Donor Funding	**95 516**	**112 101**	**19 798**	**17 394**	**43 873**	**43 873**	**28 144**	**26 829**	**-**
Office of the Premier	-	19 841	9 066	16 079	24 079	24 079	26 829	26 829	-
Agriculture, Enviro Affairs and Rural Development	19 474	14 588	1 315	1 315	19 342	19 342	1 315	-	-
Economic Development and Tourism	31 291	42 626	-	-	-	-	-	-	-
Education	-	31 709	4 616	-	-	-	-	-	-
Health	36 072	1 294	4 231	-	-	-	-	-	-
Co-operative Governance and Traditional Affairs	8 679	2 043	570	-	452	452	-	-	-
Agency Receipts	**44 835**	**17 454**	**8 517**	**7 858**	**7 858**	**7 858**	**8 290**	**8 500**	**8 800**
Office of the Premier	38 639	10 034	-	-	-	-	-	-	-
Transport	6 196	7 420	8 517	7 858	7 858	7 858	8 290	8 500	8 800
Total	**140 351**	**129 555**	**28 315**	**25 252**	**51 731**	**51 731**	**36 434**	**35 329**	**8 800**

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 is crucial to monitor the quality and quantity of services being provided with regard to donor funding and agency receipts. To this extent, PT 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 2013/14 MTEF are OTP and DAEARD. Total donor funding amounts to R28.144 million in 2013/14, and R26.829 million in 2014/15.

OTP receives funding from the National Skills Fund. The department receives R26.829 million in 2013/14 and it remains constant in 2014/15.

OTP, 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 Service (NYS) skills programmes implemented by the DOPW.
- EPWP learnerships.

DAEARD will only receive R1.315 million in 2013/14. The agreement with World Health Organisation (WHO) provides funding over five years from 2009/10, aimed at human rabies prevention through dog rabies control and eventual elimination in KZN. This funding has been made available by the Bill and Melinda Gates Foundation. The project got off to a slow start, with spending only commencing in 2010/11, but is now on track, and is scheduled to come to an end in 2013/14.

4.2.5.2 Agency receipts

Agency receipts decrease from R44.835 million in 2009/10 to R8.800 million in 2015/16. Specifically, the DOT receives funding of R8.290 million from the South African National Roads Agency Limited (SANRAL), to cater for an extended overload control function on the national road network in KZN. The OTP received R38.639 million in 2009/10 and R10.034 million in 2010/11 from the Department of Labour for the roll-out of a literacy programme, targeting illiterate adults in the province.

5. PAYMENTS

5.1 Overall position

Total provincial payments increased from R63.809 billion in 2009/10 to an estimated R86.467 billion in 2012/13. This positive growth is set to continue over the 2013/14 MTEF, with the aggregated estimates of R89.787 billion in 2013/14 growing to R99.579 billion in 2015/16. The additional funding over and above the existing (2012/13 MTEF) growth within the departments' baselines caters for, among others:

- Carry-through of the 2012/13 Adjustments Estimate, such as a light industrial park in Bhongweni, uMsekeli Municipal Support Services pensioners' medical aid obligation, etc.
- The budget allocation is characterised by once-off funding for various provincial priorities such as exit packages for MPLs (only in 2014/15), Rhino Security Intervention plan, Makhathini development, Shayamoya eco-complex, feasibility study of government office park, upgrading of Dundee laundry, etc. These are funded from provincial cash resources and are discussed in detail under each departmental chapter in the *EPRE.*
- Funding for the carry-through costs of the 2012 wage agreement, allocated only to Education and Health, and additional funding for Education personnel pressures.
- Provision to cushion the impact of phasing in the new Census data (which resulted in reduced equitable share for KZN and various other provinces).

The 2013/14 MTEF is also characterised by baseline cuts of 1, 2 and 3 per cent over the 2013/14 MTEF, imposed by NT on all spheres of government in order to curb the national deficit as public spending is growing faster than revenue collection. Also, the provincial equitable share was cut following the release of the 2011 Census data, which indicated that KZN's share of the population has declined. Although NT allocated some funding to cushion the impact of the changes in the equitable share formula, this will not be adequate to ensure continued service delivery at current levels. The impact of this reduction will be seen through reduced outputs and targets over the 2013/14 MTEF and also expanded cost-cutting.

5.2 Payments by vote

Table 5.1 below illustrates the summary of provincial payments by vote.

Table 5.1: Summary of provincial payments and estimates by vote

R thousand	Audited Outcome			Main Appropriation	Adjusted Appropriation	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. Agriculture, Enviro. Affairs and Rural Development	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 Development and 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 and 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 and 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 Governance and Traditional 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**

The trend analysis reveals that most departments' budgets are set to increase from the 2012/13 Main Appropriation to 2013/14. However, it must be noted that allocations for some departments reflect a decrease from the 2012/13 Adjusted Appropriation to 2013/14 due to once-off funding allocated during the 2012/13 Adjustments Estimate, such as funding for the 2013 Africa Cup of Nations (AFCON), golf tournaments, Youth Ambassadors programme, Agri-business Development Agency (ADA) feasibility studies and business plans, etc. and also the baseline cuts. More detail of the payments and estimates is given under each vote's chapter in the *EPRE*.

The allocation over the 2013/14 MTEF reflects low growth due to the baseline cuts and also reductions in conditional grant funding, such as the HSDG which decreases in 2014/15 and 2015/16 pending the review of the allocation formula which is to take into account the 2011 Census data. The baseline cuts will have an impact on service delivery in various departments, although the impact should be minimised by the implementation of the expanded cost-cutting measures.

The substantial increase in the OTP over the 2013/14 MTEF, when compared to 2011/12, relates to additional funding allocated during the 2012/13 MTEF for various provincial priorities, such as the Youth Ambassadors programme, administrative costs of the merger of the horse racing regulator into the KwaZulu-Natal Gaming and Betting Board (KZNGBB), provision of piped water and roads at the Luwamba Clinic in the Ntambanana Municipality and the equipping of war-rooms, under Operation *Sukuma Sakhe* (OSS). However, it must be noted that the OTP reduced the number of ambassadors anticipated to be employed, from 3 024 in 2012/13 to 1 966 over the MTEF. Details are provided under the vote's chapter in the *EPRE*.

DEDT reflects substantial growth from 2011/12 to the 2012/13 Adjusted Appropriation due to various once-off additional funding for provincial strategic events such as the Manchester United Tour, Nelson Mandela Golf Tournament, North Sea Jazz Festival, Volvo European Golf Championship, Metro FM Awards, BRICS Summit, etc. The increase over the 2013/14 MTEF relates to additional funding for Dube TradePort (DTP) infrastructure development.

DOE reflects a significant increase from 2011/12 to the 2012/13 Adjusted Appropriation and over the 2013/14 MTEF due to additional funding allocated for the higher than budget 2012 wage agreement, with carry-through costs over the MTEF, and additional funding for personnel spending pressures relating to previous years' higher than budget wage agreements and shortfalls in funding for OSD for educators. The department received additional funding, from provincial cash resources, which was set aside for personnel spending pressures, provided that the department put in place a credible cost containment plan. The department reflects a significant increase in 2015/16 due to additional funding for the appointment of additional Grade R teachers and for increasing the number of teachers in Quintile 1 schools, allocated only in 2015/16. Also, the department received additional funding, only in 2014/15 and 2015/16, in respect of the Education Infrastructure grant. While the department receives additional funding, a large portion of the FET College Sector grant was removed from the province to the DHET, who will take over the function of transferring funds to the College Councils. The department was also affected by the baseline cuts.

The Social Sector, comprising Education, Health and Social Development, reflects positive growth over the 2013/14 MTEF, mainly due to allocations for various national and provincial priorities in previous MTEF periods and also in the 2013/14 MTEF. Also contributing to the growth, to a larger extent, are higher than anticipated wage agreements, including the 2012 wage agreement. However, the growth over the 2013/14 MTEF has slowed down, when compared to previous years, due to the baseline cuts.

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

As mentioned above, Social Sector spending reflects positive growth, both in nominal and real terms, despite the baseline cuts. The sector reflects steady growth from 2009/10 to 2012/13, as well as over the 2013/14 MTEF. However, the sector reflects minimal real growth which can be attributable to the baseline cuts, as mentioned above. The share of total spending fluctuates over the seven years, with 2011/12 being high at 77 per cent, reducing to 75.4 per cent in 2012/13 and staying at an average 76.7 per cent over the 2013/14 MTEF. The share of total expenditure for Other Functions also fluctuates over the seven years, with 2011/12 being lower at 23 per cent, before increasing to an average 23.3 per cent over the 2013/14 MTEF. The percentage share of the Social Sector and Other Functions remain constant over the 2013/14 MTEF, indicative of equivalent growth in both sectors' allocations.

Table 5.2: Analysis of payments and estimates by major vote

	Audited Outcome			Adjusted Appropriation	Medium-term Estimates			Average Annual Growth	
	2009/10	2010/11	2011/12	2012/13	2013/14	2014/15	2015/16	2009/10-2012/13	2012/13-2015/16
R thousand									
Education	26 230 746	28 746 616	33 799 217	35 497 340	37 008 579	39 131 499	42 147 740		
Health	20 349 276	20 734 986	24 791 118	27 290 930	28 647 877	30 445 724	32 258 216		
Social Development	1 361 280	1 416 423	1 934 257	2 062 167	2 325 185	2 446 515	2 606 245		
Other Functions	15 867 982	16 764 699	18 119 262	21 156 565	21 810 563	21 435 240	22 566 530		
Total expenditure	**63 809 284**	**67 662 724**	**78 643 854**	**86 007 002**	**89 792 204**	**93 458 978**	**99 578 731**		
% of total expenditure									
Education	41.1	42.5	43.0	41.3	41.2	41.9	42.3		
Health	31.9	30.6	31.5	31.7	31.9	32.6	32.4		
Social Development	2.1	2.1	2.5	2.4	2.6	2.6	2.6		
Other Functions	24.9	24.8	23.0	24.6	24.3	22.9	22.7		
Nominal growth (%)									
Education		9.6	17.6	5.0	4.3	5.7	7.7	10.6	5.9
Health		1.9	19.6	10.1	5.0	6.3	6.0	10.3	5.7
Social Development		4.1	36.6	6.6	12.8	5.2	6.5	14.8	8.1
Other Functions		5.7	8.1	16.8	3.1	(1.7)	5.3	10.1	2.2
Total expenditure		**6.0**	**16.2**	**9.4**	**4.4**	**4.1**	**6.5**	**10.5**	**5.0**
Real growth (%)									
Education		5.6	11.2	(0.8)	(1.0)	0.6	2.7	5.2	0.9
Health		(1.8)	13.1	4.0	(0.3)	1.1	1.0	4.9	0.8
Social Development		0.2	29.2	0.7	7.1	0.1	1.6	9.2	3.0
Other Functions		1.8	2.3	10.3	(2.1)	(6.5)	0.4	4.7	(2.6)
Total expenditure		**2.2**	**10.0**	**3.3**	**(0.9)**	**(1.0)**	**1.6**	**5.1**	**0.1**

DOE remains the highest spending provincial department, at 41.3 per cent in 2012/13 and decreasing slightly to 41.2 per cent in 2013/14, before increasing marginally to 42.3 per cent in 2015/16. The reduction in the percentage share, when compared to previous years, is due to additional allocations for shortfalls in OSD for educators and higher than anticipated wage agreements, in previous years. The department received additional funding for the higher than anticipated 2012 wage agreement and personnel spending pressures in 2012/13 and carry-through over the 2013/14 MTEF. Other sectors also received substantial additional funding, such as Health, which will be discussed below. Education's budget increases by an average annual nominal (real) growth of 10.6 (5.2) per cent between 2009/10 and 2012/13, and 5.9 (0.9) per cent between 2012/13 and 2015/16. The relatively high positive growth over the first period is largely in respect of OSD for educators and various wage agreements, as well as funding for various national priorities such as expansion of examination administration. Although the baseline allocation for the department was cut by a substantial amount in 2015/16, relating to baseline cuts and also the reduction to the FET College Sector grant, 2015/16 still reflects a significant increase due to additional allocations for national priorities such as the increase in number of teachers in Quintile 1 schools and the increase in the number of Grade R teachers.

DOH remains the second highest spending provincial department, with a fluctuating share of 31.9 per cent in 2009/10, declining to 30.6 per cent in 2010/11 and increasing to 31.7 per cent in 2012/13 and 32.4 per cent 2015/16. The decrease in 2010/11 relates to substantial under-spending by the department in that year. The budget of the department reflects healthy average annual nominal (real) growth of 10.3 (4.9) per cent between 2009/10 and 2012/13, and 5.7 (0.8) per cent between 2012/13 and 2015/16. The latter period reflects reduced growth due to the baseline cuts. The higher growth of 10.1 per cent in 2012/13 can be attributable to additional funding allocated to the now Health Facility Revitalisation grant (Health Infrastructure and Hospital Revitalisation grants components) to assist with infrastructure spending pressures. Also contributing, is additional funding from provincial cash resources for the same purpose. The annual nominal (real) growth of 19.6 (13.1) per cent in 2011/12 relates to the 2011 wage increase.

Social Development reflects an increase in the share of total expenditure, from 2.1 per cent in 2009/10 to 2.4 per cent in 2012/13 (although 2011/12 was higher, at 2.5 per cent due to implementation of various national priorities, discussed briefly below), and remains steady at 2.6 per cent over the 2013/14 MTEF. The department enjoys the largest average nominal (real) growth of 14.8 (9.2) per cent between 2009/10 and 2012/13 due to additional funding for existing infrastructure assets. This growth remains high at 8.1 (3) per cent between 2012/13 and 2015/16. The department reflects substantial nominal (real) growth of 36.6 (29.2) per cent in 2011/12, which can be attributable to allocations for national priorities such as OSD for social workers, Early Childhood Development (ECD), Home/Community Based Care (HCBC) and Children in Conflict with the Law, which commenced in 2008/09 and grew strongly in 2011/12. The growth stabilises in 2012/13, with an annual nominal (real) growth of 6.6 (0.7) per cent.

Other Functions reflect higher average annual nominal (real) growth of 10.1 (4.7) between 2009/10 and 2012/13 when compared to 2.2 (-2.6) per cent between 2012/13 and 2015/16. The higher annual growth of 16.8 (10.3) per cent in 2012/13 can be attributable to additional funding, during the 2012/13 Adjustments Estimate, allocated to various departments, especially DEDT for various strategic events, such as the Nelson Mandela Golf Tournament, North Sea Jazz Festival, Metro FM Awards, Volvo European Golf Championship, Women's Golf Championship, etc. Also contributing was additional funding to the DAEARD for various programmes, such as the Makhathini development, EPWP job creation, Rhino Security Intervention plan (for transfer to EKZNW), control of rabies outbreak, etc. The OTP also received additional funding for various initiatives such as the hosting of the 2013 AFCON tournament, Youth Ambassadors programme, etc. Over the 2013/14 MTEF, additional funding was allocated, mainly as once-off allocations in 2013/14, for various initiatives such as the upgrading of a regional laundry in Dundee, Makhathini development, Operation Clean Audit, Radio Frequency Identification (RFID) system for library books, etc. Also, growth in the Provincial Roads Maintenance grant contributes to the increase over the 2013/14 MTEF.

5.3 Payments by economic classification

5.3.1 Provincial summary of payments and estimates by economic classification

Table 5.3 below presents a summary of payments and estimates by economic classification for the period 2009/10 and 2015/16.

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		
	2009/10	2010/11	2011/12		2012/13		2013/14	2014/15	2015/16
Current payments	**48 430 458**	**52 286 153**	**61 902 644**	**65 973 570**	**67 514 707**	**68 149 670**	**72 214 408**	**76 555 057**	**81 754 967**
Compensation of employees	35 608 907	39 312 068	46 035 829	48 035 685	49 474 031	50 011 026	52 761 916	56 036 392	59 559 844
Goods and services	12 716 049	12 957 936	15 865 252	17 887 885	18 036 376	18 134 097	19 443 584	20 510 897	22 184 891
Interest and rent on land	105 502	16 149	1 563	50 000	4 300	4 547	8 908	7 768	10 232
Transfers and subsidies to:	**8 729 987**	**9 228 387**	**9 529 717**	**10 118 836**	**10 331 511**	**10 336 869**	**10 105 857**	**8 931 913**	**9 053 624**
Provinces and municipalities	1 183 299	1 447 500	1 160 365	1 264 715	1 438 154	1 462 311	1 096 713	1 223 905	1 173 488
Departmental agencies and accounts	666 561	774 167	889 776	882 502	1 132 817	1 133 199	1 281 776	1 191 452	1 236 074
Universities and technikons	-	-	-	-	-	-	-	-	-
Foreign governments and international organisations	226	410	173	180	180	180	189	198	207
Public corporations and private enterprises	729 317	1 081 682	1 101 034	1 281 238	1 130 708	1 195 449	1 183 141	1 228 341	1 271 708
Non-profit institutions	4 003 614	3 253 010	3 410 877	4 013 480	3 717 876	3 620 535	3 526 086	3 744 140	3 774 161
Households	2 146 970	2 671 618	2 967 492	2 676 721	2 911 776	2 925 195	3 017 952	1 543 877	1 597 986
Payments for capital assets	**5 417 997**	**5 640 063**	**7 119 627**	**7 406 955**	**8 088 376**	**7 908 086**	**7 393 389**	**7 861 040**	**8 681 125**
Buildings and other fixed structures	4 604 839	4 973 729	5 893 494	5 853 391	6 744 267	6 724 267	6 271 741	6 890 960	7 657 522
Machinery and equipment	797 665	650 510	1 169 438	1 542 296	1 301 037	1 140 747	1 108 078	960 801	1 015 152
Heritage assets	-	323	1 819	-	8 000	8 000	4 865	-	-
Specialised military assets	-	-	-	-	-	-	-	-	-
Biological assets	360	222	7 354	523	9 951	9 951	553	586	609
Land and sub-soil assets	450	798	26 455	-	-	-	-	-	-
Software and other intangible assets	14 683	14 481	21 067	10 745	25 121	25 121	8 152	8 693	7 842
Payments for financial assets	**1 164 407**	**445 440**	**26 265**	**1 800**	**2 109**	**2 145**	**2 500**	**2 500**	**4 694**
Total	**63 742 849**	**67 600 043**	**78 578 253**	**83 501 161**	**85 936 703**	**86 396 770**	**89 716 154**	**93 350 510**	**99 494 410**
Statutory payments	66 435	62 681	65 601	70 299	70 299	70 299	76 050	108 468	84 321
Total economic classification (incl. stat. payment)	**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**

Current payments consume the bulk of the total provincial spending, at an average of 80.2 per cent and is set to increase from R68.150 billion in the 2012/13 Revised Estimate to R81.755 billion in 2015/16. The largest portion of this category relates to *Compensation of employees*, which is set to increase from R50.011 billion in the 2012/13 Revised Estimate to R59.560 billion in 2015/16. The increase from the 2012/13 Revised Estimate to 2013/14 is attributable to the anticipated filling of critical vacant posts by various departments while taking into consideration the moratorium on filling non-critical vacant posts. The bulk of the budget under *Compensation of employees* is allocated to Education and Health, due to the high number of employees in these departments.

Transfers and subsidies shows steady growth between 2009/10 and 2011/12. A substantial portion of *Transfers and subsidies* is allocated against *Transfers and subsidies to: Non- profit institutions*, of which a large portion thereof relates to transfers to public schools for norms and standards. Also included are transfers to public entities such as DTP under DEDT. The decrease from 2009/10 to 2010/11 relates to the completion of the airport portion of the DTP. The decrease from the 2012/13 Main to the Adjusted Appropriation relates to the excess funding allocated under Education, over and above the norms and standards funding, for the purposes such as upgrading of school quintile status. *Transfers and subsidies to: Provinces and municipalities,* which relates mainly to transfers to municipalities for housing projects, fluctuates over the seven-year period. The decrease in 2011/12 is due to delays in the approval process of projects under the Community Residential Units (CRU) programme within municipalities.

Payments for capital assets reflects good growth over the seven-year period, growing from R5.418 billion in 2009/10 to R7.120 billion in 2011/12 and R8.681 billion in 2015/16. *Buildings and other fixed structures,* which consumes a larger portion of the allocation, reflects good growth over the seven-year period, indicative of the province's contribution to public infrastructure development with the aim of boosting the economy and job creation. The spending grows from R4.605 billion in 2009/10 to R5.893 billion in 2011/12 and R7.658 billion in 2015/16. The bulk of the infrastructure spending is under Education, Health and Transport. These departments receive substantial funding, in addition to the provincial allocation, through various infrastructure grants from NT. These grants, especially the Education Infrastructure grant, have seen substantial increases in funding over the period under review, to deal with backlogs in infrastructure. A substantial portion of *Buildings and other fixed structures* relates to the DOE (inclusive of the Education Infrastructure grant) for the upgrading and major repairs to existing public schools infrastructure, as well as provision of much needed infrastructure such as ECD classrooms. The infrastructure budget of DOT increases substantially over the 2013/14 MTEF due to additional funding for the maintenance of the provincial road network allocated during the 2011/12 MTEF, as well as over the 2012/13 MTEF. Health reflects substantial spending in the 2012/13 Adjusted Appropriation and Revised Estimate due to the acceleration of various health facilities projects, such as the Dannhauser and Pomeroy Community Health Clinics.

The spending against the category *Payments for financial assets* in 2009/10 and 2010/11 reflects the first charge amounts (in line with Section 34(2) of the PFMA) in respect of unauthorised expenditure under DAEARD, DOE, DOH, DOHS, DOT and the RHH. Also included, although to a lesser extent, are the write-offs of irrecoverable debts by various departments. The amounts reflected over the 2013/14 MTEF relate to the first charge instalments under the RHH.

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

Current expenditure is the largest, as a percentage of total expenditure, growing from 76 per cent in 2009/10, to 82.2 per cent in 2015/16. This category reflects average annual nominal (real) growth of 11.7 (6.2) per cent between 2009/10 and 2012/13 and declines to 6.6 (1.6) per cent between 2012/13 and 2015/16, which can be attributed to the stability in *Compensation of employees* over the 2013/14 MTEF.

The share of total expenditure for *Transfers* reflects a declining trend, from 13.7 per cent in 2009/10 to 9.1 per cent in 2015/16. This decrease from 2009/10 to 2010/11 is mainly due to the reduction in funding for DTP, after the completion of the airport in 2009/10. This category reflects fluctuations in the annual nominal and real growth over the period under review, with high annual nominal (real) growth of 8.4 (2.4) per cent in 2012/13. The average nominal (real) growth decreases from 5.8 (0.6) per cent between 2009/10 and 2012/13 to negative 4.3 (-8.8) per cent between 2012/13 and 2015/16.

Although the expenditure trend for *Capital* reflects growth over the period under review, the share of total expenditure fluctuates, with an increase to 9.1 per cent in 2011/12 and 9.4 per cent in 2012/13, before declining to 8.2 per cent in 2013/14. This category reflects fluctuations in the annual nominal and real growth over the period under review, with high annual nominal (real) growth of 26.2 (19.4) per cent in 2011/12 and 13.6 (7.3) per cent in 2012/13 relating to the increase in infrastructure grants, especially the Provincial Roads Maintenance grant and also equitable share funding allocated mainly in respect of acceleration of Health infrastructure projects, respectively. The average annual nominal (real) growth decreases substantially from 14.3 (8.7) per cent between 2009/10 and 2012/13 to 2.4 (-2.4) per cent between 2012/13 and 2015/16.

Table 5.4: Analysis of payments and estimates by economic classification

	Audited Outcome			Adjusted Appropriation	Medium-term Estimates			Average Annual Growth	
	2009/10	2010/11	2011/12	2012/13	2013/14	2014/15	2015/16	2009/10-2012/13	2012/13-2015/16
R thousand									
Current	48 496 893	52 348 834	61 968 245	67 585 006	72 290 458	76 663 525	81 839 288		
Transfers	8 729 987	9 228 387	9 529 717	10 331 511	10 105 857	8 931 913	9 053 624		
Capital	5 417 997	5 640 063	7 119 627	8 088 376	7 393 389	7 861 040	8 681 125		
Financial assets	1 164 407	445 440	26 265	2 109	2 500	2 500	4 694		
Compensation	35 675 342	39 374 749	46 101 430	49 544 330	52 837 966	56 144 860	59 644 165		
Non-compensation	28 133 942	28 287 975	32 542 424	36 462 672	36 954 238	37 314 118	39 934 566		
Non-compensation (excl. transfers)	19 403 955	19 059 588	23 012 707	26 131 161	26 848 381	28 382 205	30 880 942		
Non-compensation non-capital (NCNC)	22 715 945	22 647 912	25 422 797	28 374 296	29 560 849	29 453 078	31 253 441		
NCNC (excl. transfers)	13 985 958	13 419 525	15 893 080	18 042 785	19 454 992	20 521 165	22 199 817		
Total expenditure	**63 809 284**	**67 662 724**	**78 643 854**	**86 007 002**	**89 792 204**	**93 458 978**	**99 578 731**		
% of total expenditure									
Current	76.0	77.4	78.8	78.6	80.5	82.0	82.2		
Transfers	13.7	13.6	12.1	12.0	11.3	9.6	9.1		
Capital	8.5	8.3	9.1	9.4	8.2	8.4	8.7		
Financial assets	1.8	0.7	0.0	0.0	0.0	0.0	0.0		
Compensation	55.9	58.2	58.6	57.6	58.8	60.1	59.9		
Non-compensation	44.1	41.8	41.4	42.4	41.2	39.9	40.1		
Non-compensation (excl. transfers)	30.4	28.2	29.3	30.4	29.9	30.4	31.0		
Non-compensation non-capital (NCNC)	35.6	33.5	32.3	33.0	32.9	31.5	31.4		
NCNC (excl. transfers)	21.9	19.8	20.2	21.0	21.7	22.0	22.3		
Nominal growth (%)									
Current		7.9	18.4	9.1	7.0	6.0	6.8	11.7	6.6
Transfers		5.7	3.3	8.4	(2.2)	(11.6)	1.4	5.8	(4.3)
Capital		4.1	26.2	13.6	(8.6)	6.3	10.4	14.3	2.4
Financial assets		(61.7)	(94.1)	(92.0)	18.5	-	87.8	(87.8)	30.6
Compensation		10.4	17.1	7.5	6.6	6.3	6.2	11.6	6.4
Non-compensation		0.5	15.0	12.0	1.3	1.0	7.0	9.0	3.1
Non-compensation (excl. transfers)		(1.8)	20.7	13.6	2.7	5.7	8.8	10.4	5.7
Non-compensation non-capital (NCNC)		(0.3)	12.3	11.6	4.2	(0.4)	6.1	7.7	3.3
NCNC (excl. transfers)		(4.1)	18.4	13.5	7.8	5.5	8.2	8.9	7.2
Real growth (%)									
Current		4.0	12.0	3.0	1.6	0.9	1.8	6.2	1.6
Transfers		1.8	(2.3)	2.4	(7.1)	(15.9)	(3.4)	0.6	(8.8)
Capital		0.3	19.4	7.3	(13.2)	1.2	5.3	8.7	(2.4)
Financial assets		(63.1)	(94.4)	(92.4)	12.6	(4.9)	79.0	(88.4)	24.4
Compensation		6.3	10.8	1.5	1.3	1.1	1.3	6.1	1.4
Non-compensation		(3.1)	8.8	5.8	(3.8)	(3.9)	2.0	3.7	(1.8)
Non-compensation (excl. transfers)		(5.4)	14.2	7.2	(2.4)	0.6	3.7	5.0	0.8
Non-compensation non-capital (NCNC)		(3.9)	6.2	5.4	(1.1)	(5.2)	1.2	2.4	(1.6)
NCNC (excl. transfers)		(7.6)	12.0	7.2	2.4	0.4	3.1	3.5	2.1

The declining share of total expenditure for *Transfers* and *Capital* is indicative of the fact that the major increases have been in respect of *Compensation of employees* due to the various wage agreements and the various OSDs affecting mainly Education and Health.

The high negative average annual nominal (real) growth of 87.8 (-88.4) per cent between 2009/10 and 2012/13 against *Financial assets* is due to the fact that the larger portion of first charge amounts were paid in 2010/11.

Compensation's share of total expenditure shows an increase from 55.9 per cent in 2009/10 to 59.9 per cent in 2015/16. This category shows an average annual nominal (real) growth of 11.6 (6.1) per cent between 2009/10 and 2012/13 declining to 6.4 (1.4) per cent between 2012/13 and 2015/16 (reflecting improved funding for personnel expenditure, especially under Education). *Non-compensation* shows a decline in the share of total expenditure from 44.1 per cent in 2009/10 to 40.1 per cent in 2015/16. This declining trend is indicative of the fact that *Compensation* has slightly crowded out the allocation of resources toward service delivery spending. In the past, up to 2010/11, there were difficulties in allocating resources toward service delivery, as the province was often under-funded with regard to annual wage agreements and various OSDs (mainly OSD for educators) requiring reprioritisation of funds to cover the shortfalls. However, it must be noted that the province was fully funded for this in 2010/11 and, in 2012/13, funding was made available by NT and topped up by PT using provincial cash resources to ensure that the wage agreement was largely funded. Only Education and Health receive the carry-through costs for the 2012 wage agreement, though, as mentioned earlier.

The share of total expenditure for *Non-compensation (excl. transfers)* reflects fluctuations from 2009/10 to 2011/12, with a decline from 30.4 per cent in 2009/10 to 28.2 per cent in 2010/11, before increasing slightly to 29.3 per cent in 2011/12. This category reflects no significant increase in its share of total expenditure over the 2013/14 MTEF.

The percentage share of *Non-compensation non-capital (NCNC)* decreases over the period, from 35.6 per cent in 2009/10 to 31.4 per cent in 2015/16, with fluctuations such as the lower percentage share of 32.3 per cent in 2011/12. The category *NCNC (excluding transfers)* reflects a fluctuating trend over the seven-year period. The high percentage share of total expenditure of 21 per cent in 2012/13 can be attributed to additional funding allocated to departments such as DEDT and OTP for various strategic events and initiatives, as mentioned.

5.3.2 Analysis of payments and estimates by economic classification – Education

Table 5.5 shows DOE'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	
	2009/10	2010/11	2011/12	2012/13	2013/14	2014/15	2015/16	2009/10-2012/13	2012/13-2015/16
R thousand									
Current	23 109 269	24 880 844	29 784 902	30 706 092	32 526 604	34 267 846	36 471 432		
Transfers	1 602 910	1 724 719	1 892 934	2 269 445	1 812 234	1 978 564	1 967 657		
Capital	1 407 097	1 920 880	2 121 381	2 521 803	2 669 741	2 885 089	3 708 651		
Financial assets	111 470	220 173	-	-	-	-	-		
Compensation	20 864 307	22 609 337	26 639 394	27 447 076	28 746 193	30 372 790	32 313 187		
Non-compensation	5 366 439	6 137 279	7 159 823	8 050 264	8 262 386	8 758 709	9 834 553		
Non-compensation (excl. transfers)	3 763 529	4 412 560	5 266 889	5 780 819	6 450 152	6 780 145	7 866 896		
Non-compensation non-capital (NCNC)	3 959 342	4 216 399	5 038 442	5 528 461	5 592 645	5 873 620	6 125 902		
NCNC (excl. transfers)	2 356 432	2 491 680	3 145 508	3 259 016	3 780 411	3 895 056	4 158 245		
Total expenditure	**26 230 746**	**28 746 616**	**33 799 217**	**35 497 340**	**37 008 579**	**39 131 499**	**42 147 740**		
% of total expenditure									
Current	88.1	86.6	88.1	86.5	87.9	87.6	86.5		
Transfers	6.1	6.0	5.6	6.4	4.9	5.1	4.7		
Capital	5.4	6.7	6.3	7.1	7.2	7.4	8.8		
Financial assets	0.4	0.8	-	-	-	-	-		
Compensation	79.5	78.7	78.8	77.3	77.7	77.6	76.7		
Non-compensation	20.5	21.3	21.2	22.7	22.3	22.4	23.3		
Non-compensation (excl. transfers)	14.3	15.3	15.6	16.3	17.4	17.3	18.7		
Non-compensation non-capital (NCNC)	15.1	14.7	14.9	15.6	15.1	15.0	14.5		
NCNC (excl. transfers)	9.0	8.7	9.3	9.2	10.2	10.0	9.9		
Nominal growth (%)									
Current		7.7	19.7	3.1	5.9	5.4	6.4	9.9	5.9
Transfers		7.6	9.8	19.9	(20.1)	9.2	(0.6)	12.3	(4.6)
Capital		36.5	10.4	18.9	5.9	8.1	28.5	21.5	13.7
Financial assets		97.5	(100.0)	-	-	-	-	(100.0)	-
Compensation		8.4	17.8	3.0	4.7	5.7	6.4	9.6	5.6
Non-compensation		14.4	16.7	12.4	2.6	6.0	12.3	14.5	6.9
Non-compensation (excl. transfers)		17.2	19.4	9.8	11.6	5.1	16.0	15.4	10.8
Non-compensation non-capital (NCNC)		6.5	19.5	9.7	1.2	5.0	4.3	11.8	3.5
NCNC (excl. transfers)		5.7	26.2	3.6	16.0	3.0	6.8	11.4	8.5
Real growth (%)									
Current		3.7	13.3	(2.7)	0.6	0.2	1.5	4.6	0.9
Transfers		3.7	3.8	13.2	(24.2)	3.9	(5.2)	6.8	(9.1)
Capital		31.5	4.5	12.3	0.5	2.8	22.5	15.5	8.4
Financial assets		90.3	(100.0)	(5.6)	(5.0)	(4.9)	(4.7)	(100.0)	-
Compensation		4.4	11.5	(2.7)	(0.5)	0.5	1.4	4.2	0.6
Non-compensation		10.2	10.4	6.2	(2.5)	0.9	7.0	8.9	1.9
Non-compensation (excl. transfers)		13.0	12.9	3.6	6.0	0.0	10.6	9.8	5.6
Non-compensation non-capital (NCNC)		2.6	13.1	3.6	(3.9)	(0.1)	(0.6)	6.3	(1.4)
NCNC (excl. transfers)		1.9	19.4	(2.2)	10.2	(2.0)	1.8	6.0	3.4

Current expenditure comprises the highest proportion of the department's budget. However, as a share of total expenditure, *Current* expenditure fluctuates between 2009/10 and 2012/13, mainly as a result of the improved spending in *Capital* relating to school infrastructure. *Current* expenditure reflects low and fluctuating real growth over the 2013/14 MTEF due to the marginal growth in the budget for *Compensation of employees* as a result of the baseline cuts attributed to the Census data update, as well as the 1, 2 and 3 per cent baseline cuts. These cuts were mainly effected against *Compensation of employees*.

Transfers, expressed as a share of total expenditure, declines from 6.1 per cent to 5.6 per cent between 2009/10 and 2011/12, mainly due to the increased spending in *Current* and *Capital* expenditure. Furthermore, the past trends have shown significant under-expenditure relating to *Transfers and subsidies to: Non-profit institutions* due to non-compliance by some schools resulting in the department procuring (Learner Teacher Support Material (LTSM) and other materials) on their behalf, thus increasing *Current* expenditure. The percentage share of the budget declines from 2012/13 to the MTEF period mainly due to the DHET taking over the function of disbursing funds to the FET colleges, thus resulting in a reduced budget for *Transfers and subsidies to: Non-profit institutions*. This is evident by the significant decline of 24.2 per cent year-on-year in real terms from 2012/13 to 2013/14. There is also a decline in real growth in the outer year, attributed mainly to a slight reduction in the allocation for S21 schools as the department anticipates revoking S21 functions from schools that continue to not comply with the requirements for the department to transfer the funds.

Capital, expressed as a share of total expenditure/budget, fluctuates between 2009/10 to 2012/13 and increases over the 2013/14 MTEF, in line with the Education Infrastructure grant in order to accelerate school infrastructure (including both ECD and Special School infrastructure). In real terms, *Capital* shows significant growth of 31.5 per cent in 2010/11 and 22.5 per cent in 2015/16 in line with the additional allocation for the Education Infrastructure grant to improve delivery of school infrastructure. This category shows low real growth in 2011/12 attributed mainly to cost-cutting against *Machinery and equipment*, as the category was used as a buffer to offset spending pressures against *Compensation of employees*. There is healthy real growth in 2012/13, however, the department continues to implement cost-cutting against *Machinery and equipment.*

Financial assets reflects an increased share of total expenditure between 2009/10 and 2010/11, mainly as a result of the latter financial year including the second installment of the first charge in terms of S34 (2) of the PFMA, as well as the irrecoverable staff debts written off. The amount in 2009/10 reflects only the first instalment of the first charge while 2010/11 reflects the second instalment, as well as 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 reflects a declining trend over the seven-year period. The decline over the 2013/14 MTEF is mainly due to the strong growth in *Capital*, as well as the fact that this category was mainly affected by the budget reductions. The decrease in the share of total expenditure from 2010/11 onward is an indication that other spending categories are increasing at a faster rate, indicative of increased focus on other service delivery areas, especially infrastructure spending and transfers to schools. While the percentage share is decreasing, the expenditure is still increasing in real terms, with an annual average real growth of 4.2 per cent between 2009/10 and 2012/13, mainly due to expenditure relating to various wage agreements, OSD for educators, conversion of teacher assistants to teacher aides, increased stipends of ECD practitioners and hourly rate of Adult Basic Education and Training (ABET) practitioners. There is a significant decline in real growth from 2010/11 to the 2012/13 Adjusted Appropriation, indicating the spending pressures that the department is experiencing relating to the carry-through effects of the various wage agreements and OSD, as well as the conversion of teacher assistants to teacher aides, increased stipends of ECD practitioners and hourly rate of ABET practitioners, in 2011/12 with funding. Real growth over the MTEF is marginal, at 0.6 per cent annual average. However, there is a decline year-on-year from 2012/13 to 2013/14, indicating the spending pressures that will continue to exist in the department's budget.

Non-compensation's share of total expenditure grows consistently from 2009/10 to 2011/12 in line with additional funding that was received for priorities, such as the extension of no fee schools, increases with regard to LTSM, NSNP, infrastructure spending, as well as support for inclusive education. The growth continues over the 2013/14 MTEF. In real terms, the year-on-year growth between 2009/10 and 2015/16 reflects a fluctuating trend, with negative growth of 2.5 per cent in 2013/14, attributed mainly to the reduction in *Transfers* relating to FET colleges, as the function now lies with DHET, as previously explained. However there is strong real growth in the outer year, mainly due to additional funding allocated with regard to the Education Infrastructure grant and the expansion of no fee schools, among others.

Non-compensation (excluding transfers) which caters for *Goods and services* and *Payments for capital assets* reflects significant real growth of 9.8 per cent annual average between 2009/10 and 2012/13, and continues over the 2013/14 MTEF at 5.6 per cent. The high real growth between 2009/10 and 2012/13 is attributed to the increased spending with regard to NSNP due to the expansion of the programme, school infrastructure (particularly public ordinary schools), and LTSM, among others. The healthy growth over the MTEF caters for these priorities.

NCNC which includes *Goods and services* and *Transfers and subsidies* reflects a healthy annual average real growth between 2009/10 and 2012/13, while the real growth over the MTEF shows negative average annual percentage growth of 1.4 per cent. The decline over the 2013/14 MTEF is largely attributed to the reduction of the transfers to FET colleges, as previously explained. In nominal terms, *NCNC* shows below inflation growth over the MTEF. However, the minimal growth is due to the fact that the comparative figures from 2009/10 to 2012/13 are inclusive of the transfers to FET colleges. As such, if these comparative figures are removed, both the nominal and real growth is fair.

5.3.3 Analysis of payments and estimates by economic classification – Health

Table 5.6 below shows DOH's expenditure by economic classification.

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

	Audited Outcome			Adjusted Appropriation	Medium-term Estimates			Average Annual Growth	
	2009/10	2010/11	2011/12	2012/13	2013/14	2014/15	2015/16	2009/10-2012/13	2012/13-2015/16
R thousand									
Current	17 547 270	18 985 210	22 364 652	24 537 676	26 585 714	28 488 374	30 378 686		
Transfers	498 292	562 374	515 846	542 709	655 168	650 155	673 063		
Capital	1 545 699	1 181 773	1 910 011	2 210 545	1 406 995	1 307 195	1 206 467		
Financial assets	758 015	5 629	609	-	-	-	-		
Compensation	11 367 849	12 935 381	15 118 307	16 896 484	18 355 557	19 601 916	20 830 264		
Non-compensation	8 981 427	7 799 605	9 672 811	10 394 446	10 292 320	10 843 808	11 427 952		
Non-compensation (excl. transfers)	8 483 135	7 237 231	9 156 965	9 851 737	9 637 152	10 193 653	10 754 889		
Non-compensation non-capital (NCNC)	7 435 728	6 617 832	7 762 800	8 183 901	8 885 325	9 536 613	10 221 485		
NCNC (excl. transfers)	6 937 436	6 055 458	7 246 954	7 641 192	8 230 157	8 886 458	9 548 422		
Total expenditure	**20 349 276**	**20 734 986**	**24 791 118**	**27 290 930**	**28 647 877**	**30 445 724**	**32 258 216**		
% of total expenditure									
Current	86.2	91.6	90.2	89.9	92.8	93.6	94.2		
Transfers	2.4	2.7	2.1	2.0	2.3	2.1	2.1		
Capital	7.6	5.7	7.7	8.1	4.9	4.3	3.7		
Financial assets	3.7	0.0	0.0	-	-	-	-		
Compensation	55.9	62.4	61.0	61.9	64.1	64.4	64.6		
Non-compensation	44.1	37.6	39.0	38.1	35.9	35.6	35.4		
Non-compensation (excl. transfers)	41.7	34.9	36.9	36.1	33.6	33.5	33.3		
Non-compensation non-capital (NCNC)	36.5	31.9	31.3	30.0	31.0	31.3	31.7		
NCNC (excl. transfers)	34.1	29.2	29.2	28.0	28.7	29.2	29.6		
Nominal growth (%)									
Current		8.2	17.8	9.7	8.3	7.2	6.6	11.8	7.4
Transfers		12.9	(8.3)	5.2	20.7	(0.8)	3.5	2.9	7.4
Capital		(23.5)	61.6	15.7	(36.4)	(7.1)	(7.7)	12.7	(18.3)
Financial assets		(99.3)	(89.2)	(100.0)	-	-	-	(100.0)	-
Compensation		13.8	16.9	11.8	8.6	6.8	6.3	14.1	7.2
Non-compensation		(13.2)	24.0	7.5	(1.0)	5.4	5.4	5.0	3.2
Non-compensation (excl. transfers)		(14.7)	26.5	7.6	(2.2)	5.8	5.5	5.1	3.0
Non-compensation non-capital (NCNC)		(11.0)	17.3	5.4	8.6	7.3	7.2	3.2	7.7
NCNC (excl. transfers)		(12.7)	19.7	5.4	7.7	8.0	7.4	3.3	7.7
Real growth (%)									
Current		4.2	11.4	3.6	2.9	2.0	1.7	6.4	2.3
Transfers		8.7	(13.2)	(0.7)	14.6	(5.6)	(1.3)	(2.1)	2.4
Capital		(26.3)	52.9	9.3	(39.6)	(11.6)	(12.0)	7.2	(22.1)
Financial assets		(99.3)	(89.8)	(100.0)	(5.0)	(4.9)	(4.7)	(100.0)	-
Compensation		9.6	10.6	5.5	3.2	1.6	1.3	8.6	2.2
Non-compensation		(16.3)	17.3	1.5	(6.0)	0.2	0.5	(0.1)	(1.6)
Non-compensation (excl. transfers)		(17.8)	19.7	1.6	(7.1)	0.6	0.6	(0.0)	(1.9)
Non-compensation non-capital (NCNC)		(14.3)	11.0	(0.4)	3.1	2.1	2.2	(1.8)	2.6
NCNC (excl. transfers)		(15.9)	13.2	(0.4)	2.3	2.7	2.4	(1.8)	2.6

As was the case in previous years, the largest share of total expenditure is in respect of *Current* payments, where the percentage increases from 86.2 per cent in 2009/10 to 91.6 per cent in 2010/11, declining to 90.2 per cent in 2011/12 and 89.9 per cent in 2012/13. The share climbs to 92.8 per cent in 2013/14, rising to 94.2 per cent in 2015/16. 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 against *Capital* in that year, particularly in respect of the Hospital Revitalisation component and the Health Infrastructure component of the Health Facility Revitalisation 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 components of the Health Facility Revitalisation grant. This trend continued in 2012/13, with further additional funding for these two infrastructure components, with R180 million allocated to the Health Infrastructure component and R20 million allocated to the Hospital Revitalisation component in the 2012/13 Adjusted Appropriation. In addition, the department received a further R185.963 million in equitable share funding for infrastructure pressures. From 2013/14 onward, the department has reduced funding for *Capital* due to the budget cuts, as well as reprioritising funding away from *Capital* payments to *Maintenance and repairs*, thus boosting the share of *Current* payments to over 92 per cent. In addition, the carry-through costs of the various higher than anticipated 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 64 per cent.

Compensation also shows a positive trend from 2012/13 to 2015/16, with an average annual real growth of 2.2 per cent. This will allow the department to continue the implementation of the various OSDs begun in 2007/08. This area has been under-funded, particularly with regard to the OSD for nurses and doctors, although additional funding was received in each year from 2008/09 to 2011/12. There is also pressure in the new MTEF to provide additional staff for the re-engineering of primary health care services through ward-based teams, in line with NHI requirements.

The share of *Transfers* fluctuates from 2009/10 to 2012/13, largely due to delays with regard to transfers to municipal clinics. These were caused by problems in finalising 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 2.2 per cent over the 2013/14 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* decreases from 7.6 per cent in 2009/10, to 5.7 per cent in 2010/11, before increasing to 7.7 per cent in 2011/12 and 8.1 per cent in 2012/13. The reasons for the erratic trend were discussed under *Current* payments above. The declining share thereafter is due to the previously mentioned baseline cuts and 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 2012/13 to 2015/16 in all categories except *Capital*. The growth rate for *Current* is lower than it was from 2009/10 to 2012/13, due to various spending pressures experienced by the department in 2009/10, as well as the effects of the baseline cuts in the 2013/14 MTEF.

The lower growth rates for *Transfers* from 2009/10 to 2012/13 relate to the previously mentioned provincialisation of municipal clinics, which will be finalised in 2012/13.

The negative real average annual growth in *Capital* from 2012/13 to 2015/16 is attributable to the previously mentioned baseline cuts and 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	
	2009/10	2010/11	2011/12	2012/13	2013/14	2014/15	2015/16	2009/10-2012/13	2012/13-2015/16
R thousand									
Current	859 264	846 623	1 033 142	1 261 171	1 416 062	1 512 687	1 648 908		
Transfers	404 750	476 927	732 326	550 412	680 148	701 950	714 739		
Capital	83 602	83 905	167 912	250 584	228 975	231 878	242 598		
Financial assets	13 664	8 968	877	-	-	-	-		
Compensation	510 860	576 981	692 531	875 010	998 554	1 079 651	1 181 803		
Non-compensation	850 420	839 442	1 241 726	1 187 157	1 326 631	1 366 864	1 424 442		
Non-compensation (excl. transfers)	445 670	362 515	509 400	636 745	646 483	664 914	709 703		
Non-compensation non-capital (NCNC)	836 756	830 474	1 240 849	1 187 157	1 326 631	1 366 864	1 424 442		
NCNC (excl. transfers)	432 006	353 547	508 523	636 745	646 483	664 914	709 703		
Total expenditure	**1 361 280**	**1 416 423**	**1 934 257**	**2 062 167**	**2 325 185**	**2 446 515**	**2 606 245**		
% of total expenditure									
Current	63.1	59.8	53.4	61.2	60.9	61.8	63.3		
Transfers	29.7	33.7	37.9	26.7	29.3	28.7	27.4		
Capital	6.1	5.9	8.7	12.2	9.8	9.5	9.3		
Financial assets	1.0	0.6	0.0	-	-	-	-		
Compensation	37.5	40.7	35.8	42.4	42.9	44.1	45.3		
Non-compensation	62.5	59.3	64.2	57.6	57.1	55.9	54.7		
Non-compensation (excl. transfers)	32.7	25.6	26.3	30.9	27.8	27.2	27.2		
Non-compensation non-capital (NCNC)	61.5	58.6	64.2	57.6	57.1	55.9	54.7		
NCNC (excl. transfers)	31.7	25.0	26.3	30.9	27.8	27.2	27.2		
Nominal growth (%)									
Current		(1.5)	22.0	22.1	12.3	6.8	9.0	13.6	9.3
Transfers		17.8	53.6	(24.8)	23.6	3.2	1.8	10.8	9.1
Capital		0.4	100.1	49.2	(8.6)	1.3	4.6	44.2	(1.1)
Financial assets		(34.4)	(90.2)	(100.0)	-	-	-	(100.0)	-
Compensation		12.9	20.0	26.3	14.1	8.1	9.5	19.6	10.5
Non-compensation		(1.3)	47.9	(4.4)	11.7	3.0	4.2	11.8	6.3
Non-compensation (excl. transfers)		(18.7)	40.5	25.0	1.5	2.9	6.7	12.6	3.7
Non-compensation non-capital (NCNC)		(0.8)	49.4	(4.3)	11.7	3.0	4.2	12.4	6.3
NCNC (excl. transfers)		(18.2)	43.8	25.2	1.5	2.9	6.7	13.8	3.7
Real growth (%)									
Current		(5.1)	15.5	15.3	6.6	1.6	3.9	8.1	4.2
Transfers		13.5	45.3	(29.0)	17.4	(1.8)	(2.9)	5.4	4.0
Capital		(3.3)	89.3	40.9	(13.2)	(3.6)	(0.3)	37.1	(5.7)
Financial assets		(36.8)	(90.7)	(100.0)	(5.0)	(4.9)	(4.7)	(100.0)	-
Compensation		8.8	13.6	19.3	8.4	2.9	4.3	13.8	5.3
Non-compensation		(4.9)	39.9	(9.7)	6.1	(2.0)	(0.7)	6.3	1.3
Non-compensation (excl. transfers)		(21.6)	32.9	18.0	(3.6)	(2.1)	1.8	7.1	(1.2)
Non-compensation non-capital (NCNC)		(4.4)	41.4	(9.7)	6.1	(2.0)	(0.7)	6.9	1.3
NCNC (excl. transfers)		(21.2)	36.1	18.2	(3.6)	(2.1)	1.8	8.3	(1.2)

As a share of the department's total expenditure, *Current* decreases from 63.1 per cent in 2009/10 to 59.8 per cent in 2010/11, declining further to 53.4 per cent in 2011/12, increasing to an average of 62 per cent over the 2013/14 MTEF. Despite this sharp decline in the share of total expenditure, this category shows an average annual real growth of 8.1 per cent between 2009/10 and 2012/13. The increase in the share of *Current* payments to total budget over the 2013/14 MTEF is mainly due to national priority funding received for the absorption of social work graduates. In addition, *Transfers* average nominal growth decreases from 10.8 per cent from 2009/10 to 2012/13 to 9.1 per cent from 2012/13 to 2015/16, mainly due to the effect of the baseline cuts. However the real effect of the baseline cuts is cushioned by additional national priority funding for the improvement of the quality of services provided by NGOs, as well as their financial sustainability.

The rising trend against *Transfers* in the first three years of the period under review is largely due to a declining trend in *Current* and *Capital*, mainly attributable to a decrease in *Goods and services* as a result of the PT SCM intervention and low spending on *Machinery and equipment* due to cost-cutting, respectively. Also to be noted was that spending pressures in *Current* payments in 2009/10 required some reprioritisation from other categories, and this is reflected in the low share of *Transfers* of 29.7 per cent in 2009/10. The significant growth in national priority funding in 2010/11 and 2011/12 (in respect of ECD, HCBC and children in conflict with the law) sees the share of *Transfers* reaching 33.7 per cent in 2010/11 and 37.9 per cent in 2011/12. *Transfers* experience real average growth of 5.4 per cent from 2009/10 to 2012/13, declining to 4 per cent from 2012/13 to 2015/16. The decline is due to the non-implementation of transfer payments relating to the Youth Development and Sustainable Livelihood sub-programmes due to an audit of previously funded projects and the review of standard operating procedures for the funding and monitoring of Non-profit Organisations (NPOs).

Capital spending as a percentage of total expenditure decreased from 6.1 per cent in 2009/10 to 5.9 per cent in 2010/11, due to cost-cutting. The category shows a marked growth in share, from 2011/12 to 2012/13, due to funding reprioritised to cater for the high demand for ECD centres within KZN, as well as pressures from 2011/12 invoices for infrastructure projects, such as the construction of the Nkunzana service office, Mhlabunzima one-stop development centre, Dambuza youth development centre, etc., resulting in an average nominal growth of 44.2 per cent from 2009/10 to 2012/13. The decrease in the share of *Capital* payments to total budget over the 2013/14 MTEF relates to increases in *Current* and *Transfers* due to additional national priority funding for the absorption of social work graduates and the improvement of the quality of services provided by NGOs, as well as their financial sustainability over the 2013/14 MTEF, respectively.

In 2009/10, *Compensation* accounted for 37.5 per cent of the total budget. 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 35.8 per cent due to the non-filling of vacant posts. From 2011/12 and over the 2013/14 MTEF, the share increases to an average of 43.7 per cent, largely due to the various wage agreements, as well as additional funding received for national priorities, such as the absorption of social work graduates. The increase in 2012/13 is due to the higher than anticipated 2012 wage agreement, as well as the appointment of community care givers who were previously employed by NPOs and therefore paid against *Transfers and subsidies to: Non-profit institutions*. These factors are the reason that the average annual real growth from 2012/13 to 2015/16 is at 5.3 per cent.

The positive real average annual growth of 7.1 per cent in *Non-compensation (excluding transfers)* from 2009/10 to 2012/13 indicates a turnaround from the pressures in *Goods and services* in 2009/10, which included costs for SITA data lines, audit fees, lease payments, maintenance and repairs and shared facilities with SASSA. The department shifted funds from *Transfers* to *Current* in 2012/13 in order to cater for the appointment of community care givers who were previously employed by NPOs. The reduction over the 2013/14 MTEF relates to the removal of funding for existing infrastructure and maintenance from 2013/14.

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).

The share of *Current* payments to total budget is set to increase from 44 per cent in 2009/10, to 59.1 per cent in 2015/16. The slight growth from 2009/10 to 2010/11 can be attributed to the continuation of cost-cutting which reduced *Goods and services* significantly. The minimal growth over the outer years of 2013/14 MTEF can be ascribed to the baseline cuts imposed by NT and the effect that the 2011 Census data had on KZN's equitable share. The effect of this cut on the departments was a substantial reduction in the budget over the MTEF. This is evident from the low average real growth of 1.4 per cent from 2012/13 to 2015/16 against this category, with part of the cut also implemented against other categories.

Compensation reflects an average annual real growth rate of 2.1 per cent for the period 2012/13 to 2015/16. This can be ascribed to the newly imposed moratorium on the filling of non-critical posts, and baseline cuts, as some of departments, such as Co-operative Governance and Traditional Affairs (COGTA) and Department of Sport and Recreation (DOSR), effected the cuts against *Compensation of employees*. Also, the phased-in transfer of staff to the Royal Trust by the RHH also had an impact on this category.

Table 5.8: Analysis of expenditure summary by classification - Other

	Audited Outcome			Adjusted Appropriation	Medium-term Estimates			Average Annual Growth	
	2009/10	2010/11	2011/12	2012/13	2013/14	2014/15	2015/16	2009/10-2012/13	2012/13-2015/16
R thousand									
Current	6 981 090	7 636 157	8 785 549	11 080 067	11 762 078	12 394 618	13 340 262		
Transfers	6 224 035	6 464 367	6 388 611	6 968 945	6 958 307	5 601 244	5 698 165		
Capital	2 381 599	2 453 505	2 920 323	3 105 444	3 087 678	3 436 878	3 523 409		
Financial assets	281 258	210 670	24 779	2 109	2 500	2 500	4 694		
Compensation	2 932 326	3 253 050	3 651 198	4 325 760	4 737 662	5 090 503	5 318 911		
Non-compensation	12 935 656	13 511 649	14 468 064	16 830 805	17 072 901	16 344 737	17 247 619		
Non-compensation (excl. transfers)	6 711 621	7 047 282	8 079 453	9 861 860	10 114 594	10 743 493	11 549 454		
Non-compensation non-capital (NCNC)	12 654 398	13 300 979	14 443 285	16 828 696	17 070 401	16 342 237	17 242 925		
NCNC (excl. transfers)	6 430 363	6 836 612	8 054 674	9 859 751	10 112 094	10 740 993	11 544 760		
Total expenditure	**15 867 982**	**16 764 699**	**18 119 262**	**21 156 565**	**21 810 563**	**21 435 240**	**22 566 530**		
% of total expenditure									
Current	44.0	45.5	48.5	52.4	53.9	57.8	59.1		
Transfers	39.2	38.6	35.3	32.9	31.9	26.1	25.3		
Capital	15.0	14.6	16.1	14.7	14.2	16.0	15.6		
Financial assets	1.8	1.3	0.1	0.0	0.0	0.0	0.0		
Compensation	18.5	19.4	20.2	20.4	21.7	23.7	23.6		
Non-compensation	81.5	80.6	79.8	79.6	78.3	76.3	76.4		
Non-compensation (excl. transfers)	42.3	42.0	44.6	46.6	46.4	50.1	51.2		
Non-compensation non-capital (NCNC)	79.7	79.3	79.7	79.5	78.3	76.2	76.4		
NCNC (excl. transfers)	40.5	40.8	44.5	46.6	46.4	50.1	51.2		
Nominal growth (%)									
Current		9.4	15.1	26.1	6.2	5.4	7.6	16.6	6.4
Transfers		3.9	(1.2)	9.1	(0.2)	(19.5)	1.7	3.8	(6.5)
Capital		3.0	19.0	6.3	(0.6)	11.3	2.5	9.2	4.3
Financial assets		(25.1)	(88.2)	(91.5)	18.5	-	87.8	(80.4)	30.6
Compensation		10.9	12.2	18.5	9.5	7.4	4.5	13.8	7.1
Non-compensation		4.5	7.1	16.3	1.4	(4.3)	5.5	9.2	0.8
Non-compensation (excl. transfers)		5.0	14.6	22.1	2.6	6.2	7.5	13.7	5.4
Non-compensation non-capital (NCNC)		5.1	8.6	16.5	1.4	(4.3)	5.5	10.0	0.8
NCNC (excl. transfers)		6.3	17.8	22.4	2.6	6.2	7.5	15.3	5.4
Real growth (%)									
Current		5.4	8.8	19.1	0.8	0.3	2.6	11.0	1.4
Transfers		0.1	(6.5)	3.0	(5.2)	(23.4)	(3.0)	(1.2)	(10.9)
Capital		(0.8)	12.6	0.4	(5.6)	5.9	(2.3)	3.9	(0.6)
Financial assets		(27.8)	(88.9)	(92.0)	12.6	(4.9)	79.0	(81.4)	24.4
Compensation		6.9	6.2	11.9	4.0	2.2	(0.4)	8.3	2.1
Non-compensation		0.6	1.3	9.8	(3.7)	(8.9)	0.6	3.8	(3.9)
Non-compensation (excl. transfers)		1.2	8.5	15.3	(2.6)	1.1	2.5	8.1	0.5
Non-compensation non-capital (NCNC)		1.3	2.7	10.0	(3.7)	(8.9)	0.6	4.6	(3.9)
NCNC (excl. transfers)		2.4	11.5	15.6	(2.6)	1.1	2.5	9.7	0.4

The share of total expenditure in *Non-compensation* is expected to decrease from 79.6 per cent in 2012/13 to 76.4 per cent in 2015/16, largely due to the reduction in *Transfers.* This category shows negative real growth of 10.9 per cent from 2012/13 to 2015/16, with the share of total expenditure decreasing from 32.9 per cent in 2012/13 to 25.3 per cent in 2015/16 mainly due to the following:

- *Transfers and subsidies to: Public corporations and private enterprises* against DEDT decreases in the 2012/13 Adjusted Appropriation, mainly due to the reprioritisation of parts of the transfer to the Growth Fund being reprioritised to *Goods and services* to cater for various projects such as the KZN Convention Bureau Bid Fund and Travel Agencies Federation of India (TAFI), as well as the KZN Liquor Authority (KZNLA) funding moved to cater for establishment costs incurred by the department on behalf of the entity. The transfers to the Enterprise Development and Growth Funds remain fixed (with no growth) over the 2013/14 MTEF due to the baseline cuts.

- DOHS showed significant decrease on its HSDG (which is mainly allocated against *Transfers and subsidies to: Households* and *Provinces and municipalities*) in 2011/12 and 2012/13, as a result of delays in the approval of projects within municipalities in the CRU programme. The decreasing trend over the 2013/14 MTEF against *Transfers and subsidies to: Households* relates to the review of the allocation formula of the HSDG, which is in progress. As a result, only half of the allocations will be allocated in the two outer years, and the full amount of this grant has been allocated to the department in 2013/14.

- DOPW indicated to the national DOPW in 2012/13, that there was an over-provision against the Devolution of Property Rate Funds grant, which is being phased into the equitable share from 2013/14 onward. As a result, the funding is reduced and adjusted downward. This resulted in a significant decrease in 2013/14 and over the MTEF against *Transfers and subsidies to: Provinces and municipalities*.

- COGTA shows a substantial increase in *Transfers and subsidies to: Provinces and municipalities* in 2012/13 due to programmes such as the Massification, Corridor Development, LED, Disaster Management and Small Town Rehabilitation which were initial budgeted under *Goods and services*. The municipalities with capacity to deliver on particular projects were identified by the department and funds were shifted for transfer to those municipalities, accounting for the significant increase in the 2012/13 Adjusted Appropriation. The decrease over the 2013/14 MTEF is ascribed to the funding for the above-mentioned projects being allocated against *Goods and services* as the shift to this category is only be made in year.

Capital payments show a negative annual average real growth of 0.6 per cent between 2012/13 and 2015/16, with the share of total expenditure increasing from 14.7 per cent in 2012/13 to 15.6 per cent in 2015/16, mainly due to the following:

- DOPW shows negative growth against *Buildings and other fixed structures* over the 2013/14 MTEF due to the previously explained baseline cuts effected against infrastructure, specifically the head office project.
- COGTA shows a decreasing trend in 2014/15 and 2015/16 against *Machinery and equipment*, which can be attributed to the department not anticipating any major purchases such as vehicles and computer servers, at this stage. This will be reviewed in future MTEFs, since *Machinery and equipment* is purchased on a cyclical basis.
- DOHS shows a substantial increase against *Machinery and equipment* in the 2012/13 Revised Estimate due to purchasing new motor vehicles for districts as the department has decentralised its offices, accounting for significant decrease in 2013/14. Further reduction over the 2013/14 MTEF can be ascribed to cost-cutting.
- RHH's significant decrease against *Buildings and other fixed structures* can be ascribed to no allocation for renovations, upgrading and refurbishment of palaces beyond 2014/15, in line with project requirements.
- DAEARD shows a substantial decrease against *Machinery and equipment* from the 2012/13 Adjusted Appropriation onward, due to the decision that was taken by the department to take stock of the current mechanisation fleet, to ensure its optimal utilisation, and therefore no additional tractors and implements were acquired. Also, once-off funding for vehicles was included in 2012/13 to provide transport for assistant extension officers, hence the reduction in 2013/14.

The 2009/10 and 2010/11 *Financial assets* show a significant increase due to the implementation of the first charge against some departments' votes, in line with Section 34(2) of the PFMA. The bulk of the first charge payment was effected against DOT in line with the unauthorised expenditure incurred by the department. Other departments affected by the first charge include DAEARD, DOHS and RHH. Also, DOPW wrote-off various losses in 2011/12. This category shows a significant average real growth of 24.4 per cent between 2012/13 and 2015/16, with the significant growth in 2015/16 due to increased first charge to be implemented against RHH.

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 2011/12 to 2015/16. The detail of departmental spending within each district municipal area is provided in the departmental chapters in the *EPRE*.

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	2011/12	2012/13	2013/14	2014/15	2015/16	2011/12	2012/13	2013/14	2014/15	2015/16	2012/13 - 2015/16
eThekwini	19 229 108	20 932 919	23 599 670	25 489 243	27 068 190	26.3	26.2	28.4	29.4	29.3	8.9
Ugu	4 450 180	4 823 146	4 784 572	4 915 934	5 182 241	6.1	6.0	5.8	5.7	5.6	2.4
uMgungundlovu	17 810 976	19 317 277	19 847 858	20 369 217	21 571 953	24.4	24.2	23.9	23.5	23.3	3.7
Uthukela	3 842 465	4 431 645	4 329 540	4 439 114	4 707 656	5.3	5.6	5.2	5.1	5.1	2.0
Umzinyathi	2 876 850	3 218 468	3 570 957	3 705 736	3 957 753	3.9	4.0	4.3	4.3	4.3	7.1
Amajuba	2 718 208	3 108 502	3 310 103	3 459 835	3 680 583	3.7	3.9	4.0	4.0	4.0	5.8
Zululand	5 464 875	5 765 831	5 311 109	5 443 796	5 804 147	7.5	7.2	6.4	6.3	6.3	0.2
Umkhanyakude	4 195 812	4 439 181	4 426 856	4 684 828	5 004 844	5.7	5.6	5.3	5.4	5.4	4.1
uThungulu	6 167 021	6 867 309	6 857 628	7 017 133	7 608 138	8.4	8.6	8.2	8.1	8.2	3.5
Ilembe	3 368 513	3 789 744	3 723 838	3 718 710	4 004 603	4.6	4.7	4.5	4.3	4.3	1.9
Sisonke	2 955 406	3 109 788	3 379 018	3 520 302	3 852 815	4.0	3.9	4.1	4.1	4.2	7.4
Unallocated	-	-	32 960	33 949	35 511	-	-	0.0	0.0	0.0	-
Total	**73 079 412**	**79 803 810**	**83 174 109**	**86 797 796**	**92 478 435**	**100.0**	**100.0**	**100.0**	**100.0**	**100.0**	**5.0**

While most departments exclude administrative costs from this table, the spending per district municipal area by the DOE and the DOSR 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. OTP and PT also include administrative costs. These two departments' spending mainly occurs within the uMgungundlovu District Municipality, where they are based. Although they do provide support services to all provincial departments and municipalities, it is impractical to allocate their budgets at this level.

Despite the inclusion of a regional identifier in the new BAS structure, departments still found it difficult to quantify their operations by district municipality in 2012/13. However, this approach is still considered to be of importance and, therefore, continues to receive attention in the 2013/14 MTEF. The 2013/14 budget process places emphasis on accuracy in breaking down budgets in terms of spending in district municipalities, ensuring alignment with the PGDP and Integrated Development Plans (IDPs), and reviewing departmental budgets and service delivery in spatial terms. Emphasis was placed on departments' contributions to the objectives of the PGDS, PGDP and national priorities, in particular, the National Development Plan (NDP).

There is a significant increase in overall provincial spending from 2012/13 to 2015/16. Spending per district municipal area fluctuates, due to varying projects undertaken by departments at different intervals, and is also distorted by head office costs in uMgungundlovu.

Spending in the eThekwini Metro increased significantly from R19.229 billion in 2011/12 to R27.068 billion in 2015/16. This can be ascribed to the allocation of province-wide projects such as:

- Provincial Public Service Training Academy and LIV Orphanage (OTP).
- KZN Sharks Board (KZNSB), KZN Tourism Authority (TKZN), DTP, including the road linking to it (DEDT and DOT).
- The high number of schools and training institutions in the Metro (DOE).
- High level health services, including central hospital services, to the rest of the province. Currently, eThekwini has a third of the population of KZN, many of whom are indigent and are living in informal settlements (DOH).
- High demand for housing in the Metro, as it has the highest population in the province. Some of the major projects which take place in the Metro include Cornubia, *eTafuleni,* Lamontville Slums Clearance, *Ntuzuma* and Sunhills. Most hostels that are being upgraded are also in the Metro. There is also extensive rehabilitation of former R293 towns in the Metro. The slight percentage decrease in the spending in this area in 2012/13 is due to delays in the implementation of planned projects as a result of challenges experienced within the Metro (DOHS).
- Construction of roads providing access to the DTP and the King Shaka International Airport (KSIA), the construction of the P577 (Duffs Road to KwaDabeka) and the upgrading of access roads and pedestrian bridges, as well as the PTOG (DOT).

- Substantial funds are spent in the area to cater for Child and Youth Care and Victim Empowerment national priorities, as well as the provision for the absorption of social work graduates and support to the NGO sector (DSD).
- The provincialisation of public libraries and museums also impacts on the Metro, as well as transfers to the Playhouse Company and the KZN Philharmonic Orchestra. The allocation to the Metro also provides for a new mega-library building project (DAC).

The increase against uMgungundlovu from R17.811 billion in 2011/12 to R21.572 billion in 2015/16 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. Besides this, the spending is also attributable to the following:

- The increase is partly caused by the increase in the Comprehensive Agricultural Support Programme grant (CASP) and other agricultural projects, which are centralised in this area, as well as the fact that public entities, such as EKZNW are based in the area (DAEARD).
- The spending is also affected by the increase in the allocation to Education over time where the bulk of the department's expenditure is comprised of *Compensation of employees.*
- Spending in this area is further affected by the allocation of funding to the Pietermaritzburg airport and major projects such as the Infrastructure Crack Team, Operation Clean Audit, the E-Procurement tool, etc. (PT).
- The main psychiatric, regional and tertiary services for the Midlands region (DOH).
- Provincialisation of public libraries and museums (DAC).
- Learner transport (DOT).
- The demand for housing where projects, such as the *Vulindlela* housing project, are undertaken in this area (DOHS).

The eThekwini Metro shows the fastest growth in the province, with an average annual growth rate of 8.9 per cent between 2012/13 and 2015/16. The largest contributors to the spending in the Metro are the DEDT, DOE, DOH, DOHS, DOT and DSD. 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 Zululand district, with an average growth of 0.2 per cent between 2012/13 and 2015/16, which is well below inflationary growth. While the growth against this district is low, the amount allocated in this area remains at a healthy level, in excess of R5 billion per year.

The *Unallocated* amounts over the 2013/14 MTEF relate to the Legislature. These amounts are reflected as unallocated, at this stage, because the Legislature's 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 stakeholders, as well as available budget.

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 KZN over the seven-year period. The level of provincial spending and budget reflects healthy growth from 2009/10 to 2015/16, despite the baseline cuts over the 2013/14 MTEF.

As shown in Table 5.10, the highest expenditure is on *Education*, and is anticipated to grow from R38.051 billion in 2013/14 to R43.277 billion in 2015/16. The growth is an indication of the province's commitment to the development of human capability and is ascribed to the increase in various national priorities, such as the increase in the number of teachers in Quintile 1 schools, as well as increasing the number of Grade R teachers in order to reach the target for the universalisation of Grade R by 2014.

Table 5.10: Summary of payments and estimates by functional area

R thousand	Audited Outcome			Main Appropriation	Adjusted Appropriation	Revised Estimate	Medium-term Estimates		
	2009/10	2010/11	2011/12	2012/13			2013/14	2014/15	2015/16
General Public Services	3 467 704	3 688 260	3 835 919	4 408 815	4 698 378	4 697 137	4 485 659	4 678 199	4 823 822
Public Order and Safety	125 272	129 186	145 239	161 334	161 334	153 068	172 347	180 482	187 627
Economic Affairs	8 638 168	8 564 093	9 629 745	10 621 832	11 112 811	11 177 552	11 599 412	12 469 234	13 325 870
Environmental Protection	586 370	634 476	712 613	750 127	829 890	829 890	847 607	870 205	906 986
Housing and Community Amenities	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
Health	19 639 075	19 961 316	23 973 968	25 604 906	26 362 927	26 694 230	27 695 124	29 464 171	31 225 537
Recreation, Culture and Religion	535 250	652 550	708 760	899 868	916 078	916 078	1 080 750	1 147 804	1 227 178
Education	26 975 361	29 540 087	34 675 998	35 790 277	36 500 043	36 573 573	38 050 684	40 206 041	43 277 107
Social Protection	1 349 437	1 403 519	1 919 117	2 033 366	2 047 721	2 047 721	2 309 945	2 430 437	2 589 427
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**

The second largest expenditure is on *Health*, and is expected to increase from R27.695 billion in 2013/14 to R31.226 billion in 2015/16. This reflects the province's commitment to provide effective and efficient health care services to the people of the province. The growth can be attributed to the carry-through costs of various wage agreements, as well as the inclusion of a few new national priorities, such as the OSD for doctors and therapists, maternal and child health, ARV 350 threshold, and improved diagnostic tests for TB (GeneXpert), among others.

Economic Affairs comprises of DOT, DAEARD, DEDT and a portion of PT. The category shows significant growth from 2011/12 onward and continuing over the 2013/14 MTEF, which can be attributed to the maintenance of the provincial road network, as well as learner transport services (DOT), and the fencing and irrigation scheme programmes and the development of the Makhathini area (DAEARD). Other projects contributing to the increase in this area are DTP infrastructure and development, the implementation of the Consumer Protection Act, as well as the research on non-lethal shark deterrent (DEDT), etc.

The category *General Public Services* includes the Legislature and administrative departments such as PT, OTP, COGTA, DOPW, and portion of DOT and DAEARD. This category shows steady growth over the period under review, mainly due to the implementation of GIAMA (DOPW), the Provincial Nerve Centre (OTP) and major projects such as the construction of the Moses Mabhida Soccer Stadium (PT) and roads linking to DTP and KSIA (DEDT and DOT). The 2009/10 amount includes payment of interest by the province as a result of the collective over-expenditure of provincial departments in prior years which caused the provincial bank account to be in overdraft up to April 2010 (PT). The increase over the MTEF is due to additional funding allocated for various projects, such as the provision of piped water and proper roads at the Luwamba Clinic in the Ntambanana Municipality (OTP), DTP infrastructure and development (DEDT), funding provided for Strategic Cabinet Initiatives (PT), learner transport services (DOT), as well as improving DOPW's capacity for infrastructure support.

The growth against *Housing and Community Amenities* (DOHS) can mainly be attributed to the increase in the HSDG, which is used to promote the provision of low income housing using different programmes, such as project linked subsidies, people's housing programmes, integrated residential development programmes, rural housing subsidies, informal settlement upgrades, social housing, etc. The allocation decreases significantly in the two outer years of the 2013/14 MTEF as result of the review of the current allocation formula of the HSDG. The full amount of this grant will be allocated to the department in 2013/14, and only half the allocations will be allocated to provinces in 2014/15 and 2015/16. The remainder of the allocations for the two outer years remain unallocated in the interim.

The growth against *Social Protection* (DSD) can mainly be attributed to funding for the child and youth care and victim empowerment national priorities the absorption of social work graduates, support to the NGO sector, as well as the maintenance of existing infrastructure assets (with this latter funding ending in 2013/14, in line with project requirements).

The growth against *Environmental Protection* can be ascribed to funding allocated to EKZNW under DAEARD for road maintenance and protected area expansion, as well as the entity's Rhino Security Intervention plan.

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

The category *Public Order and Safety* (DCSL) reflects steady growth over the period. This can be ascribed to the establishment of community safety structures, as well as the implementation of the new structure to roll-out the Civilian Secretariat for Police Service Act.

5.6 Infrastructure

5.6.1 Infrastructure management

The construction and maintenance of infrastructure is one of the key ingredients in increasing the economic productivity and creating much needed employment, which is at the heart of government's social and economic development programmes. Over the past few years, there has been a positive shift from government in recognising that there is a dire need for major public infrastructure investment to stimulate and sustain growth and development. The infrastructure budgets for the 2013/14 MTEF will contribute toward the national vision of poverty eradication, reducing income inequality and creating employment through infrastructure development.

During 2012/13, the President committed to expand infrastructure investment, stressing that this should be a collaborative effort between government and the private sector. It is therefore vital that the delivery of public infrastructure projects is on time, on budget and within time-frames, while ensuring the generation of skills. In light of the above, it must be acknowledged that substantial progress has been made in recent years in contributing toward addressing poverty through investment in the provision of essential public infrastructure such as schools, roads, housing, health facilities, decent sanitation, water and electricity – although there is still room for improvement.

All departments are encouraged to properly plan and maintain infrastructure to avoid poor performance and under-spending of the allocated budgets. Planning needs to be aligned to the PGDP and PGDS, which are linked to the NDP 2030. Both the NDP and the PGDS emphasise the need for improved co-ordination, alignment and integration of infrastructure planning. The KZN Infrastructure Co-ordination Workgroup has therefore been established to facilitate a co-ordinated and integrated approach to planning strategic infrastructure, at a provincial level, in order to ensure comprehensive infrastructure delivery. This workgroup consists of the provincial DOPW, DOH, DOE, DOHS, COGTA, DOT, DEDT and PT, the PPC, the national Department of Water Affairs (DWAF) and the Department of Minerals and Energy, various state owned enterprises (such as Eskom, Transnet, SANRAL, Umgeni Water Board and the Development Bank of South Africa (DBSA)), as well as various municipalities (eThekwini, uMhlatuze, Msunduzi, Hibiscus Coast, Emnambithi, Newcastle and KwaDukuza).

Infrastructure Delivery Improvement Programme (IDIP)

The main objective of the province, in terms of infrastructure, is to promote the effective and efficient delivery of infrastructure to directly support the rendering of services to the communities. This includes clean, efficient and effective construction procurement processes with clear delineation of accountability and responsibilities of the various role-players and the assurance of transparency. Hence, NT introduced the IDIP.

IDIP is a partnership between NT, the Construction Industry Development Board (CIDB), the DBSA, the National DOPW, the National DOE, and the National DOH. A Programme Management Unit (PMU) was established in NT and a programme manager was appointed to manage IDIP. The programme is implemented in all nine provincial DOHs, DOEs and DOPWs, and is being co-ordinated by PTs. 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 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. Phase III of the programme commenced in December 2010, with scheduled completion at the end of March 2013. The programme will be extended by another year to Phase III B to end in March 2014 due to the slower than anticipated approval process of the KZN-Infrastructure Delivery Management System (IDMS) framework. Phase III B will primarily focus on implementation of the approved KZN-IDMS framework.

The recently approved IDMS for the provincial DOEs, DOHs, DOPWs and PTs articulates uniform processes that should be followed by provincial departments in the planning, budgeting, procurement, implementation, reporting, monitoring and evaluation of infrastructure projects in the province. The IDMS is structured according to four main core business roles namely:

- Portfolio management.
- Programme management.
- Project management.
- Operations and maintenance.

The KZN-IDMS clarifies specific governance and infrastructure principles that are applicable to the four core business roles. Emphasis is placed on the clarification of roles, responsibilities and strategic decision-making grey areas in respect of mandates, functions and responsibilities of different role players in the infrastructure delivery chain. Strategic decision-making points are included in the KZN-IDMS document to facilitate seamless service delivery across and within departments. A strategic decision-making point implies that a decision with required formal authorisation must be taken, before proceeding from one stage to another.

Implementation of the KZN-IDMS was included in the Programme Memorandum for Phase III of the IDIP and the KZN IDIP provincial logical framework. This is expected to be carried forward to Phase III B, to ensure seamless transition in implementation of the approved KZN-IDMS framework and fulfillment of key areas of responsibilities that are highlighted in the memorandum, wherein the province agrees that:

- PT is assigned with the responsibility of stimulating economic growth and employment creation through the funding of strategic investment initiatives and to support fixed capital formation in KZN.
- PT will support the implementation of the KZN-IDMS project.
- In addition, PT has proposed the establishment of a KZN-IDMS Steering Committee with membership from the IDIP partners and the OTP to provide a strategic oversight role in respect of implementation of the provincial IDMS project. The Steering Committee is now established and will continue to do its work over the 2013/14 MTEF.

During the implementation phase of the Cabinet-approved KZN-IDMS framework, PT will:

- Take responsibility and accountability to review infrastructure plans/budgets in support of broader provincial developmental goals, strategies and plans and make final recommendations for budget allocations.
- Take responsibility and accountability to enforce quality in the spending of funds through, *inter alia* facilitating the implementation of the IDMS, supporting departments in achieving infrastructure goals/objectives, regulating procurement systems related to construction procurement and monitoring/reporting on the effectiveness of infrastructure delivery.
- PT, in collaboration with DOPW, and the sector departments, will co-ordinate the development of the Standard Construction Procurement System. The system will ensure fair, equitable, transparent, competitive and cost effective procurement of engineering and construction work, as well as disposals relating to the construction industry. The system serves as a standard system for the

province and ensures that it is customised as per the needs of the sector departments in order to set out a clear audit trail.

- Ensure that the provincial HR capacitation plan is implemented, to ensure that there is sufficient capacity and correct skills for the implementation of IDMS by all participating departments.
- During the 2013/14 MTEF, PT will focus primarily on facilitation of implementation and institutionalisation of the IDMS in the province. It is envisaged that the four provincial IDIP participating departments will have been aligned to the IDMS high level implementation plan.

Fixed Asset Management

KZN has an array of immovable or fixed assets in its ownership and DOPW is the custodian of all Provincial Immovable Assets (PIAs). It manages a complex property portfolio comprising, *inter alia*, the Legislature buildings, ministerial and official residences, office complexes, hospitals, clinics, schools, workshops, traffic stations and vacant land. These assets constitute a substantial financial asset, whose value must be maintained.

Preserving these assets is a challenging task that cannot be performed by DOPW alone. It needs a combined effort from DOPW and its client departments. In order to assist departments with effective asset management, the Government Immovable Asset Management Act (Act No. 19 of 2007), commonly referred to as GIAMA, was promulgated on 27 November 2007.

GIAMA calls for more efficient and effective use of immovable assets by government and places an obligation on accounting officers to prepare immovable or fixed asset management plans to ensure prudent management of such assets. GIAMA provides for mechanisms to manage immovable assets in line with the requirements of the PFMA, taking cognisance of the unique character of immovable assets, particularly the long lifecycle of such assets. User departments therefore have to compile User Asset Management Plans (U-AMPS), and the custodian is to prepare a Custodian Asset Management Plan (C-AMP), in order to streamline the asset management process which includes maintenance.

Implementing agents

Section 12 of DORA, 2012 provides that provincial departments may enter into, implement and manage service delivery agreements with national or provincial departments, national or public entities to manage or undertake construction or maintenance on their behalf. Implementing Agents (IAs) are being utilised by departments in order to assist them to alleviate capacity constraints and service delivery backlogs.

DORA further provides that all contracts for infrastructure projects that are fully or partially funded should be compliant with the Register of Projects and the CIDB i-Tender system (used to check profiles, such as rating, grading and performance of contractors) in order to ensure that the IAs comply with best practice standards and guidelines of the CIDB.

Various infrastructure projects are carried out by IAs on behalf of departments, with DOPW being one of the IAs. In line with the implementation of the KZN-IDMS, which states that DOPW has to take full responsibility for infrastructure development and delivery in the province, the MEC for Public Works stated in his 2012/13 Budget Speech that DOPW is moving toward positioning itself as the IA of choice to all sector departments. The sector department must, together with DOPW, ensure that procurement and delivery of infrastructure programmes/projects are on time, within budget and in line with quality assurance standards.

The table below shows a breakdown of the work allocated to IAs for two of the large infrastructure departments in KZN, namely DOE and DOH. Apart from using DOPW as an IA, DOH has one other IA, and DOE has seven other IAs.

Work allocations

Department	Implementing agent (IA)	% allocation of work
Health	Public Works	99
	Other IA	1
Education	Public Works	32
	Other IA	68

Infrastructure Crack Team

During 2011/12, an initiative to improve the return on infrastructure investment and to realise value for the money spent in KZN was launched, with the formation of the Infrastructure Crack Team. PT appointed a panel of 18 consultants from the built environment 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.

PT plays a monitoring and evaluation role for certain infrastructure related projects 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.

To date, the team has been deployed to assist in various departments, namely DOPW, DAEARD, COGTA, DOE, as well as a number of municipalities. The latest intervention is within DOHS, where three teams have been deployed, to eThekwini and Msunduzi, in order to assist the department unlock problems that hinder the successful implementation of their allocated capital budget.

A significant success story is that of Nongoma Municipality – where the Infrastructure Crack Team now operates internally, assisting with administration, financial management, project management and technical support in the form of civil and electrical engineering.

The table below shows the past and present deployment of the Infrastructure Crack Team. Further deployments are in progress.

Infrastructure Crack Team provincial deployment

Deployment	Allocation (R)
Agriculture Flanders food programme intervention	823 784
Appointment of project managers and built environment professionals - DOPW support	3 550 912
Deployment: Support to DOE and COGTA	977 152
Improvement of municipal service delivery and improved planning at various municipalities - uPhongolo, eDumbe, uMngeni, Umtshezi, Okhahlamba, Uthukela, Msunduzi, Mtubatuba, Hlabisa	8 271 430
Improvement of municipal service delivery and improved planning: Nongoma Municipality	3 661 600
Support to DOHS	5 616 000
Continued support to COGTA: Municipal support at Impendle, Hibiscus Coast, Umzumbe, Ingwe, uThungulu (KwaMbonambi) and KwaDukuza Municipalities	2 160 000
DOH and DOE - assistance to PPP unit	432 000
DAEARD - Dawn Valley and Panderosa Project	512 000
TOTAL	**26 004 878**

5.6.2 Trends in infrastructure payments and estimates

Table 5.11 below shows the summary of infrastructure payments and estimates from 2009/10 to 2015/16.

Table 5.11: Summary of infrastructure payments and estimates by category

	Audited Outcome			Main Appropriation	Adjusted Appropriation	Revised Estimate	Medium-term Estimates		
R thousand	2009/10	2010/11	2011/12	2012/13			2013/14	2014/15	2015/16
New and replacement assets	**1 579 153**	**1 222 640**	**1 920 587**	**1 645 022**	**1 725 460**	**1 948 021**	**1 872 130**	**2 103 852**	**2 343 454**
Existing infrastructure assets	**4 925 072**	**6 220 224**	**7 276 663**	**8 546 753**	**9 183 917**	**8 941 356**	**8 797 443**	**9 315 216**	**10 424 037**
Upgrades and additions	2 592 036	2 461 898	2 816 317	3 053 458	3 762 890	3 590 190	2 978 422	3 236 628	3 663 882
Rehabilitation, renovations and refurbishments	541 732	1 339 520	1 464 262	1 514 916	1 615 922	1 546 061	1 700 769	1 624 434	1 729 691
Maintenance and repairs	1 791 304	2 418 806	2 996 084	3 978 379	3 805 105	3 805 105	4 118 252	4 454 154	5 030 464
Infrastructure transfers	**2 049 747**	**853 980**	**645 685**	**810 128**	**673 977**	**698 169**	**828 802**	**929 219**	**845 602**
Current	149 963	60 000	71 559	62 400	64 950	89 142	56 950	73 067	77 417
Capital	1 899 784	793 980	574 126	747 728	609 027	609 027	771 852	856 152	768 185
Capital infrastructure	*6 612 705*	*5 818 038*	*6 775 292*	*6 961 124*	*7 713 299*	*7 693 299*	*7 323 173*	*7 821 066*	*8 505 212*
Current infrastructure	*1 941 267*	*2 478 806*	*3 067 643*	*4 040 779*	*3 870 055*	*3 894 247*	*4 175 202*	*4 527 221*	*5 107 881*
Total	**8 553 972**	**8 296 844**	**9 842 935**	**11 001 903**	**11 583 354**	**11 587 546**	**11 498 375**	**12 348 287**	**13 613 093**

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

Infrastructure transfers refers to the transfer of funding to municipalities and other entities for infrastructure projects, and is largely made up of the transfer to DTP and the Richards Bay Industrial Development Zone (RBIDZ) under DEDT, as well as the HSDG under DOHS. The provincial contribution to the construction of the Moses Mabhida Stadium in preparation for the 2010 Soccer World Cup was also catered for under this category, under PT and COGTA.

Table 5.11 indicates that there has been an increase in the infrastructure allocations for the period under review, with the budget growing from R11.583 billion in the 2012/13 Adjusted Appropriation to R13.613 billion in 2015/16. 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 reflected against *Existing infrastructure assets,* through *Upgrades and additions, Rehabilitation, renovations and refurbishments* and *Maintenance and repairs.* The proportion of funding allocated to *Maintenance and repairs* has substantially increased from R1.791 billion in 2009/10 to R5.030 billion in 2015/16 indicating a shift in focus to maintaining fixed assets before deterioration requires a more expensive intervention.

Table 5.12 below shows the split of infrastructure payments and estimates by vote.

Table 5.12: Summary of infrastructure payments and estimates by vote

R thousand	Audited Outcome			Main Appropriation	Adjusted Appropriation	Revised Estimate	Medium-term Estimates		
	2009/10	2010/11	2011/12	2012/13			2013/14	2014/15	2015/16
1. Office of the Premier	6 698	2 403	1 905	11 000	16 701	16 701	13 300	16 400	17 154
2. Provincial Legislature	3 735	2 652	1 514	6 917	14 017	14 017	4 419	4 685	4 900
3. Agriculture, Environ. Affairs and Rural Dev.	99 559	64 365	118 607	138 624	168 624	168 624	167 697	156 386	163 654
4. Economic Development and Tourism	1 680 352	652 668	470 529	455 613	415 613	415 613	599 655	655 747	682 459
5. Education	1 392 251	1 920 280	2 198 134	2 404 154	2 428 694	2 428 694	2 591 418	2 836 718	3 627 201
6. Provincial Treasury	150 000	5 435	31 264	39 315	45 328	45 328	20 677	8 000	-
7. Health	1 374 801	1 082 210	1 795 794	1 885 949	2 336 125	2 336 125	1 576 129	1 431 544	1 365 044
8. Human Settlements	154 046	249 477	119 915	464 181	226 279	230 471	244 864	292 531	222 561
9. Community Safety and Liaison	-	-	-	-	-	-	-	-	-
10. The Royal Household	1 339	997	4 027	14 349	19 732	19 732	13 366	1 563	1 642
11. Co-operative Governance and Traditional Affairs	158 256	12 377	22 625	26 948	20 080	20 080	20 250	20 750	21 337
12. Transport	3 310 471	4 063 294	4 763 652	5 172 918	5 475 918	5 475 918	5 817 828	6 492 518	7 070 688
13. Social Development	85 035	79 647	179 977	190 378	220 378	220 378	211 782	193 391	202 286
14. Public Works	80 616	73 978	51 593	90 744	104 929	104 929	92 639	87 034	87 373
15. Arts and Culture	29 624	68 908	52 490	50 025	49 348	49 348	70 319	97 405	99 072
16. Sport and Recreation	27 189	18 153	30 909	50 788	41 588	41 588	54 032	53 615	47 722
Total	**8 553 972**	**8 296 844**	**9 842 935**	**11 001 903**	**11 583 354**	**11 587 546**	**11 498 375**	**12 348 287**	**13 613 093**

The growth in the infrastructure allocations mentioned above is reflected against most departments, and especially the major infrastructure departments such as Transport, Education, Health and Economic Development and Tourism Settlements, and is explained below.

It is worth noting that Health largely effected their baseline cuts against their infrastructure budgets on new projects such as clinics, community health centres (CHC) 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.

Transport’s infrastructure expenditure and budget increase substantially from R3.310 billion in 2009/10 to R7.071 billion in 2015/16. 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 Soccer World Cup (such as DTP and KSIA), and the maintenance of the provincial road network with regard to the maintenance backlog. The department 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), African Renaissance Roads Upgrading Programme (ARRUP) projects and access roads (to clinics and schools) and pedestrian bridges. The department also undertakes repairs to roads damaged by floods as and when such disasters occur. Finally, the amounts shown cater for routine, preventative, mechanical and other maintenance. The department was allocated substantial once-off additional funding in the 2012/13 Adjusted Appropriation for the upgrade of 44.5 kilometres of gravel to blacktop roads and the construction of one pedestrian bridge. The increase over the MTEF is mainly in respect of the maintenance of the road network, the construction of main roads, public transport facilities, pedestrian bridges, as well as access roads to clinics and schools.

The Education infrastructure budget shows significant growth over the period. The increase in the 2012/13 Adjusted Appropriation relates to renovations and refurbishment of Examination House (at Malgate building) in Durban. The strong growth over the 2013/14 MTEF corresponds to the increase in the Education Infrastructure grant to 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. This grant supplements existing infrastructure budgets and functions to improve the delivery of school infrastructure.

Health's infrastructure shows a fluctuating trend with the department providing for the building of additional community health centres and 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 was caused by the under-spending of the Health Infrastructure and Hospital Revitalisation components of the Health Facility Revitalisation grant. Note that from 2013/14, all conditional grants in the health sector which focus on infrastructure delivery have been consolidated into one grant with separate grant components. The newly amalgamated grant is called the Health Facility Revitalisation grant and funds the construction and maintenance of health infrastructure. This grant has been created through the merger of the Health Infrastructure grant, Hospital Revitalisation grant and the Nursing Colleges and Schools grant, which are now three components within the merged grant. 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 also contributed to the under-spending in 2010/11. The increase in the 2012/13 Adjusted Appropriation can be attributed to additional funding allocated in respect of the Health Infrastructure and the Hospital Revitalisation components of the Health Facility Revitalisation grant, as well as equitable share funds allocated to address pressures due to an acceleration in various infrastructure projects. The decrease over the 2013/14 MTEF can be attributed to the department effecting their baseline cuts largely against their infrastructure budgets, as explained above.

Spending against DEDT was high in 2009/10, mainly due to the funding requirements of DTP. The decrease from 2010/11 onward was due to decreasing funding requirements of DTP due to the completion of the airport portion of the project. There is steady growth over the 2013/14 MTEF, as both DTP and RBIDZ are now implementing capital projects in line with their 60-year and 50-year Master Plans, respectively. DTP is a multi-nodal development, which is being phased in over 60 years and includes five development zones to enable and drive the development of the air logistics business. These zones include the cargo terminal, TradeZone, KSIA, Dube City and the AgriZone. The RBIDZ outlines major projects and timing of implementation over 50 years, and includes negotiations with Transnet regarding a container terminal, as well as several potential tenants to establish manufacturing plants in the RBIDZ.

With regard to DOHS, the bulk of the allocation is against *Infrastructure transfers* and relates to transfers to the eThekwini Metro for maintenance to pre-1994 housing stock, e.g. Lamontville. The transfers are also in respect of the CRU programme. During 2011/12, no transfers were made due to delays in the approval process of projects within municipalities. The decrease in the 2012/13 Main to Adjusted Appropriation was due to savings identified as a result of delays in the implementation of the CRU programme, as well as the correction of the Rocky Housing project's budget.

5.6.3 Public Private Partnerships (PPP)

The following gives an update on the PPPs in KZN.

KZN Provincial Government – New Office Park

The provincial government initiated a government precinct project in 2009/10, which was aimed at reducing the shortage of office space in Pietermaritzburg for departments' head offices. The project was suspended in 2010 due to the financial difficulties faced by KZN at the time, which made it unaffordable. In June 2013, the province took a decision to resuscitate the project and mandated both the DOPW and PT to update the feasibility study. The update of the feasibility study is expected to be completed by the end of March 2013. The implementation of this project may be hampered, though, by the significant baseline cuts experienced by KZN as a result of the 2011 Census data updates of the equitable share formula, as well as the 1, 2 and 3 per cent equitable share reduction.

King Edward VIII Hospital

The revitalisation of King Edward VIII hospital was identified through a review and business plan undertaken and drafted in 2006, and approved by the National DOH in April 2009. The objective of the project is to establish a framework for PPP in financing, designing, constructing and operating suitable hospital facilities for the delivery of health services. In 2012/13, the appointed Transaction Advisors (TAs) commenced with conducting a feasibility study, and a needs analysis report has been submitted to the project steering committee.

Education's Schools and Office project

DOE is exploring different methods to speed up its infrastructure delivery, while taking into account the current funding levels. In 2012/13, the department appointed TAs to assist in undertaking the feasibility study, which is scheduled to be completed during 2013/14.

Hibiscus Coast Municipality – John Mason Park project

The Hibiscus Coast Municipality, through the Hibiscus Coast Development Agency, appointed a TA to undertake a feasibility study to determine the possibility of developing a prime section of beachfront land, situated in the town of Umtentweni. The feasibility study was finalised, Treasury Views and Recommendations 1 were received, and negotiations commenced with the preferred bidder.

KwaDukuza Municipality – Solid Waste Management PPP project

The KwaDukuza Municipality identified the need to procure the most cost effective service delivery mechanism in respect of refuse removal. A team of TAs was appointed to assist the municipality in undertaking Section 78 investigations. This was completed in 2011/12 and it is anticipated that the project will proceed to procurement stage in 2013/14.

Greater Kokstad Municipality – Office Accommodation and Commercial Development PPP

The Greater Kokstad Municipality intended to provide office accommodation and commercial development for the town of Kokstad. A Request for Proposals was issued and the response from the market was inadequate as only one bidder responded and the bid was non-compliant. The municipality is expected to take a decision whether to continue with the project or to terminate it.

Newcastle Municipality – Alternative technology and waste reduction

The Newcastle Municipality wanted to undertake an Alternative Technology for Waste Reduction project on its existing landfill site and appointed consultants to do an assessment thereof. The assessment, however, failed to demonstrate whether or not the waste streams would be sufficient to make the project viable. In 2012/13, the municipality is yet to take a decision whether to use external or internal capacity to undertake a feasibility study in this regard.

Ilembe District Municipality – Water and Sanitation

In January 1999, the Borough of Dolphin Coast (now Ilembe District Municipality) and Siza Water Company entered into a concession agreement 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, with a concession period of 30 years and a contract reviewable on a five-yearly basis. The municipality is expected to initiate a third five-year review of the contract in 2012/13.

Inkosi Albert Luthuli Central Hospital (IALCH)

The IALCH, located in Durban, was built on behalf of the DOH through a PPP transaction. A 15-year concession contract, ending in December 2016 was signed in December 2001 between DOH and the Impilo consortium. In 2012/13, the process of developing an exit strategy was initiated.

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 2009/10 to 2012/13, largely attributable to various once-off allocations to public entities, as well as reprioritisation by the transferring departments in line with strategic priorities and spending trends. 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		
	2009/10	2010/11	2011/12	2012/13			2013/14	2014/15	2015/16
Vote 1: Office of the Premier	**46 989**	**36 688**	**41 394**	**62 235**	**62 235**	**62 235**	**65 026**	**68 230**	**70 641**
KwaZulu-Natal Gaming and Betting Board	14 148	16 356	17 337	35 775	35 775	35 775	37 431	39 276	40 664
Amafa aKwaZulu-Natali	32 841	20 332	24 057	26 460	26 460	26 460	27 595	28 954	29 977
Vote 3: Agric., Enviro. Affairs and Rural Dev.	**407 744**	**561 924**	**638 759**	**616 942**	**684 052**	**684 052**	**715 641**	**729 717**	**759 778**
Ezemvelo KZN Wildlife	397 598	431 382	491 317	511 942	549 893	549 893	606 034	614 722	639 750
Mjindi Farming (Pty) Ltd	10 146	26 470	46 681	45 000	68 399	68 399	46 607	48 530	50 506
Agri-business Development Agency	-	104 072	100 761	60 000	65 760	65 760	63 000	66 465	69 522
Vote 4: Economic Development and Tourism	**1 960 359**	**1 141 434**	**1 007 191**	**814 844**	**999 870**	**999 870**	**1 166 353**	**1 233 150**	**1 270 503**
Ithala	100 000	280 000	280 000	100 000	249 500	249 500	280 000	280 000	280 000
of which									
SMMEs Fund	*100 000*	*180 000*	-	-	-	-	-	-	-
Enterprise Development Fund	-	-	-	-	*189 500*	*189 500*	*185 000*	*185 000*	*185 000*
Ithala Share Capital	-	*40 000*	-	-	-	-	-	-	-
Growth Fund	-	*60 000*	*100 000*	*100 000*	*60 000*	*60 000*	*95 000*	*95 000*	*95 000*
Ezemvelo KZN Wildlife	-	-	970	-	4 500	4 500	-	-	-
KwaZulu-Natal Sharks Board	25 337	25 551	41 334	30 938	50 371	50 371	49 485	50 109	50 678
KwaZulu-Natal Tourism Authority	78 602	71 444	89 381	87 776	104 586	100 986	90 912	94 209	98 047
Agri-business Development Agency	-	24 051	26 000	36 591	74 974	74 974	38 150	39 945	41 571
Dube TradePort	1 598 254	526 905	448 334	432 308	392 308	392 308	575 402	630 375	656 053
Trade and Investment KwaZulu-Natal	54 416	56 508	61 536	64 613	61 013	64 613	67 240	70 342	73 207
Richards Bay Industrial Development Zone	103 750	156 975	59 636	62 618	62 618	62 618	65 164	68 170	70 947
Vote 10: Royal Household	-	5 857	11 300	12 000	10 800	10 800	20 393	22 393	23 415
Royal Trust	-	5 857	11 300	12 000	10 800	10 800	20 393	22 393	23 415
Vote 11: COGTA	**2 800**	**-**	**1 700**	**-**	**1 000**	**1 000**	**-**	**-**	**-**
Provincial Planning and Development Commission	2 800	-	-	-	-	-	-	-	-
Agri-business Development Agency	-	-	1 700	-	-	-	-	-	-
KwaZulu-Natal Tourism Authority	-	-	-	-	1 000	1 000	-	-	-
Vote 15: Arts and Culture	**5 751**	**6 096**	**6 401**	**6 721**	**6 721**	**6 721**	**4 755**	**5 143**	**5 485**
The Playhouse Company	5 751	6 096	6 401	6 721	6 721	6 721	4 755	5 143	5 485
Total	**2 423 643**	**1 751 999**	**1 706 745**	**1 512 742**	**1 764 678**	**1 764 678**	**1 972 168**	**2 058 633**	**2 129 822**

From 2012/13 onward, transfers to public entities 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, 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 is 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. KZNGBB's 2013/14 MTEF allocations were affected by the baseline cuts, which the entity has indicated will be achieved through cost-cutting, as well as containing travel and subsistence expenditure under its Compliance unit.

- Amafa aKwaZulu-Natali (Amafa) is responsible for administering heritage conservation and supporting cultural tourism in the province. The high amount in 2009/10 includes funding 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. The 2013/14 MTEF allocations were affected by the baseline cuts, which the entity has indicated will be achieved through cost-cutting and a phased-in approach with regard to project implementation.

Vote 3: Agriculture, Environmental Affairs and Rural Development

- EKZNW directs the management of biodiversity conservation within KZN, including protected areas. This includes the development and promotion of ecotourism facilities. The transfers to this entity show an increasing trend over the seven-year period. 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 2011/12 caters for the higher than anticipated 2011 wage agreement. The increase in 2012/13 relates to additional funding for protected area expansion and for road maintenance in the protected areas, for which carry-through costs were provided over the 2013/14 MTEF. In addition, during the 2012/13 Adjustments Estimate, the entity received additional funding of R9.814 million to fund the higher than budgeted 2012 wage agreement (with no carry-through provided over the outer years of the MTEF) and R28.137 million toward its Rhino Security Intervention plan. The additional funding in respect of the Rhino Security Intervention plan was carried through to 2013/14 (although at a reduced amount), accounting for the lower growth from 2013/14 to 2014/15. The 2013/14 MTEF allocations were affected by the baseline cuts, which the entity has indicated will be funded through cost-cutting, as well as a review of its contracts to ensure greater efficiency savings.

- 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 (FPC) resolution. However, in 2008/09, Cabinet approved that this entity should continue and would form an integral part of the Makhathini development project. After several years of uncertainty, Mjindi was finally reconstituted in 2010/11 with a new Board of Directors and board members and a new mandate. Accordingly, the increase from 2011/12 onward provided for increased operational costs to assist the entity to become fully functional, as well as some funding for specific projects. The increase from the 2012/13 Main to Adjusted Appropriation relates to additional funds to assist Mjindi with repairs to the irrigation scheme. These funds were once-off, accounting for the dip from the 2012/13 Adjusted Appropriation and Revised Estimate to 2013/14. Over the 2013/14 MTEF, the entity's baseline shows slow growth, due to the baseline cuts. Mjindi has indicated that these cuts will be achieved through cost-cutting, as well as by delaying the filling of some non-critical vacant posts.

- With effect from 2010/11, the DAEARD commenced transferring funds to ADA. This public entity was established under the control of the DEDT, in line with a Cabinet decision to support emerging farmers and rural communities, particularly those that have acquired land through the restitution programme, to ensure that they have the required farming skills and experience to maintain their farms. ADA, together with DEDT, is currently engaged in drafting the ADA Bill, to be promulgated by the Legislature, which will ensure that governance of the agency is regulated. The reassignment of ADA to DAEARD is dependent on the promulgation of this Bill. Until this is finalised, the funding transferred to the entity by DAEARD is solely for implementing projects, and the entity's operational budget continues to be funded by DEDT. The decrease in transfer to ADA from 2012/13 onward takes into account progress on projects that are implemented by ADA on behalf of DAEARD. The slight increase in the 2012/13 Adjusted Appropriation relates to additional funding for the implementation of five beef projects.

Vote 4: Economic Development and Tourism

- Ithala is a provincial development finance institution, which is wholly owned by the KZN provincial government. Ithala focuses on economic development through the provision of financial and non-financial services to businesses and individuals. DEDT transfers funds on a project-specific funding basis to Ithala, who then oversees the financing and control of the projects. The 2009/10 figure consisted of transfers to the SMMEs Fund, which continues in 2010/11. In addition, Ithala received a once-off amount of R40 million in respect of Ithala share capital, to assist it with its capital adequacy ratios, which had fallen below that required by the Reserve Bank, which could have resulted in the loss of their banking licence. The allocation to the Growth Fund grows from R60 million to

R100 million from 2010/11 to 2011/12. In the 2012/13 Adjusted Appropriation, the allocation to the Growth Fund was reduced to R60 million, due to the actual pipeline of qualifying projects being less than expected. The Enterprise Development Fund was introduced in 2012/13, combining the former Co-operatives and SMMEs Funds. The allocations to the Enterprise Development and Growth Funds over the 2013/14 MTEF are at slightly lower levels compared to 2012/13, due to the baseline cuts.

- In 2011/12, funding was provided for DEDT to partner with EKZNW (which falls under the auspices of DAEARD) with regard to a corporate social investment project, where EKZNW was used as the implementing agent to build dams for communities in drought-stricken areas in KZN. In 2012/13, DEDT allocated funds to EKZNW for the development and funding of the management of community-based projects. The funding, managed by EKZNW, was allocated toward Bhambatha/Ngome Lodge, Ingodini Border Caves and for the Ntsikeni and May Lodge in the Ntsikeni Reserve.

- The core function of the KZNSB is the protection of bathers against shark attacks. This mandate is fulfilled through the installation and maintenance of shark safety gear to prevent shark attacks at 38 protected beaches along the KZN coastline. The allocation to the KZNSB rises steadily over the seven-year period. The allocation to KZNSB increased in 2011/12, to cater for once-off costs in respect of critical roof repairs at the entity's headquarters in Umhlanga and the purchase and installation of a biometric access control system, explaining the slight decrease in the 2012/13 Main Appropriation. In addition, the entity received funding in 2011/12 to investigate more environmentally friendly shark safety gear and to fill critical vacancies in its SCM unit. During the 2012/13 Adjustments Estimate, R14.433 million was provided to the KZNSB largely for once-off capital requirements, which included the replacement of boats, outboard motors and vehicles, as well as Caseware licence fees and legal fees. In addition, the entity received a once-off amount of R5 million, through reprioritisation by DEDT, toward activities of the Maritime Centre of Excellence, including learning materials, accreditation of courses, conversion of workshops to classrooms, etc. This explains the apparent reduction in the allocation in 2013/14. The entity was not affected by the equitable share reduction over the 2013/14 MTEF.

- TKZN is responsible directly and indirectly for the development, promotion and marketing of tourism into and within KZN. The vision of TKZN is to position KZN as Africa's leading tourism destination, nationally and internationally. The allocation to TKZN in 2009/10 includes additional funding for the costs of the 2010 Tourism *Indaba*. The transfer to TKZN was increased by R7.120 million in 2011/12 to provide for, among others, the promotion of the East 3 Route, which is a promotion of northern KZN, Mozambique and Swaziland. In addition, funding of R3.150 million was allocated for the UCI/BMX events held in KZN. During the 2012/13 Adjustments Estimate, the entity received additional funding, through internal reprioritisation by the department, to host the Tourism *Indaba*, East 3 Route and KZN Summer Campaign, which is a marketing strategy to increase tourism in KZN. It also received an additional allocation for its SAP and VIP payroll system. The Revised Estimate for 2012/13 decreases by R3.600 million to address an error which occurred during the 2012/13 Adjustments Estimate, where this amount was deducted from Trade and Investment KZN (TIK) for the Mountain Bike tournament event instead of TKZN. This virement was as a result of the department incurring the costs on behalf of TKZN. The correction will be formalised in the final audit close-out process. Over the 2013/14 MTEF, the entity's baseline shows negative real growth rate, due to baseline cuts. This will be achieved through savings on international travel and hosting of delegates for events.

- In 2010/11, ADA received funding from DEDT for establishment and operational costs. In 2011/12, 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 2012/13 Main Appropriation shows a substantial increase from 2011/12, to cover additional operational costs not provided for in the original set-up costs, such as audit fees, travel costs, additional staff, telephone and fleet costs, to fund business growth and expansion, specifically focusing on farmer support, capacity building and on-and-off farm infrastructure interventions. During the 2012/13 Adjustments Estimate, the budget was adjusted upward by R4 million through reprioritisation by the department for a cut-flower project, as well as R34 million in additional funds for feasibility studies to be undertaken, business plans, capacity building and project management support to aspiring commercial farmers in KZN. Over the 2013/14 MTEF, the entity's baseline shows negative real growth, due to baseline cuts. The entity will cut back on advertising by entering into period contracts for suppliers of farming inputs.

- DTP is a Schedule 3C public entity established for the strategic planning, establishment, design, construction, operation, management and control of DTP. The significant transfer allocated to 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 2011/12, DTP was allocated an additional R84.231 million once-off for various strategic projects, such as cargo shed ramp handling facilities, additional AgriZone works and recapitalisation of the cargo terminal, to name a few. The 2012/13 Adjusted Appropriation allocation was reduced by R40 million in order to fund other areas of critical need within the department, such as the MTV Awards and the Project Tour Mentor Partnerships, Integrated Craft Hubs, etc. The entity was able to absorb the reduction by phasing in capital developments over a longer period. The negative real growth over the 2013/14 MTEF is a result of the baseline cuts. The entity indicated that it would phase in some projects over a longer period, in order to accommodate this cut.

- TIK is a trade and investment promotion agency, whose mandate it is to attract foreign and domestic investment and to generate exports and export capacity within KZN. The allocation to TIK grows steadily from 2009/10 to 2012/13. During the 2012/13 Adjustments Estimate, the entity's Main Appropriation was reduced erroneously by R3.600 million, and reallocated toward the Mountain Bike tournament event, as mentioned above. The Revised Estimate reflects the reversal of this error, which will be corrected as an audit adjustment. Due to baseline cuts, the growth over the 2013/14 MTEF is slightly less than projected CPI-inflation, and the entity will cut back on subsistence and travel in order to fund these cuts.

- RBIDZ is a Schedule 3D public entity established to undertake the development of industrial land in the Richards Bay area. The entity was listed as a provincial business enterprise in 2012/13, whereas it reported to Ithala prior to the listing. The transfers to RBIDZ in 2009/10 and 2010/11 included capital and establishment costs. The allocation in 2010/11 increased to cater for land purchases, estimated at R100 million. The allocation from 2012/13 and over the 2013/14 MTEF grows steadily. However, due to the baseline cuts, this growth is slightly less than projected CPI-inflation. The entity will phase in some projects over a longer period, in order to fund the shortfalls.

Vote 10: Royal Household

- The Royal Trust was established in 2010/11 as an entity in terms of the KZN Royal Household Trust Act and registered as a Schedule 3C provincial public entity during 2012/13. In 2010/11 and 2011/12, funds were transferred to the Royal Trust to cater for the set-up costs of the Royal Trust, the remuneration of the Trustees, as well as various costs of the RHH which were administered by the Royal Trust. This included municipal costs, fuel, food supplies, etc., relating to His Majesty's Queens and other members of the Royal Family. In 2011/12, according to a Cabinet Resolution, the Royal Trust received seed funding of R5 million for establishment costs. The decrease in the 2012/13 Adjusted Appropriation and Revised Estimate relates to the fact that the department continued to perform many of the functions which were anticipated to be performed by the Royal Trust, such as paying for expenditure relating to His majesty's Queens, municipal and maintenance costs, etc., as the Royal Trust was not yet fully functional. Also, not all outstanding matters, such as a fully functional organisational structure, transfer of staff, SCM capacity, internal controls, etc., within the Royal Trust, have been resolved. It is envisaged that the Royal Trust will assume its functions from 2013/14, hence the substantial increase from 2013/14 onward. To this end, the transfer of palace support staff in Programme 2 and farm staff from Programme 3 is envisaged to take place in 2013/14.

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.

- The department also made a once-off transfer in 2011/12 to ADA in respect of a communal vegetable farming project at KwaSani, and an agri-processing facility at Middlerus in Mpofana.
- The once-off amount reflected in the 2012/13 Adjusted Appropriation relates to a transfer to TKZN for the erection of tourism signage.

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. Due to baseline cuts, DAC reduced allocations to the entity over the MTEF.

5.7.2 Transfers to other entities

Table 5.14 below shows the summary of departmental transfers to other entities, other than public entities, by vote. Eight departments will make transfer payments to these entities over the 2013/14 MTEF period, with ten departments having made transfers sometime over the period 2009/10 to 2012/13. Details of these are provided within each department's chapter in the *EPRE.* Transfers to other entities increases from R2.873 billion in 2009/10 to R3.931 billion in 2015/16.

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	2009/10	2010/11	2011/12		2012/13		2013/14	2014/15	2015/16
1. Office of the Premier	30	-	12 000	8 000	8 030	8 030	-	-	-
2. Provincial Legislature	-	-	-	-	-	-	-	-	-
3. Agriculture, Environ. Affairs and Rural Dev.	27 925	62 986	10 175	19 239	19 239	19 239	9 812	10 376	10 835
4. Economic Development and Tourism	10 912	50 967	41 036	88 734	75 406	75 406	86 549	90 651	94 582
5. Education	1 539 793	1 648 247	1 764 214	2 393 061	2 196 586	2 099 175	1 753 308	1 916 691	1 891 459
6. Provincial Treasury	-	-	-	-	-	-	-	-	-
7. Health	278 846	289 009	273 487	296 679	281 361	281 361	274 168	241 750	248 960
8. Human Settlements	-	-	-	-	-	-	-	-	-
9. Community Safety and Liaison	-	-	289	-	-	-	-	-	-
10. The Royal Household	-	-	-	-	-	-	-	-	-
11. Co-operative Governance and Traditional Affairs	-	-	-	-	658	658	-	-	-
12. Transport	593 250	715 294	773 473	900 360	808 279	873 020	852 325	895 350	936 536
13. Social Development	398 352	472 605	691 989	631 789	541 635	541 635	672 563	692 395	704 745
14. Public Works	-	-	-	-	-	-	-	-	-
15. Arts and Culture	18 420	19 349	21 901	22 949	26 077	26 077	19 236	20 197	21 235
16. Sport and Recreation	5 200	6 000	8 600	11 000	11 000	11 000	21 650	22 650	23 100
Total	**2 872 728**	**3 264 457**	**3 597 164**	**4 371 811**	**3 968 271**	**3 935 601**	**3 689 611**	**3 890 060**	**3 931 452**

Vote 1: Office of the Premier

The department made donations and sponsorships to various organisations from 2009/10 to 2012/13. The amount of R30 000 in 2009/10 relates to a donation made to *Nyonini Emnyama* Catholic Church in Zion for the purchase of chairs, as pledged by the Premier.

In 2011/12 and 2012/13, amounts of R12 million and R8 million, respectively, were transferred 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.

In 2012/13, a donation of R30 000 was made to Khulani Production Artist Theatre for a graduation ceremony to honour their students that completed the Arts and Skills courses.

Vote 3: Agriculture, Environmental Affairs and Rural Development

The transfers in 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 is now used to implement land reform projects. Also, in 2009/10 the department made several once-off transfers to various entities, including, the Cotton SA and KZN Spice-Growers' Association for the development of the small-scale cotton-farming sector and small-scale spice-growers.

The high spending in 2010/11 is due to a once-off transfer of R57.463 million to the SA Sugar Association for the provision of specialist extension services to assist small-scale farmers. The partnership with the SA Sugarcane Research Institute, which was formed in 2010/11, continues over the three years of the new MTEF. Also, in 2010/11, the department reached an agreement with the KZN Agricultural Union (KWANALU) to facilitate the development of a help-desk. However, following a review of the successfulness of this help-desk, the agreement was cancelled.

In 2011/12, a 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 KZN Outreach Programme, commenced in 2011/12. The fact that this transfer ends in 2013/14 accounts for the decrease in that year.

The allocation in 2012/13 relates primarily to the department's drive to actively market its soil conservation subsidy to business and farming industries for sub-surface drainage works. This is a national initiative in response to the Conservation of Agricultural Resources Act (CARA). Also, the department makes annual contributions to various agricultural show societies, which are aimed at showcasing the latest developments in agriculture.

Transfers over the MTEF relate mainly to the department's grant-in-aid funding to the SA Association for Marine Biological Research (SAAMBR).

Vote 4: Economic Development and Tourism

Over the 2013/14 MTEF, the department transfers funds to various entities, including the RBIDZ, KZNLA, the Moses Kotane Institute, Durban Film Festival, the Okhahlamba Development Agency and the KZN Music Studio.

The increase in 2010/11 is due to the allocation to the Moses Kotane Institute increasing substantially in respect of its operational costs. Also, in 2010/11, once-off additional funding was transferred for the establishment costs of the KZN Music Studio.

The increase from 2011/12 to the 2012/13 Main Appropriation was mainly due to the anticipated establishment of the KZNLA. This entity's establishment was delayed in 2011/12 and funds were shifted from *Transfers and subsidies* to *Goods and services* to cater for expenditure incurred by the department on behalf of KZNLA. The increase from the 2012/13 Adjusted Appropriation to 2013/14 is mainly due to the anticipated establishment of the KZNLA as a public entity whereby the department will no longer undertake certain operational functions on behalf of the entity, as it did prior to KZNLA's establishment.

Transfers will be made to the Okhahlamba Development Agency for the construction of trading centres, the Moses Kotane Institute and the Durban Film Festival over the 2013/14 MTEF.

Vote 5: Education

The largest portion of transfers is in respect of Section 21 schools, relating to the transfers of norms and standards funding. The increase from 2009/10 onward reflects the extent to which the department is focussing on learners with special needs, by making sure that schools are allocated funding that will enable them to assist the learners and to ensure that the Inclusive Education Programme is granted the attention it deserves. The reduction in the 2012/13 Revised Estimate is attributable to not all schools attaining the S21 functions as envisaged, meaning that the department no longer transfers funds to these schools, but rather procures the required items on behalf of the schools.

From 2009/10 to 2012/13, the department transferred funds to FET colleges to cater for officials employed by the college councils. As of 2013/14, the department no longer makes transfers to these colleges, as the transferring of funds to the colleges has been taken over by the DHET.

The 2013/14 MTEF grows in line with the anticipated increase in the per learner allocation.

Vote 7: Health

The transfers under this vote relate mainly to entities that receive funding for the provision of general clinic services, HIV and AIDS services, district and 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 evident in the transfers to those institutions which qualify for the state salary increases.

The decrease from 2010/11 to 2011/12 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 decrease from the 2012/13 Main to Adjusted Appropriation relates to the decision to reassess all NGOs, which resulted in a reduction in allocations to some NGOs. The negative growth in 2013/14 and 2014/15 is due to the planned provincialisation of the McCords Hospital following this reassessment. Also, the department has made provision for the phased-in contribution to the KZN Children's Hospital infrastructure and renovations up to 2013/14, with no provision made thereafter.

Vote 9: Community Safety and Liaison

In 2011/12, the department transferred R289 000 for the procurement and transfer of a park-home in Umlazi to a community policing NGO.

Vote 11: Co-operative Governance and Traditional Affairs

The amount in 2012/13 relates to donations to the South African Planning Institute (SAPI) in respect of the Planning Africa Conference (PAC), and to the KZN Top Business Portfolio for the update of promotional DVDs to showcase successful growth in the province.

Vote 12: Transport

The transfers under this vote relate mainly to the PTOG for the payment of bus subsidies to bus operators, as well as learner transport (2012/13 only). The decrease from the 2012/13 Main to Adjusted Appropriation is due to R92.081 million being shifted from *Transfers and subsidies* to *Goods and services* to correct a misallocation of funds relating to the learner transport funding that the department received from DOE. To this end, prior year's spending, as well as the 2013/14 MTEF allocations have been restated for comparative purposes.

The high 2012/13 Revised Estimate relates to the projected over-expenditure against the PTOG, due to the increase in fuel prices, which has resulted in higher than anticipated claims in respect of bus subsidies.

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 2012/13 Adjusted from the Main Appropriation is due to a compliance audit and the review of standard operating procedures for the funding and monitoring of NPOs, which will now include the formation of a council to evaluate and adjudicate new projects to eligible NPOs.

The increase from the 2012/13 Adjusted Appropriation to 2013/14 is the result of the department increasing tariffs to NPOs by 6 per cent, as well as additional funding received for the improvement of the quality of services provided by NGOs, as well as their financial sustainability.

Vote 15: Arts and Culture

The transfers under this vote relate mainly to community art centres, Art Councils and museums, as explained in detail below:

- *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. Due to the baseline cuts, the department reduced allocations toward the orchestra over the MTEF.
- *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, Ladysmith, Mbazwana and Ekhaya Art Centres. In the 2012/13 Adjusted Appropriation, the transfer to the BAT Centre was increased by R1.100 million for the development and training of artists in poetry, spoken word, folk music, etc. The increased allocation is maintained

over the 2013/14 MTEF, and the department will continue funding all existing transfers to art centres, while providing for inflationary increments.

- *Arts and culture support:* This 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 2010/11, a transfer to Fodo Cultural Village and a once-off transfer to the Comrades Marathon Association were introduced. The 2011/12 spending includes new transfer payments, namely the Sakhisizwe Organisation and Twist Theatre Development and a once-off transfer to NB Productions for a television documentary on KZN artists. In the 2012/13 Adjusted Appropriation, the transfer payment in respect of Ugu Jazz Festival was increased by R750 000 and a once-off transfer of R900 000 in respect of the South African Library for the Blind was introduced. The decrease over the 2013/14 MTEF is due to the cancellation of transfers to the Crown Gospel Music Awards and MTN Jazz Festival.
- *Arts councils:* Funding is provided properly constituted arts, culture and craft organisations that develop and preserve arts and culture in the province. The allocation rises steadily over the seven-year period and shows an inflationary increase over the 2013/14 MTEF.
- *Museum subsidies:* Funding is provided to NPOs 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.

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 increase in transfers from 2011/12 caters for the rise in the number of sport federations needing 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 table does not include funding in respect of motor vehicle licences, as this funding is not paid to any municipality.

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		
	2009/10	2010/11	2011/12		2012/13		2013/14	2014/15	2015/16
Category A	614 414	734 085	432 730	864 025	677 506	701 698	652 609	761 335	686 325
Category B	260 448	436 498	496 474	358 632	582 372	582 372	408 737	424 553	447 206
Category C	302 869	270 479	224 780	32 050	125 314	125 314	20 793	23 513	23 025
Unallocated	-	-	-	1 200	42 773	42 773	3 256	3 282	5 310
Total	**1 177 731**	**1 441 062**	**1 153 984**	**1 255 907**	**1 427 965**	**1 452 157**	**1 085 395**	**1 212 683**	**1 161 866**

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 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 above:

Category A (metropolitan council) refers to municipalities that have exclusive municipal executive and legislative authority within their areas. KZN has only one metropolitan council, namely the eThekwini Metro. As indicated in the table above, the transfer to the Metro shows a fluctuating trend, which can be attributed to various projects such as the construction of the Moses Mabhida Soccer Stadium, the transfers to municipal clinics, the payment of property rates and the maintenance of R293 hostels which are undertaken over varying timeframes. The trend is explained as follows:

- The increase in 2010/11 was mainly due to increased emphasis on the CRU programme toward providing public residential accommodation for low income persons in good locations, the maintenance of R293 hostels and the Enhanced Extended Discount Benefit Scheme (EEDBS) (DOHS), as well as arrear rates payment in respect of the Devolution of Property Rate Funds grant (DOPW).
- The subsequent reduction in 2011/12 can be attributed to the fact that no transfers were made due to delays in the approval process of projects within the Metro with regard to the CRU programme. This was resolved and, hence, the growth in the 2012/13 Main Appropriation. However, due to the need to revise the policy to, among others, ensure its sustainability, the implementation of the CRU programme being delayed resulting in the decrease in the 2012/13 Adjusted Appropriation. Savings identified (in respect of the Devolution of Property Rate Funds grant) due to budget allocations being made based on expected invoices, and amended once invoices were received, also contributed to the decrease in the 2012/13 Adjusted Appropriation.
- The increase in the 2012/13 Revised Estimate is mainly due to the budget for the EEDBS programme that was catered for under *Goods and services* as it was anticipated that professionals will be utilised for this programme. However, portion of the funds are now being transferred to the eThekwini Metro for the facilitation of transfers for R293 properties. This is a function shift, and the purpose of the funds remains unchanged.
- The decrease over the 2013/14 MTEF in comparison to the 2012/13 Main Appropriation mainly relates to the reduction of the Devolution of Property Rate Funds grant, that is being phased into equitable share (DOPW), as well as the decrease in transfers to be made to eThekwini for the CRU programme as per the agreement between the department and the Metro (DOHS).

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 transfers to category B municipalities substantially increased in 2010/11 and 2011/12 mainly due to arrear rates payments relating to the Devolution of Property Rate Funds grant (DOPW), and the provincialisation of libraries and museums (DAC). Also, COGTA initially budgets for the majority of municipal projects such as the Corridor Development, Massification and the Small Town Rehabilitation programmes 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 2012/13 Main Appropriation and over the 2013/14 MTEF and the increase in the 2012/13 Adjusted Appropriation. This category also includes funding over the period in respect of various projects and activities such as the development of airports (PT), the provincialisation of clinics in the uMhlathuze Municipality (DOH), as well as the provision for transfers for museums and building of libraries and the provincialisation of public libraries and museums (DAC), payment of property rates (DOPW), etc.

Category C (district municipality) refers to municipalities that have municipal executive and legislative authority in an area that includes more than one municipality. DOHS paid arrear rates and taxes in 2009/10, accounting for the decrease in 2010/11 and 2011/12. 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 2012/13 Main Appropriation and over the 2013/14 MTEF, and the increase in the 2012/13 Adjusted Appropriation. In addition, various other transfers to municipalities are catered for, such as the construction of sport facilities (DOSR), Development Planning Shared Services (COGTA) and the operational costs of art centres (DAC).

The amounts against *Unallocated* are usually allocated to specific recipients during the course of the year, and are formalised annually during the Adjustments Estimate. The high amount in the 2012/13 Adjusted Appropriation mainly relates to the Massification programme for the provision of water, sanitation and electricity services in various municipalities (COGTA). This was allocated against *Unallocated* in the 2012/13 Adjustments Estimate as the department had not finalised the list of the recipient municipalities, at that stage. The amounts over the 2013/14 MTEF are in respect of operational support to *Thusong* Service Centres (TSCs) (COGTA), the Greenest Municipality Competition (DAEARD), as well as property rates under DOPW for properties owned by KZN but located in other provinces.

A summary of the transfers to individual local and district municipalities is in the *Annexure to OPRE*.

Table 5.16 below presents a summary of provincial transfers to local government by vote and grant type from 2009/10 to 2015/16. It should be noted that detailed analysis of these transfers to local government is provided in the individual votes in the *EPRE*. The main transfers are summarised here:

- The amount under OTP in 2009/10 relates to the transfer of the Ulundi (Prince Mangosuthu Buthelezi) Airport 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 would provide funding for the operational costs of the airport up to 2009/10, and hence no allocation from 2010/11 onward. The once-off amount in the 2012/13 Adjusted Appropriation is in respect of the province’s contribution toward the 2013 AFCON tournament.

- Amounts against DAEARD from 2011/12 onward relate to the Greenest Municipality Competition.

- The transfers under DEDT over the MTEF relate to the joint project funding in the Mthonjaneni and the Mandeni Municipalities for the establishment of trading centres.

- The transfers under PT show a substantial 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 were in respect of the transfer to the Msunduzi Municipality for the upgrade of the Pietermaritzburg airport, as well as the prescribed local government levy (in 2009/10 and 2010/11), which has since been discontinued due to a change in legislation. The amounts in 2011/12 were in respect of the infrastructure development of the Pietermaritzburg, Richards Bay and Ulundi airports, which are carried through in 2012/13. Also, the allocations in the 2012/13 Adjusted Appropriation relate to the development of a light industrial park in Bhongweni, which is carried through to 2013/14 and 2014/15, as well as the Shayamoya eco-complex, which is carried through to 2013/14.

- The transfers under DOH show a varying trend, due to the provincialisation of the municipal clinics. The majority of the municipal clinics were taken over by the department in 2011/12, and funding from 2012/13 onward relates to provision for the uMhlathuze Municipality only. In addition, funding was 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 DOHS relate mainly to the maintenance of R293 hostels in eThekwini, the CRU programme and the payment of arrear rates and taxes. The decrease in 2011/12 was due to the fact that no transfers were made as a result of delays in the approval process of projects within municipalities with regard to the CRU programme. The substantial decrease in the 2012/13 Adjusted Appropriation relates to delays in the implementation of the CRU programme due to the need to revise the policy to, among others, ensure its sustainability. The shifting of funds to *Buildings and other fixed structures* for properties that belong to the department and to *Transfers and subsidies to: Households* for properties belonging to individual beneficiaries, also contributed to the reduction. The increase in the 2012/13 Revised Estimate relates to the budget for the EEDBS programme that was catered for under *Goods and services* as it was anticipated that professionals will be utilised for this programme. Portion of the funds are now being transferred to the eThekwini Metro for the facilitation of transfers for R293 properties. The allocation over the 2013/14 MTEF mainly relates to the maintenance of the R293 hostels and EEDBS. The decrease in 2015/16 can be attributed to the decrease in transfers to be made to the eThekwini Metro for the CRU programme as per the agreement between the department and the Metro.

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		
	2009/10	2010/11	2011/12		2012/13		2013/14	2014/15	2015/16
Vote 1: Office of the Premier	**4 823**	**-**	**-**	**-**	**15 000**	**15 000**	**-**	**-**	**-**
2013 AFCON Tournament	-	-	-	-	15 000	15 000	-	-	-
Transfer to Zululand DM iro airport	4 823	-	-	-	-	-	-	-	-
Vote 3: Agriculture, Enviro. Affairs and Rural Dev	**5 700**	**6 960**	**900**	**1 000**	**1 000**	**1 000**	**1 000**	**1 000**	**1 000**
Upgrading of Khanya Village	2 000	-	-	-	-	-	-	-	-
Dev. of EMFs, SEAs and IWMPs	2 000	6 000	-	-	-	-	-	-	-
Waste management for 2010	800	-	-	-	-	-	-	-	-
Greenest Municipality Competition	900	960	900	1 000	1 000	1 000	1 000	1 000	1 000
Vote 4: Economic Development and Tourism	**-**	**100**	**-**	**3 516**	**5 665**	**5 665**	**2 384**	**2 503**	**2 618**
Newcastle Alliance Summit	-	100	-	-	-	-	-	-	-
Joint Project Funding	-	-	-	3 516	4 465	4 465	2 384	2 503	2 618
Beaches Rehabilitation	-	-	-	-	1 200	1 200	-	-	-
Vote 6: Provincial Treasury	**159 646**	**15 664**	**31 264**	**39 315**	**53 863**	**53 863**	**20 677**	**8 000**	**-**
Local government levy	9 646	10 229	-	-	-	-	-	-	-
Moses Mabhida Stadium	150 000	-	-	-	-	-	-	-	-
Pietermaritzburg airport	-	5 435	17 790	16 027	16 760	16 760	-	-	-
Ulundi airport	-	-	10 015	20 000	20 000	20 000	-	-	-
Richards Bay airport	-	-	3 459	-	7 041	7 041	-	-	-
Feasibility studies	-	-	-	3 288	-	-	-	-	-
Dev. of light industrial park	-	-	-	-	8 000	8 000	7 000	8 000	-
Shayamoya eco-complex	-	-	-	-	2 062	2 062	13 677	-	-
Vote 7: Health	**81 058**	**123 888**	**86 040**	**84 293**	**97 373**	**97 373**	**143 500**	**166 600**	**179 500**
Subsidy: Municipal Clinics	81 058	123 888	86 040	84 293	97 373	97 373	143 500	166 600	179 500
Vote 8: Human Settlements	**209 973**	**353 525**	**85 616**	**393 591**	**178 111**	**202 303**	**168 126**	**240 417**	**161 563**
Transfer of R293 staff	-	-	1 451	3 111	3 111	3 111	3 326	-	-
CRU programme	43 000	128 000	-	203 240	95 000	95 000	100 000	157 800	69 200
Municipal rates and taxes	44 303	15 525	8 365	20 000	20 000	20 000	12 800	14 500	19 896
Maintenance of R293 hostels & EEDBS	122 670	210 000	75 800	167 240	60 000	84 192	52 000	68 117	72 467
Vote 11: COGTA	**438 803**	**394 813**	**348 161**	**14 900**	**352 184**	**352 184**	**6 000**	**8 600**	**9 200**
Mun Govt and Fin Experts: Shared Deployment	-	5 800	5 600	-	-	-	-	-	-
Implementation of Pound Act	-	12 000	-	-	1 000	1 000	-	-	-
Inter-Governmental Relations	1 000	4 170	-	-	-	-	-	-	-
Municipal Governance	3 000	-	-	-	-	-	-	-	-
Provincial Interventions	-	1 300	-	-	-	-	-	-	-
Umzimkulu Support	56 008	36 873	25 320	-	-	-	-	-	-
Uthukela Water	2 000	-	-	-	-	-	-	-	-
Provincial Mgt. Assistance Programme	6 400	-	-	-	-	-	-	-	-
Public Part. Citizen Satisfaction Survey	-	-	-	-	2 260	2 260	-	-	-
Schemes Support Programme	-	-	2 250	-	-	-	-	-	-
MIG and MIS Grant	-	-	-	-	74	74	-	-	-
Town Settlement Formalisation Support	-	800	1 000	-	-	-	-	-	-
Corridor Development	118 132	114 068	96 447	-	97 600	97 600	-	-	-
Municipal LED	-	6 400	12 080	-	14 100	14 100	-	-	-
Small Town Rehabilitation	55 000	92 769	74 220	-	106 170	106 170	-	-	-
Construction of TSCs	-	-	6 000	-	-	-	-	-	-
Operational Support for TSCs	-	148	5 000	2 000	2 000	2 000	2 000	2 000	4 000
Provisional Security (MPCCs)	-	-	4 500	-	-	-	-	-	-
Urban Development Framework	-	3 758	-	-	-	-	-	-	-
Massification Programme	30 500	101 000	102 033	-	103 240	103 240	-	-	-
Infra provision for soccer stadia	149 963	-	-	-	-	-	-	-	-
Disaster Management	6 000	11 500	3 000	-	17 740	17 740	-	-	-
Community participation in IDPs	-	-	-	2 000	2 000	2 000	2 000	3 000	3 000
Development Planning Shared Services	10 800	4 227	5 461	2 000	2 000	2 000	2 000	3 600	2 200
District Growth and Development Summit	-	-	-	4 000	4 000	4 000	-	-	-
Community Development Projects	-	-	5 250	4 900	-	-	-	-	-
Vote 13: Social Development	**-**	**-**	**35 000**	**-**	**-**	**-**	**-**	**-**	**-**
ECD infrastructure development	-	-	35 000	-	-	-	-	-	-
Vote 14: Public Works	**240 566**	**515 348**	**492 767**	**554 280**	**554 280**	**554 280**	**465 051**	**491 577**	**514 428**
Property Rates	240 566	515 348	492 767	554 280	554 280	554 280	465 051	491 577	514 428
Vote 15: Arts and Culture	**16 805**	**22 567**	**56 012**	**146 652**	**150 629**	**150 629**	**259 287**	**273 454**	**272 081**
Art Centre (Operational costs)	-	-	400	-	1 561	1 561	1 639	1 729	1 815
Museum subsidies	1 078	1 170	7 168	7 065	10 049	10 049	8 796	10 395	7 595
Library building projects	9 336	421	-	-	-	-	-	-	-
Provincialisation of libraries	-	11 136	31 110	116 555	116 004	116 004	225 111	236 402	247 291
Community Lib Services grant	6 391	9 840	17 334	23 032	23 015	23 015	23 741	24 928	15 380
Vote 16: Sport and Recreation	**20 357**	**8 197**	**18 224**	**18 360**	**19 860**	**19 860**	**19 370**	**20 532**	**21 476**
Infrastructure	20 357	8 197	14 924	15 960	14 910	14 910	14 420	15 582	16 526
Maintenance grant	-	-	3 300	2 400	4 950	4 950	4 950	4 950	4 950
Total	**1 177 731**	**1 441 062**	**1 153 984**	**1 255 907**	**1 427 965**	**1 452 157**	**1 085 395**	**1 212 683**	**1 161 866**

- The bulk of the transfer payments under COGTA are budgeted for under *Goods and services* but are reclassified as *Transfers and subsidies to: Provinces and municipalities* annually during the Adjustments Estimate pending evidence that the municipalities have the required capacity to implement the projects themselves. This has resulted in the high amount in the 2012/13 Adjusted Appropriation, and the decrease over the 2013/14 MTEF. The increase in the 2012/13 Adjusted Appropriation also includes additional funding allocated in respect of the Massification programme. The high 2009/10 amount included funding in respect of soccer stadia. 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 2013/14 MTEF allocations are in respect of operational support for TSCs, community participation in IDPs, as well as the Development Planning Shared Services.
- The transfer under DSD in 2011/12 relates to a once-off transfer made to Umkhanyakude District Municipality for the Ndumo Learner Support Centre in respect of ECD infrastructure development.
- The transfers under DOPW relate to the Devolution of Property Rate Funds grant in respect of property rates. The transfers increase significantly in 2010/11 due to the payment of arrear rates from previous financial years. The decrease in 2011/12 was due to disputed invoices with the eThekwini Metro which were resolved in the department's favour, as the properties concerned were identified as belonging to the Metro and national departments and not to the province. The decrease over the 2013/14 MTEF is attributed to the reduction of the Devolution of Property Rate Funds grant, in line with actual funding requirements, with this grant phased into the equitable share from 2013/14.
- The transfers under DAC reflect provision made to municipalities for library building projects, museum subsidies, and for the provincialisation of public libraries and museums. The low 2009/10 amount 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 2011/12 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 public libraries and museums. The substantial increase from 2012/13 onward 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 increase in the 2012/13 Adjusted Appropriation is in respect of operational costs for the art centres, as well as the increase in the museum subsidies.
- The transfers under DOSR, in respect of the construction of sport facilities, reflect a varying trend over the seven-year period. The substantial decrease in 2010/11 was due to delays in respect of transfer payments to municipalities for the construction of sport facilities, as a result of adverse weather conditions which hampered the completion of sport fields by constructors. The increase in 2011/12 was due to spending pressures relating to commitments (sport fields) which remained incomplete from 2010/11. The increase in the 2012/13 Adjusted Appropriation relates to funds moved from *Buildings and other fixed structures* due to the termination of a contract between the service provider and the department with regard to the construction of the Cecil Emmett sport field in Vryheid (Abaqulusi). The funds were moved to the maintenance grants that are paid to municipalities for the upkeep of sport facilities constructed by the department. In addition, during the finalisation of the 2012/13 *EPRE* the department inadvertently excluded 10 municipalities from receiving maintenance grants in respect of the upkeep of sport facilities constructed by the department. The department has therefore reprioritised the funds from various municipalities toward the maintenance and repair of sport fields to these 10 municipalities. The growth over the 2013/14 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.

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.

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

Personnel numbers	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	As at 31 March 2016
1. Office of the Premier	328	329	2 047	3 452	2 408	2 408	2 408
2. Provincial Legislature	144	155	213	234	244	244	244
3. Agriculture, Environ. Affairs and Rural Dev.	3 302	3 365	3 867	4 056	4 056	4 056	4 056
4. Economic Development and Tourism	301	303	301	391	391	391	391
5. Education	103 119	105 742	107 657	108 369	108 369	108 369	108 369
6. Provincial Treasury	365	310	473	489	529	530	530
7. Health	64 849	68 889	78 213	80 590	81 945	81 945	81 945
8. Human Settlements	858	857	740	770	861	861	861
9. Community Safety and Liaison	108	108	108	107	140	150	164
10. The Royal Household	150	140	140	141	92	80	80
11. Co-operative Governance and Traditional Affairs	1 169	1 203	1 332	1 673	1 736	1 763	1 766
12. Transport	4 296	3 995	4 154	4 533	4 906	4 950	5 025
13. Social Development	2 678	2 855	3 398	5 968	6 415	6 568	6 719
14. Public Works	2 167	2 096	2 078	2 259	2 368	2 368	2 368
15. Arts and Culture	432	423	458	523	536	536	536
16. Sport and Recreation	1 888	2 353	1 932	2 075	630	434	434
Total	**186 154**	**193 123**	**207 111**	**215 630**	**215 626**	**215 653**	**215 896**
Total personnel cost (R thousand)	35 608 907	39 312 068	46 035 829	48 035 685	49 474 031	50 011 026	52 761 916
Unit cost (R thousand)	191	204	222	223	229	232	244

1 Full Time Equivalents

The personnel numbers and costs against the OTP include youth ambassadors from 2011/12 onward. The effect of the baseline cuts on OTP was a reduction of the budget in respect of youth ambassadors, resulting in a decrease over the MTEF.

In 2012/13, DAEARD commenced implementing the new organisational structure, which was proposed in 2010/11. The organisational structure provides for three regions. However, this new structure was recently reviewed once again, and it is now proposed that there should be five regional offices, with the aim of improving service delivery. The department anticipates implementation of the refined structure to commence in 2013/14 and will be funded by reprioritising from within the existing budget allocation, subject to the moratorium on the filling of non-critical posts. This explains the constant personnel numbers from 2013/14 onward.

With regard to DOE, from the end of 2012/13, the department will carry 1 866 unfunded posts, based on the actual number of employees in the system as at end of November 2012. This figure reduces to 1 666 and 1 602 in the two outer years, respectively. The reason for the slow increase in affordability is due to the estimated inflationary increase of 6.1 per cent annual average in the personnel cost over the MTEF. However, it should be noted that the affordability has increased from 101 723 employees estimated in the 2011/12 MTEF to some 106 503 employees due to the reprioritisation that was undertaken during the 2012/13 Adjustments Estimate, with some carry-through over the MTEF.

DOH's personnel numbers exclude employees whose salaries are paid from donor funds, personnel working at the Provincial Pharmacy Supply Depot and staff occupying the sub-vented (shared costs) posts, whose salaries are claimed from the University of KwaZulu-Natal. The sharp increase in personnel numbers from 2010/11 to 2011/12 is largely due to the department placing student nurses and community care givers (CCGs) on the payroll. Although the numbers have increased significantly, the cost to the department for CCGs has not increased, as the affected staff were paid through transfers to NGOs previously. In the case of student nurses, the costs are lower as they now receive a stipend, instead of a full salary. The increase from 2011/12 is due to the restructuring of the department.

In 2012/13, DOHS engaged in a restructuring process, which entailed revising the structure of the department. The new structure is anticipated to be implemented in the latter part of 2012/13. Due to financial constraints in the equitable share allocation, the new structure will be implemented in phases, and the HSDG will be utilised to fund some of the posts.

The increase from 2013/14 onward against DCSL is due to the department budgeting to fill its full staff complement in line with the new approved organisational structure. In the outer two years of the MTEF, the department receives additional funding per year for the implementation of the new organisational structure, in line with the decentralisation strategy and implementation of the Civilian Secretariat for Police Service Act.

The decrease in personnel against RHH over the MTEF is due to the department anticipating to transfer support staff and farm workers to the Royal Trust over the MTEF. The table above excludes personnel employed by the Royal Trust and its board members, since it is a public entity.

The increase against COGTA from 31 March 2013 onward is due to the planned filling of vacant posts. The department appointed employment agencies to accelerate the recruitment process, while bearing in mind the moratorium on the filling of non-critical posts.

DOT's personnel increases steadily over the seven-year period. The decrease in 2010/11 was mainly due to the high staff turnover in respect of engineers, land surveyors, etc., as well as non-filling of funded vacant posts. The department reviewed its organisational structure in February 2012, and critical vacant posts are being filled, and will also review the number of contract workers as posts are being filled.

The gradual increase over the seven-year period against DSD is attributable to the revision of the departmental structure in an attempt to cope with policy changes such as the implementation of the district municipality model to improve service delivery. This process is not yet fully completed due to budget constraints, and will be finalised over the MTEF. Also contributing to the escalating personnel costs are the increased number of social work staff, the social worker retention strategy (salary upgrades), annual salary improvements and the absorption of social work graduates in line with national priorities.

The slight decrease against DOPW in 2010/11 is due to staff exits and the moratorium placed on the filling of non-critical vacant posts. The further decrease in 2011/12 is attributed to delays in recruitment processes, which resulted in non-filling of vacant posts. The increase from 2012/13 is due to the department's anticipation to fill vacant posts to improve infrastructure support. The newly implemented moratorium has been considered, and only critical vacant posts will be filled.

The increase in the number of staff of DOSR from 2009 to 2010 is due to the establishment of district offices in all districts, and the employment of volunteers under the MPSD grant. As a result of the directive from National DOSR, that the department must train and capacitate educators in schools who will then coach the students, the department decided to use equitable share funding to employ volunteers, as the department considers the role played by the volunteers to be very effective. The department implemented the baseline cuts against *Compensation of employees.* However, the decrease in 2013/14 was offset by additional funding received in respect of the EPWP Integrated Grant for Provinces and the Social Sector EPWP Incentive Grant for Provinces. These funds will be used to employ 196 volunteers as contract workers, since the end date for the volunteer contract is 31 March 2013. The decrease from 2014/15 is due to no allocations made in respect of these grants at this stage.

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 R892.309 million in 2009/10 to R1.424 billion in 2015/16, reflecting healthy growth.

The main contributors are Health, Education and Transport, as discussed in more detail below. Departments are required by the Skills Development Act to budget at least 1 per cent of their salary expenses on staff training, to cater for human resource development. The detail of departmental spending within each vote is provided in the departmental chapters in the *EPRE*.

The training costs against Health include the costs of staff and other running costs within its training programme. The training provided is 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 doctor programme, as well as registrar training programmes in respect of specialist medical training.

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	2009/10	2010/11	2011/12		2012/13		2013/14	2014/15	2015/16
1. Office of the Premier	1 268	1 187	873	22 482	22 482	22 482	3 135	3 333	3 487
2. Provincial Legislature	1 270	929	2 401	1 844	1 844	1 844	2 238	2 812	2 924
3. Agriculture, Enviro Affairs and Rural Development	8 600	7 829	13 248	18 134	17 507	17 507	19 254	20 024	20 943
4. Economic Development and Tourism	1 458	866	14 350	1 540	1 260	1 260	1 060	1 092	1 109
5. Education	62 785	63 037	29 992	204 595	204 595	113 425	269 425	296 082	274 207
6. Provincial Treasury	1 538	485	2 085	1 321	1 321	1 321	1 835	1 959	1 892
7. Health	773 998	832 279	860 457	998 051	960 723	934 894	992 246	1 022 500	1 075 603
8. Human Settlements	2 963	462	249	2 710	2 710	1 777	2 770	2 991	2 960
9. Community Safety and Liaison	755	504	2 674	7 022	7 022	7 022	8 352	8 688	9 087
10. The Royal Household	-	3	44	-	-	-	-	-	-
11. Co-operative Governance and Traditional Affairs	2 055	2 249	882	600	1 608	1 608	750	750	750
12. Transport	22 853	14 148	6 447	6 309	6 309	6 309	7 416	7 825	8 294
13. Social Development	4 906	1 928	4 521	8 240	8 240	8 240	8 692	9 169	7 625
14. Public Works	4 652	3 526	2 766	5 376	5 915	5 915	5 533	5 809	4 879
15. Arts and Culture	753	1 349	1 068	1 570	1 406	1 406	1 511	3 327	3 539
16. Sport and Recreation	2 455	4 419	3 336	17 025	4 274	4 274	5 886	5 666	6 906
Total	**892 309**	**935 200**	**945 393**	**1 296 819**	**1 247 216**	**1 129 284**	**1 330 103**	**1 392 027**	**1 424 205**

As a result of the expenditure pressures in *Compensation of employees* in Education, the department budgets slightly less than the 1 per cent required by the Skills Development Act. The decrease in the 2012/13 Revised Estimate is due to the effects of cost-cutting implemented to curtail over-expenditure, which had an impact on training expenditure. The training budget is set to increase steadily over the 2013/14 MTEF, in order to address the educators' skills gaps and improve the quality of education, by using the in-service training centre which is the Public Service Training Academy.

DOT's costs on training relate to the training of *Zibambele* contractors, safety and compliance workers such as road safety education, traffic officers, and learnerships and mentorship for the *Vukuzakhe* projects. The decrease in 2010/11 and 2011/12 can be attributed to cost-cutting. The further decrease in 2012/13 relates to the department undertaking in-house training. The increase over the MTEF relates to inflationary increments.

RHH is the only department that has not made provision for training from 2012/13 onward, pending the full establishment of the Royal Trust. The department spent R3 000 on training in 2010/11 and R44 000 in 2011/12. The high spending in 2011/12 is due to the high demand in that year.

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		
	2009/10	2010/11	2011/12		2012/13		2013/14	2014/15	2015/16
Number of staff	186 154	193 123	207 111	204 855	209 335	215 648	215 626	215 653	215 896
Number of personnel trained	67 991	67 479	22 696	39 619	40 712	43 975	142 323	143 952	145 192
of which									
Male	30 375	26 613	7 762	13 635	13 716	15 244	50 315	50 851	53 368
Female	37 616	40 866	14 934	25 984	26 996	28 731	92 008	93 101	91 824
Number of training opportunities	63 655	16 783	19 021	21 305	21 586	24 291	48 252	60 876	72 651
of which									
Tertiary	13 236	2 057	1 970	5 134	5 102	5 304	5 833	6 652	7 115
Workshops	39 564	3 330	3 911	4 578	4 599	7 107	4 846	5 085	5 337
Seminars	2 497	216	286	318	297	301	322	341	463
Other	8 358	11 182	12 854	11 275	11 588	11 579	37 251	48 799	59 737
Number of bursaries offered	4 558	5 074	1 780	1 958	1 608	1 895	13 040	18 120	21 302
External	1 163	1 156	969	1 074	1 056	1 029	1 646	2 066	2 216
Internal	3 395	3 918	811	884	892	866	11 394	16 054	19 086
Number of interns appointed	1 397	1 078	990	1 360	1 332	1 534	1 453	1 503	1 562
Number of learnerships appointed	447	407	514	711	576	588	771	773	779
Number of days spent on training	7 458	8 097	8 312	8 113	8 183	8 204	8 323	8 371	8 393

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 measuring the costs associated with service delivery, have become a focal point to ensure that value for money is pursued.

6.1 Provincial budget and programme structures and performance plan formats

The uniform budget and programme structures for departments are gazetted each year, as NT fulfils its Constitutional obligation and that of the PFMA to propose uniform budget and programme structures across all nine provinces for approval by the HODs 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 most 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.

Uniform Budget and Programme Structures for 2013/14 are applicable to DOE, DOH, DSD, PT, Legislature, OTP, DAEARD, DOHS, DCSL, DEDT, COGTA, DOSR, DAC, DOPW and DOT. The budget and programme structures for these remain unchanged, except for Legislature, DOE and DAEARD. The structure for Education has been reviewed by the sector, but has not been formally signed off yet, and is hence subject to minor adjustments. Legislatures will implement the newly revised budget and programme structure in 2013/14, whereby three programmes are reduced to two.

A new uniform budget and programme structure has been developed for the Tourism function and has been added to the DEDT structure as a sixth programme. The only department with no current uniform budget and programme structure is the RHH.

It was agreed not to exclude any future amendments to the budget structure, as these are dynamic 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 HODs, representing all line departments and their national counterparts.

The provincial budget reform programme outlines the guidelines for the format of provincial budget documents, and formats for SPs and APPs are issued annually and prescribed by NT. 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 for SPs and APPs was issued during 2009/10 and outlined key concepts to be included by departments and public entities with the preparation of SPs and APPs.

The framework provides a guide on how SPs and APPs should be developed, taking into consideration existing medium- to long-term policies, plans and the budget. The SP is a tool intended to assist departments 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. In addition, from 2013/14 in KZN, the preparation of APPs is now done in alignment with the PGDP, and the co-ordination of this alignment is a joint responsibility between the PPC, the OTP and PT.

The DOE, DOH, DSD, DOHS, DAEARD, DEDT, DOT, DOPW, DAC, DCSL, COGTA and DOSR will report on standardised sector-specific performance measures for 2013/14. 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 DOE, DAEARD, DCSL, DAC, COGTA, DOPW, DOT and DOSR.

The Legislature, PT, OTP, RHH and the public entities will not report on customised performance measures in 2013/14 as there are no customised measures at this stage. However, the measures contained in these departments' APPs 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.

NT 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, NT and Provincial Treasuries with information on performance against plans, and acts as an enabling mechanism that allows the accounting officer to track progress against what has been planned and what is actually achieved in the form of service delivery outputs. The information contained in the QPR is ultimately consolidated into the performance section of the departments' annual reports. The quarterly performance reports for the second and third quarters provide information on the present year's performance to be taken into consideration in the development of the APP and annual budget for the following year.

In 2012/13, the QPR data for DOH, DSD and DAEARD are published in a national gazette quarterly. It is anticipated that other sectors will be added to this quarterly publication in the next few years.

6.3 Performance audit of non-financial measures

During 2011/12, the A-G conducted a performance audit of a number of departments' and public entities' non-financial measures in order to determine the state of readiness of the province to comply with audit standards. In 2011/12, the A-G provided an opinion on non-financial, as well as financial records for each department and public entity as part of the 2011/12 audit process, and this will be repeated in 2012/13. 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 and public entities 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 PT and the OTP. This was addressed in 2012/13 with additional workshops for strategic planning and monitoring and evaluation staff within departments and public entities. The first workshop hosted by PT was held in June 2012 and focussed on the technical completion and alignment of the APP with the *EPRE*. NT also attended this workshop and gave guidance on the completion of SPs and APPs. A second workshop was held in December 2012, and was co-hosted by the OTP and PT. The aim of this workshop was to allow the PPC to update departments on the province's 30 to 60 year plans, and introduce departmental staff to the Black Balance consortium, whose task it is to ensure APP alignment with the goals and objectives of the PGDP.

PT has continued to provide *ad hoc* support when requested by departments and public entities. NT has also been available to assist in adding their support to this activity.

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		
	2009/10	2010/11	2011/12		2012/13		2013/14	2014/15	2015/16
Tax receipts	**1 327 599**	**1 439 970**	**1 637 846**	**1 702 324**	**1 702 324**	**1 769 130**	**1 802 409**	**1 904 649**	**2 018 858**
Casino taxes	283 970	305 583	337 435	336 827	336 827	383 835	385 479	406 680	427 014
Horse racing taxes	41 571	45 857	68 422	67 097	67 097	63 091	68 203	71 954	75 552
Liquor licences	4 831	5 023	465	48 400	48 400	5 600	5 727	6 015	6 292
Motor vehicle licences	997 227	1 083 507	1 231 524	1 250 000	1 250 000	1 316 604	1 343 000	1 420 000	1 510 000
Sale of goods and services other than capital asset	**345 775**	**326 565**	**383 949**	**359 551**	**359 551**	**390 184**	**393 790**	**410 902**	**430 568**
Sale of goods and services produced by dept. (excl. capital assets)	343 208	324 861	383 107	358 998	359 504	389 872	392 932	410 041	429 705
Sales by market establishments	13 963	26 505	27 768	24 868	25 374	28 840	19 717	27 888	29 831
Administrative fees	100 797	142 349	161 739	138 264	138 264	159 718	151 726	164 570	171 852
Other sales	228 448	156 007	193 600	195 866	195 866	201 314	221 489	217 583	228 022
of which									
Health patient fees	*133 750*	*84 885*	*110 774*	*109 134*	*109 134*	*114 720*	*127 255*	*120 319*	*126 335*
Other	*94 698*	*71 122*	*82 826*	*86 732*	*86 732*	*86 594*	*94 234*	*97 264*	*101 687*
Sale of scrap, waste, arms and other used current goods (excluding capital assets)	2 567	1 704	842	553	47	312	858	861	863
Transfers received from:	**-**	**1 255**	**459**	**-**	**-**	**5**	**-**	**-**	**-**
Other governmental units	-	-	409	-	-	5	-	-	-
Universities and technikons	-	-	-	-	-	-	-	-	-
Foreign governments	-	1 255	-	-	-	-	-	-	-
International organisations	-	-	-	-	-	-	-	-	-
Public corporations and private enterprises	-	-	50	-	-	-	-	-	-
Households and non-profit institutions	-	-	-	-	-	-	-	-	-
Fines, penalties and forfeits	**43 259**	**50 989**	**45 352**	**40 298**	**40 298**	**46 194**	**45 121**	**20 121**	**20 121**
Interest, dividends and rent on land	**32 384**	**34 598**	**303 685**	**186 161**	**186 161**	**253 524**	**201 270**	**216 364**	**237 918**
Interest	32 285	34 419	303 513	186 014	186 014	253 441	201 171	216 261	237 805
Dividends	4	2	4	3	3	3	4	4	4
Rent on land	95	177	168	144	144	80	95	99	109
Sale of capital assets	**32 462**	**18 296**	**18 109**	**8 208**	**8 208**	**35 968**	**20 840**	**19 401**	**19 576**
Land and subsoil assets	-	-	-	-	-	-	-	-	-
Other capital assets	32 462	18 296	18 109	8 208	8 208	35 968	20 840	19 401	19 576
Transactions in financial assets and liabilities	**75 716**	**169 691**	**337 559**	**42 411**	**42 411**	**94 629**	**41 685**	**48 381**	**50 691**
Total	**1 857 195**	**2 041 364**	**2 726 959**	**2 338 953**	**2 338 953**	**2 589 634**	**2 505 115**	**2 619 818**	**2 777 732**

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

R thousand	Audited Outcome			Main Appropriation	Adjusted Appropriation	Revised Estimate	Medium-term Estimates		
	2009/10	2010/11	2011/12	2012/13			2013/14	2014/15	2015/16
Current payments	**48 430 458**	**52 286 153**	**61 902 644**	**65 973 570**	**67 514 707**	**68 149 670**	**72 214 408**	**76 555 057**	**81 754 967**
Compensation of employees	35 608 907	39 312 068	46 035 829	48 035 685	49 474 031	50 011 026	52 761 916	56 036 392	59 559 844
Salaries and wages	29 333 692	32 572 531	38 184 989	39 426 389	40 849 167	42 582 721	43 313 495	46 038 703	48 929 834
Social contributions	6 275 215	6 739 537	7 850 840	8 609 296	8 624 864	7 428 305	9 448 421	9 997 689	10 630 010
Goods and services	12 716 049	12 957 936	15 865 252	17 887 885	18 036 376	18 134 097	19 443 584	20 510 897	22 184 891
of which									
Administrative fees	52 158	29 041	36 783	15 828	17 345	45 816	15 908	16 701	17 060
Advertising	168 568	88 760	143 640	114 699	133 113	121 434	136 547	141 427	148 208
Assets <R5000	175 428	117 925	216 746	249 562	260 155	282 785	318 025	343 430	352 908
Audit cost: External	74 680	85 830	68 236	86 309	93 929	98 844	103 476	111 129	113 645
Bursaries (employees)	28 863	33 175	28 887	47 351	41 884	43 174	63 610	75 729	32 003
Catering: Departmental activities	154 662	107 948	134 663	135 825	142 774	127 312	148 933	153 805	164 328
Communication	300 706	275 666	264 912	257 596	254 073	282 893	268 830	283 353	297 350
Computer services	347 720	371 246	435 152	540 766	525 692	513 503	552 595	576 586	598 076
Cons/prof: Business & advisory services	758 545	663 199	586 870	1 416 036	1 165 603	1 166 048	1 278 595	1 245 329	1 341 922
Cons/prof: Infrastructure & planning	190 636	143 514	102 616	307 707	355 391	349 912	209 097	207 539	216 964
Cons/prof: Laboratory services	665 195	408 384	568 743	718 172	559 099	557 119	615 132	660 788	753 984
Cons/prof: Legal cost	36 195	36 446	64 538	28 876	37 742	33 712	50 962	52 699	53 883
Contractors	1 175 520	1 808 536	1 688 178	2 674 445	2 629 706	2 639 938	2 292 764	2 493 165	2 972 337
Agency & support/outsourced services	966 783	913 655	2 366 907	2 298 540	2 454 431	2 412 763	2 545 076	2 627 169	2 758 667
Entertainment	2 395	1 442	2 390	5 600	5 102	4 493	4 543	4 852	4 963
Fleet services (incl. GMT)	36 067	41 423	85 261	71 200	129 867	154 259	126 764	136 010	140 476
Housing	185	-	36	31	31	31	33	50	36
Inventory: Food and food supplies	803 756	889 258	143 341	150 680	143 324	127 205	137 185	149 777	161 743
Inventory: Fuel, oil and gas	279 667	317 496	398 183	384 646	397 984	398 669	490 689	536 966	577 487
Inventory: Learner and teacher supp material	319 150	454 053	605 793	659 067	659 343	536 147	881 162	879 741	1 052 797
Inventory: Materials and supplies	106 951	86 085	45 318	55 715	71 358	58 437	73 434	75 899	78 677
Inventory: Medical supplies	982 448	921 511	1 204 239	1 231 192	1 190 614	1 188 756	1 271 810	1 357 636	1 440 069
Inventory: Medicine	1 742 051	1 873 001	1 883 341	2 146 097	2 296 353	2 601 827	2 535 462	2 832 735	3 081 647
Medsas inventory interface	-	-	-	-	-	-	-	-	-
Inventory: Military stores	-	-	-	-	-	-	-	-	-
Inventory: Other consumables	445 870	509 446	574 308	554 998	611 846	586 205	683 876	700 986	727 355
Inventory: Stationery and printing	358 182	192 424	249 940	265 355	271 140	279 791	287 859	304 936	317 709
Operating leases	376 500	388 661	334 848	376 971	365 587	368 318	343 529	355 226	367 443
Property payments	1 008 632	1 084 176	1 600 254	1 514 301	1 592 865	1 646 187	1 754 971	1 828 327	1 938 613
Transport provided: Departmental activity	127 116	93 056	140 355	160 028	229 444	198 576	280 240	301 822	313 177
Travel and subsistence	587 244	538 409	769 966	613 285	661 066	726 209	708 744	747 868	786 349
Training and development	115 308	101 398	117 061	295 216	305 511	180 825	349 457	357 314	381 015
Operating expenditure	115 392	196 783	229 725	235 206	218 084	216 314	214 077	220 943	223 437
Venues and facilities	154 428	128 288	225 292	205 316	211 767	168 681	163 180	167 370	178 527
Rental and hiring	59 048	57 701	548 730	71 269	4 153	17 914	537 019	563 590	592 036
Interest and rent on land	105 502	16 149	1 563	50 000	4 300	4 547	8 908	7 768	10 232
Interest	105 502	16 149	1 563	50 000	4 300	4 547	8 908	7 768	10 232
Rent on land	-	-	-	-	-	-	-	-	-
Transfers and subsidies to	**8 729 987**	**9 228 387**	**9 529 717**	**10 118 836**	**10 331 511**	**10 336 869**	**10 105 857**	**8 931 913**	**9 053 624**
Provinces and municipalities	1 183 299	1 447 500	1 160 365	1 264 715	1 438 154	1 462 311	1 096 713	1 223 905	1 173 488
Provinces	5 568	6 438	6 381	8 808	10 189	10 154	11 318	11 222	11 622
Provincial Revenue Funds	-	-	-	-	-	-	-	-	-
Provincial agencies and funds	*5 568*	*6 438*	*6 381*	*8 808*	*10 189*	*10 154*	*11 318*	*11 222*	*11 622*
Municipalities	1 177 731	1 441 062	1 153 984	1 255 907	1 427 965	1 452 157	1 085 395	1 212 683	1 161 866
Municipalities	*1 177 731*	*1 441 062*	*1 153 984*	*1 255 907*	*1 412 965*	*1 437 157*	*1 085 395*	*1 212 683*	*1 161 866*
Municipal agencies and funds	-	-	-	-	*15 000*	*15 000*	-	-	-
Departmental agencies and accounts	666 561	774 167	889 776	882 502	1 132 817	1 133 199	1 281 776	1 191 452	1 236 074
Social security funds	483	460	512	225	220	643	568	600	608
Entities receiving funds	666 078	773 707	889 264	882 277	1 132 597	1 132 556	1 281 208	1 190 852	1 235 466
Universities and technikons	-	-	-	-	-	-	-	-	-
Foreign governments and international organisations	226	410	173	180	180	180	189	198	207
Public corporations and private enterprises	729 317	1 081 682	1 101 034	1 281 238	1 130 708	1 195 449	1 183 141	1 228 341	1 271 708
Public corporations	729 317	1 081 664	1 101 034	1 281 215	1 130 127	1 194 868	1 183 117	1 228 316	1 271 682
Subsidies on production	*593 250*	*715 294*	*773 473*	*850 685*	*808 279*	*873 020*	*852 325*	*895 350*	*936 536*
Other transfers	*136 067*	*366 370*	*327 561*	*430 530*	*321 848*	*321 848*	*330 792*	*332 966*	*335 146*
Private enterprises	-	18	-	23	581	581	24	25	26
Subsidies on production	-	-	-	-	-	-	-	-	-
Other transfers	-	*18*	-	*23*	*581*	*581*	*24*	*25*	*26*
Non-profit institutions	4 003 614	3 253 010	3 410 877	4 013 480	3 717 876	3 620 535	3 526 086	3 744 140	3 774 161
Households	2 146 970	2 671 618	2 967 492	2 676 721	2 911 776	2 925 195	3 017 952	1 543 877	1 597 986
Social benefits	141 807	152 890	228 702	152 261	164 266	169 745	149 791	161 986	178 356
Other transfers to households	2 005 163	2 518 728	2 738 790	2 524 460	2 747 510	2 755 450	2 868 161	1 381 891	1 419 630
Payments for capital assets	**5 417 997**	**5 640 063**	**7 119 627**	**7 406 955**	**8 088 376**	**7 908 086**	**7 393 389**	**7 861 040**	**8 681 125**
Buildings and other fixed structures	4 604 839	4 973 729	5 893 494	5 853 391	6 744 267	6 724 267	6 271 741	6 890 960	7 657 522
Buildings	2 495 989	2 851 261	3 407 741	3 603 198	4 187 191	4 167 191	3 654 957	3 919 069	4 666 886
Other fixed structures	2 108 850	2 122 468	2 485 753	2 250 193	2 557 076	2 557 076	2 616 784	2 971 891	2 990 636
Machinery and equipment	797 665	650 510	1 169 438	1 542 296	1 301 037	1 140 747	1 108 078	960 801	1 015 152
Transport equipment	101 572	154 714	334 417	271 313	250 967	251 181	219 766	223 368	217 211
Other machinery and equipment	696 093	495 796	835 021	1 270 983	1 050 070	889 566	888 312	737 433	797 941
Heritage assets	-	323	1 819	-	8 000	8 000	4 865	-	-
Specialised military assets	-	-	-	-	-	-	-	-	-
Biological assets	360	222	7 354	523	9 951	9 951	553	586	609
Land and sub-soil assets	450	798	26 455	-	-	-	-	-	-
Software and other intangible assets	14 683	14 481	21 067	10 745	25 121	25 121	8 152	8 693	7 842
Payments for financial assets	**1 164 407**	**445 440**	**26 265**	**1 800**	**2 109**	**2 145**	**2 500**	**2 500**	**4 694**
Total	**63 742 849**	**67 600 043**	**78 578 253**	**83 501 161**	**85 936 703**	**86 396 770**	**89 716 154**	**93 350 510**	**99 494 410**
Statutory payments	66 435	62 681	65 601	70 299	70 299	70 299	76 050	108 468	84 321
Total (including statutory payments)	**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**

Table 1.C: Information relating to conditional grants

Vote and Grant	Adjusted appropriation	Actual transfer	Audited expenditure	Adjusted appropriation	Actual transfer	Audited expenditure	Adjusted appropriation	Actual transfer	Audited expenditure	Adjusted appropriation	Revised transfer estimate	Revised exp estimate	Medium-term estimates		
R thousand	2009/10			2010/11			2011/12			2012/13			2013/14	2014/15	2015/16
Vote 3 - Agric., Environ. Affairs and Rural Dev	**138 489**	**138 489**	**126 924**	**186 090**	**186 090**	**185 614**	**242 727**	**242 251**	**242 022**	**277 443**	**276 738**	**277 443**	**287 586**	**292 579**	**305 133**
Land Care Programme grant	8 227	8 227	8 227	8 721	8 721	8 245	9 720	9 244	9 015	21 009	20 304	21 009	18 746	10 854	11 179
Comprehensive Agricultural Support Programme	117 762	117 762	106 197	147 369	147 369	147 369	164 691	164 691	164 691	183 726	183 726	183 726	202 522	212 632	222 405
Agricultural Disaster Management grant	5 000	5 000	5 000	30 000	30 000	30 000	-	-	-	-	-	-	-	-	-
Ilima/Letsema Projects grant	7 500	7 500	7 500	-	-	-	60 000	60 000	60 000	63 000	63 000	63 000	65 768	69 093	71 549
EPWP Integrated Grant for Provinces	-	-	-	-	-	-	8 316	8 316	8 316	9 708	9 708	9 708	550	-	-
Vote 4 - Economic Development and Tourism	**-**	**-**	**-**	**-**	**-**	**-**	**536**	**536**	**-**	**1 000**	**1 000**	**1 000**	**-**	**-**	**-**
EPWP Integrated Grant for Provinces	-	-	-	-	-	-	536	536	-	1 000	1 000	1 000	-	-	-
Vote 5 - Education	**1 380 097**	**1 341 818**	**1 389 019**	**2 598 423**	**2 598 423**	**2 550 137**	**3 210 108**	**3 180 057**	**3 180 057**	**3 393 341**	**3 363 826**	**3 380 975**	**2 943 633**	**3 133 961**	**3 787 518**
Educaton Infrastructure grant (previously IGP)	594 196	746 136	603 211	855 285	1 035 501	753 216	1 175 956	1 175 956	1 144 368	1 179 358	1 247 477	1 138 616	1 206 190	1 237 534	1 287 034
HIV and AIDS (Life-Skills Education) grant	39 765	39 765	39 672	42 686	42 686	39 998	45 114	45 114	45 114	46 806	46 806	42 019	48 634	52 261	51 255
National School Nutrition Programme (NSNP) grant	746 136	555 917	746 136	1 035 501	855 285	1 035 501	1 172 082	1 144 368	1 175 956	1 247 477	1 151 644	1 247 477	1 298 847	1 432 140	2 011 863
FET College Sector Recapitalisation grant	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
FET College Sector grant	-	-	-	649 177	649 177	705 883	765 537	765 537	765 537	858 862	858 862	892 025	325 736	347 178	369 399
Education Disaster Management grant	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Technical Secondary Schools Recapitalisation grant	-	-	-	15 274	15 274	15 039	38 563	36 762	36 762	42 291	40 490	42 291	42 717	45 280	47 499
EPWP Integrated Grant for Provinces	-	-	-	500	500	500	536	-	-	1 000	1 000	1 000	3 000	-	-
Dinaledi Schools grant	-	-	-	-	-	-	12 320	12 320	12 320	17 547	17 547	17 547	18 509	19 568	20 468
Vote 6 - Provincial Treasury	**-**	**-**	**-**	**-**	**1 634**	**1 634**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
Infrastructure Grant to Provinces	-	-	-	-	1 634	1 634	-	-	-	-	-	-	-	-	-
Vote 7 - Health	**1 841 836**	**3 114 646**	**3 191 197**	**2 324 747**	**3 924 609**	**3 575 732**	**2 703 561**	**4 435 205**	**4 452 554**	**5 023 849**	**5 023 849**	**5 023 849**	**5 319 234**	**5 992 400**	**6 539 263**
Health Professions Training and Development grant	222 425	222 425	222 425	235 771	235 771	235 771	249 917	249 917	249 917	261 860	261 860	261 860	276 262	292 837	306 308
Health Facilty Revitalisation grant	1 615 830	648 579	584 626	2 071 455	901 053	578 019	2 427 333	906 169	906 169	1 176 452	1 176 452	1 176 452	962 469	1 090 431	1 139 972
of which:															
Health Infrastructure component	*1 121 575*	*359 717*	*359 717*	*1 518 811*	*400 238*	*280 449*	*1 907 312*	*358 471*	*358 471*	*573 367*	*573 367*	*573 367*	*373 969*	*410 845*	*430 527*
Hospital Revitalisation component	*359 717*	*288 862*	*224 909*	*400 238*	*500 815*	*297 570*	*358 471*	*547 698*	*547 698*	*586 605*	*586 605*	*586 605*	*560 104*	*646 132*	*676 544*
Nursing Colleges and Schools component	*134 538*	*-*	*-*	*152 406*	*-*	*-*	*161 550*	*-*	*-*	*16 480*	*16 480*	*16 480*	*28 396*	*33 454*	*32 901*
National Tertiary Services grant	3 581	983 948	984 488	3 538	1 102 585	1 102 517	-	1 201 831	1 201 831	1 323 114	1 323 114	1 323 114	1 415 731	1 496 427	1 565 263
Comprehensive HIV and AIDS grant	-	1 121 575	1 121 582	2 676	1 518 811	1 500 926	25 775	1 889 427	1 907 312	2 225 423	2 225 423	2 225 423	2 652 072	3 098 705	3 512 927
Forensic Pathology Services grant	-	134 538	278 033	11 307	152 406	152 406	536	161 550	161 550	-	-	-	-	-	-
2010 World Cup Health Preparation Strategy grant	-	3 581	43	-	-	3 538	-	-	-	-	-	-	-	-	-
Social Sector EPWP Incentive Grant for Provinces	-	-	-	-	2 676	2 555	-	25 775	25 775	-	-	-	-	-	-
EPWP Integrated Grant for Provinces	-	-	-	-	11 307	-	-	536	-	1 000	1 000	1 000	3 000	-	-
National Health Insurance grant	-	-	-	-	-	-	-	-	-	33 000	33 000	33 000	9 700	14 000	14 793
AFCON 2013: Medical Services grant	-	-	-	-	-	-	-	-	-	3 000	3 000	3 000	-	-	-
Vote 8 - Human Settlements	**2 330 448**	**2 330 448**	**2 253 423**	**2 725 526**	**2 768 502**	**2 845 034**	**2 801 011**	**2 801 547**	**2 772 232**	**2 942 934**	**2 915 297**	**2 942 934**	**3 238 428**	**1 685 764**	**1 675 237**
Human Settlements Development grant	2 180 448	2 180 448	2 103 423	2 711 133	2 634 109	2 711 234	2 769 871	2 769 871	2 769 871	2 915 297	2 915 297	2 915 297	3 235 428	1 685 764	1 675 237
Housing Disaster Relief grant	150 000	150 000	150 000	13 800	133 800	133 800	31 140	31 140	2 361	27 637	-	27 637	-	-	-
EPWP Integrated Grant for Provinces	-	-	-	593	593	-	-	536	-	-	-	-	3 000	-	-
Vote 9 - Community Safety and Liaison	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**1 673**	**1 673**	**1 673**	**5 369**	**-**	**-**
Social Sector EPWP Incentive Grant for Provinces	-	-	-	-	-	-	-	-	-	1 673	1 673	1 673	5 369	-	-
Vote 12 - Transport	**1 631 123**	**1 570 723**	**1 576 577**	**2 040 937**	**2 040 505**	**2 041 644**	**2 157 272**	**2 157 272**	**2 157 272**	**2 393 661**	**2 373 740**	**2 458 402**	**2 619 732**	**2 646 943**	**3 104 476**
Sani Pass Road grant	34 747	34 347	34 347	-	-	-	-	-	-	-	-	-	-	-	-
Transport Disaster Management grant	-	-	-	-	-	-	29 736	29 736	29 736	-	-	-	-	-	-
Public Transport Operations grant	647 396	587 396	593 250	714 587	714 587	715 294	773 473	773 473	773 473	808 279	808 279	873 020	852 325	895 350	936 536
EPWP Integrated Grant for Provinces	83 900	83 900	83 900	153 562	153 130	153 562	117 415	117 415	117 415	84 211	64 290	84 211	88 487	-	-
Provincial Roads Maintenance grant	865 080	865 080	865 080	958 390	958 390	958 390	1 236 648	1 236 648	1 236 648	1 501 171	1 501 171	1 501 171	1 678 920	1 751 593	2 167 940
Provincial Disaster Relief grant	-	-	-	214 398	214 398	214 398	-	-	-	-	-	-	-	-	-
Vote 13 - Social Development	**-**	**-**	**-**	**2 700**	**2 700**	**2 700**	**4 494**	**3 821**	**3 821**	**674**	**-**	**674**	**14 610**	**-**	**-**
Social Sector EPWP Incentive Grant for Provinces	-	-	-	2 700	2 700	2 700	4 494	3 821	3 821	674	-	674	14 610	-	-
Vote 14 - Public Works	**237 662**	**236 544**	**237 205**	**714 031**	**713 331**	**510 352**	**507 841**	**465 546**	**494 163**	**554 640**	**552 608**	**554 640**	**3 000**	**-**	**-**
Devolution of Property Rate Funds Grant to Provinces	237 382	236 264	237 205	710 068	709 891	509 939	505 880	463 585	489 480	551 100	551 100	551 100	-	-	-
EPWP Integrated Grant for Provinces	280	280	-	3 963	3 440	413	1 961	1 961	4 683	3 540	1 508	3 540	3 000	-	-
Vote 15 - Arts and Culture	**35 589**	**35 589**	**30 597**	**43 274**	**38 282**	**41 261**	**48 971**	**48 971**	**49 444**	**49 166**	**48 619**	**49 166**	**63 695**	**122 754**	**160 042**
Community Library Services grant	35 589	35 589	30 597	43 274	38 282	41 261	48 971	48 971	49 444	48 619	48 619	48 619	63 145	122 754	160 042
EPWP Integrated Grant for Provinces	-	-	-	-	-	-	-	-	-	547	-	547	550	-	-
Vote 16 - Sport and Recreation	**85 148**	**85 148**	**79 249**	**94 214**	**90 756**	**93 714**	**87 694**	**87 694**	**87 694**	**92 122**	**92 122**	**92 122**	**84 760**	**83 877**	**88 071**
Mass Sport and Recreation Participation Programme	85 148	85 148	79 249	93 714	90 256	93 714	87 694	87 694	87 694	91 122	91 122	91 122	79 883	83 877	88 071
EPWP Integrated Grant for Provinces	-	-	-	500	500	-	-	-	-	1 000	1 000	1 000	550	-	-
Social Sector EPWP Incentive Grant for Provinces	-	-	-	-	-	-	-	-	-	-	-	-	4 327	-	-
Total conditional grants	**7 680 392**	**8 853 405**	**8 884 191**	**10 729 942**	**12 364 832**	**11 847 822**	**11 764 215**	**13 422 900**	**13 439 259**	**14 730 503**	**14 649 472**	**14 782 878**	**14 580 047**	**13 958 278**	**15 659 740**

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

	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 2013/14	MTEF forward estimates 2014/15	MTEF forward estimates 2015/16
R thousand														
New and replacement assets														
Agriculture, Environmental Affairs and Rural Development									**-**	**34 440**	**-**	**48 096**	**50 981**	**53 326**
1.	Mushroom bases	Various	Mushroom satellite	2 per annum	Ongoing	Ongoing	Equitable share	Programme 2	-	34 440	-	18 800	20 525	21 043
2.	Farm structures	Various	Fencing, irrigation, poultry, piggery, etc	Various	Ongoing	Ongoing	Equitable share	Programme 2	-	-	-	2 145	1 021	1 082
3.	Makhathini	Jozini	Irrigation, fencing, drainage canals, etc	Various	01 Apr 2013	31 Mar 2016	Equit. & cond. grant	Programme 2	-	-	-	23 151	25 235	26 749
4.	Office accommodation (HO & districts)	Various	Office accommodation	Various	01 Apr 2013	31 Mar 2016	Equitable share	Programme 1	-	-	-	4 000	4 200	4 452
Education									**-**	**1 644 600**	**383 285**	**757 865**	**1 028 289**	**1 266 637**
1.	Nkombose H.S.	The Big 5 False Bay	School - Secondary	15	27 Aug 2009	31 Mar 2016	Equitable share	Programme 2	-	31 628	24 111	582	-	582
2.	Amandlakazulu (Bilanyoni) P.S.	Abaqulusi	School - Primary	21	04 Sep 2009	31 Mar 2016	Equitable share	Programme 2	-	30 276	6 466	7 406	3 000	7 406
3.	Intuthuko Lsen	Umkhanyakude	School - Specialised	8	02 Feb 2011	31 Mar 2016	Edu. Infras. grant	Programme 4	-	70 000	7 314	8 895	13 320	8 895
4.	New Ulundi Sect D Area P.S.	Ulundi	School - Primary	1	01 Apr 2012	31 Mar 2016	Equitable share	Programme 2	-	30 000	-	10 000	5 000	10 000
5.	New Makhana P.S.	Jozini	School - Primary	1	01 Apr 2012	31 Mar 2016	Equitable share	Programme 2	-	30 000	-	5 000	5 000	5 000
6.	Gannahoek P.S.	Umtshezi	School - Primary	10	01 Apr 2012	31 Mar 2016	Equitable share	Programme 2	-	14 000	1 308	1 125	1 000	1 125
7.	Khethokuhle P.S.	Newcastle	School - Primary	21	09 Mar 2011	31 Mar 2016	Edu. Infras. 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 2016	Edu. Infras. grant	Programme 4	-	7 000	5 257	272	-	272
9.	Mabhumane PS	Emnambithi/Ladysmith	School - Primary	1	15 Feb 2007	31 Mar 2016	Edu. Infras. grant	Programme 2	-	8 250	8 032	-	-	-
9.	Mkhamba Gardens P.S.	Emnambithi/Ladysmith	School - Primary	1	01 Apr 2012	31 Mar 2016	Edu. Infras. grant	Programme 2	-	30 000	-	4 000	12 000	4 000
Other	Various	All	Various	Several	01 Apr 2010	31 Mar 2016	Equit. & Edu. Infras. grant	All	-	1 361 446	329 277	717 587	982 969	1 226 359
Health									**-**	**696 308**	**255 296**	**379 082**	**373 764**	**353 010**
1.	Construction of a new CHC	Dannhauser	Community Health Centre	1	March 2012	June 2014	Health Infrastructure	Programme 8	-	157 384	75 919	78 000	3 465	-
2.	Construction of a new clinic with residences	Jozini	Clinic	1	March 2012	June 2014	Equitable share	Programme 8	-	34 202	15 115	18 287	800	-
3.	Construction of a new CHC	Jozini	Community Health Centre	1	August 2012	May 2015	Equitable share	Programme 8	-	170 000	28 433	66 000	71 567	4 000
4.	Construction of a medium clinic with residence	Msinga	Clinic	1	March 2013	April 2015	Equitable share	Programme 8	-	15 000	934	9 000	4 696	370
5.	Construction of a new medium clinic	Umlalazi	Clinic	1	April 2013	May 2014	Equitable share	Programme 8	-	19 408	8 427	10 431	550	-
6.	Construction of a new clinic	Msinga	Clinic	1	August 2012	April 2014	Equitable share	Programme 8	-	16 878	4 625	11 853	400	-
7.	Replacement clinic: guard house, car port, etc	Mthonjaneni	Clinic	1	April 2012	April 2014	Health Infrastructure	Programme 8	-	16 325	3 902	11 923	500	-
8.	New M6 forensic mortuary	eThekwini	Mortuary	1	December 2011	June 2014	Equitable share	Programme 8	-	87 313	37 177	47 936	2 200	-
9.	Construction of a new CHC with residencies	Msinga	Community Health Centre	1	March 2012	June 2014	Health Infrastructure	Programme 8	-	161 018	80 164	76 854	4 000	-
10.	Replacement medium clinic	Nongoma	Clinic	1	March 2013	April 2015	Equitable share	Programme 8	-	18 780	600	12 000	5 780	400
Other	Various	Various	Various	Various	Various	Various	Various	Programme 8	-	-	-	36 798	279 806	348 240
Human Settlements									**-**	**-**	**-**	**15 000**	**26 014**	**26 014**
1.	Social and Economic Facilities	Various	Parks, creche facilities, taxi ranks, community halls, etc.	Several	01 Apr 2011	01 Mar 2016	HSDG	Programme 3	-	-	-	15 000	26 014	26 014
Co-operative Governance and Traditional Affairs									**-**	**16 012**	**39 802**	**13 250**	**14 250**	**14 512**
1.	Imizi Yesizwe	Various	Houses for Amakhosi	Several	01 Apr 2007	Ongoing	Equitable share	Programme 4	-	-	36 950	8 000	9 000	9 000
2.	New Traditional Administrative Centre	Zululand	New construction	1	01 Apr 2013	31 Mar 2014	Equitable share	Programme 3	-	5 250	2 852	5 250	-	-
3.	New Traditional Administrative Centre	uMgungundlovu DM	New construction	1	01 Apr 2014	31 Mar 2015	Equitable share	Programme 3	-	5 250	-	-	5 250	-
4.	New Traditional Administrative Centre	uMgungundlovu DM	New construction	1	01 Apr 2015	31 Mar 2016	Equitable share	Programme 3	-	5 512	-	-	-	5 512
Transport									**4 500**	**739 900**	**660 900**	**432 573**	**356 343**	**368 517**
1.	P577 (ARRUP)	Durban	Surface	14 km	01 Apr 2003	31 Mar 2014	Equitable share	Programme 2	4 500	739 900	660 900	100 424	-	-
2.	Access roads	Whole KZN	Gravel	Several	01 Apr 2011	31 Mar 2016	Equitable share	Programme 2	-	-	-	161 604	182 858	193 827
3.	Pedestrian bridges	Whole KZN	Bridges	Several	01 Apr 2011	31 Mar 2016	Equitable share	Programme 2	-	-	-	126 147	133 085	133 986
4.	Integrated Public Transport facilities	Estcourt and Emondlo	Structures	2	01 Apr 2011	31 Mar 2016	Equitable share	Programme 2	-	-	-	44 398	40 400	40 704

Table 1.D: Detail payments and estimates of infrastructure by category (cont'd)

	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 2013/14	MTEF forward estimates 2014/15	MTEF forward estimates 2015/16
R thousand														
Social Development									**-**	**431 204**	**-**	**141 021**	**148 777**	**155 621**
1.	KwaShukela Service Centre	Jozini	Service centre	7	23 May 2011	23 Feb 2014	Equitable share	Programme 3	-	16 917	-	9 653	-	-
2.	Hlabisa Service Office	Hlabisa	Service office	7	02 Apr 2011	21 Mar 2014	Equitable share	Programme 2	-	16 685	-	8 387	-	-
3.	Emanyiseni Service Centre	Umhlabuyalingana	Service centre	7	07 Apr 2011	25 Feb 2014	Equitable share	Programme 3	-	17 035	-	4 845	-	-
4.	Obuka Service Office	Umlalazi	Service office	6	08 May 2011	31 Mar 2014	Equitable share	Programme 2	-	12 633	-	5 224	-	-
5.	KwaNgwanase Service Office	Umhlabuyalingana	Service office	8	19 Apr 2011	31 Mar 2014	Equitable share	Programme 2	-	19 964	-	10 788	-	-
6.	Nkunzana Service Centre	Nongoma	Service centre	7	01 Apr 2011	30 Mar 2014	Equitable share	Programme 3	-	15 058	-	1 721	-	-
7.	Godlwayo Service Centre	uPhongolo	Service centre	7	05 May 2011	31 Mar 2014	Equitable share	Programme 3	-	15 110	-	6 927	-	-
8.	Osuthu Youth Development Centre	Nongoma	Youth Dev. centre	7	12 Apr 2011	31 Mar 2014	Equitable share	Programme 3	-	16 109	-	15 074	-	-
9.	Inkosi Simakade Mchunu Service Centre	Msinga	Service centre	7	01 Apr 2011	31 Mar 2014	Equitable share	Programme 3	-	12 139	-	6 762	-	-
Other	Various	Various	Various	Various	Various	Various	Equitable share	Various	-	289 554	-	71 640	148 777	155 621
Public Works									**-**	**21 960**	**1 401**	**16 144**	**5 889**	**40**
1.	Ixopo: district office (d/o) - new d/o	Sisonke	Construct new office	1	01 Nov 2010	30 Mar 2014	Equitable share	Programme 3	-	21 310	1 305	690	-	-
2.	Richmond NIP site - con.of Richmnd NIP site	Sisonke	Construct new office	1	01 Apr 2010	30 Mar 2014	Equitable share	Programme 3	-	650	96	404	-	-
3.	Umzinyathi sub-district office (Uthukela Ferry)	Uthukela	Construct new office	1	01 Apr 2013	30 Aug 2016	Equitable share	Programme 3	-	-	-	5 500	3 289	40
4.	uMgungundlovu - new admin wing	uMgungundlovu	Construct new wing	1	01 Apr 2013	30 Mar 2015	Equitable share	Programme 3	-	-	-	7 900	2 600	-
5.	eThekwini Regional Office	eThekwini	Replacement lift	1	01 Apr 2013	30 Mar 2014	Equitable share	Programme 3	-	-	-	1 650	-	-
Arts and Culture									**-**	**-**	**-**	**36 719**	**68 882**	**82 072**
1.	Construction of libraries	Various	Library building	2	01 Apr 2013	31 Mar 2016	Conditional grant	Programme 3	-	-	-	20 400	49 000	58 000
2.	Construction of libraries	Various	Library building	2	01 Apr 2013	31 Mar 2016	Equitable share	Programme 3	-	-	-	9 319	10 107	10 572
3.	Constuction of museums	Various	Museum	4	01 Apr 2013	31 Mar 2016	Equitable share	Programme 2	-	-	-	2 000	1 500	3 500
4.	Construction of art centres	Various	Art centre	3	01 Apr 2013	31 Mar 2016	Equitable share	Programme 2	-	-	-	5 000	8 275	10 000
Sport and Recreation									**-**	**19 565**	**56 766**	**32 380**	**30 663**	**23 705**
1.	Combination courts	Various municipalities	Sporting courts	11	01 Apr 2012	31 Mar 2016	Equitable share	Programme 2	-	3 500	29 664	5 275	5 592	5 849
2.	Sports fields	Various municipalities	Sport fields	4	01 Apr 2012	31 Mar 2016	Equitable share	Programme 2	-	7 560	7 685	7 976	8 454	8 843
3.	Futsal courts	Various municipalities	Soccer courts	15	01 Apr 2012	31 Mar 2016	Equitable share	Programme 2	-	7 705	18 820	8 129	8 617	9 013
4.	Office building	Ugu/Sisonke	Building	1	01 Apr 2012	31 Mar 2015	Equitable share	Programme 1	-	800	597	11 000	8 000	-
Total new and replacement assets									**4 500**	**3 603 989**	**1 397 450**	**1 872 130**	**2 103 852**	**2 343 454**
Upgrades and additions														
Provincial Legislature									**-**	**3 400**	**1 259**	**767**	**813**	**850**
1.	Installation of generator - Legislature building	Msunduzi	Legislature building	1	01 Apr 2012	01 Mar 2014	Equitable share	Programme 1	-	-	528	154	-	-
2.	Installation of generator - Admin. building	Msunduzi	Admin. building	1	01 Apr 2012	01 Mar 2014	Equitable share	Programme 1	-	-	731	400	-	-
3.	Capital revamping of Legislature building	Msunduzi	Legislature building	1	01 Apr 2012	01 Mar 2016	Equitable share	Programme 1	-	3 400	-	213	813	850
Education									**-**	**6 536 025**	**1 510 858**	**1 112 878**	**1 040 959**	**1 434 757**
1.	A M Moolla Spes Nova For C P Children	eThekwini	School - Specialised	1	01 Apr 2012	31 Mar 2014	Equitable share	Programme 4	-	900	-	900	-	-
2.	Abaqulusi H.S.	Zululand	Sanitation/toilet buildings	1	01 Apr 2012	31 Mar 2014	Edu. Infras. grant	Programme 2	-	1 306	-	474	-	-
3.	Abaqulusi H.S.	Zululand	Mobile school	1	01 Feb 2011	31 Mar 2014	Edu. Infras. grant	Programme 2	-	479	307	172	-	-
4.	Albert Falls P.S.	uMshwathi	School - Primary	7	01 Apr 2012	31 Mar 2014	Edu. Infras. grant	Programme 2	-	18 303	812	16 000	-	-
5.	Aldinville	Ilembe	School - Primary	1	19 Mar 2010	31 Mar 2014	Equitable share	Programme 2	-	1 518	842	-	-	-
6.	Alexandra H.S.	Msunduzi	School - Secondary	1	01 Apr 2012	31 Mar 2016	Edu. Infras. grant	Programme 2	-	768	-	384	-	384
7.	Alpha	Zululand	Mobile school	2	01 Apr 2012	31 Mar 2014	Edu. Infras. grant	Programme 2	-	137	-	137	-	-
8.	Altona Primary	Zululand	Fencing	500	02 Jul 2008	31 Mar 2014	Edu. Infras. grant	Programme 2	-	78	78	-	-	-
8.	Altona Senior P.S.	Zululand	School - Primary	1	01 Apr 2012	31 Mar 2016	Edu. Infras. grant	Programme 2	-	10 000	-	4 400	1 000	4 400
Other	Various	All	Various	38 095	01 Apr 2010	31 Mar 2016	Equit. & Edu. Infras. grant	All	-	6 502 536	1 508 819	1 090 411	1 039 959	1 429 973

Table 1.D: Detail payments and estimates of infrastructure by category (cont'd)

	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						2013/14	2014/15	2015/16
R thousand														
Health									**-**	**1 137 649**	**571 747**	**438 363**	**392 000**	**414 598**
1.	Upgrade existing accident and emergency unit	Msunduzi	Hospital - Regional	1	October 2012	June 2015	Hospital Revitalisation	Programme 8	-	78 493	7 823	30 000	38 372	2 298
2.	New OPD, casualty/trauma unit, facilities, ect.	Okhahlamba	Hospital - District	865	March 2012	December 2015	Equitable share	Programme 8	-	132 236	32 470	51 000	36 266	10 300
3.	Health technology equipment	eThekwini	Hospital - District	1	April 2011	September 2014	Hospital Revitalisation	Programme 8	-	130 000	89 194	35 000	5 000	-
4.	New TB complex	eThekwini	Hospital - Regional	297	September 2011	June 2014	Hospital Revitalisation	Programme 8	-	81 104	48 061	31 071	2 030	-
5.	Alteration and additions to existing hospital	uMhlathuze	Hospital - District	296	September 2010	July 2015	Hospital Revitalisation	Programme 8	-	347 874	241 658	78 000	20 216	8 000
6.	New general and T.B. wards	Hibiscus Coast	Hospital - District	900	March 2012	April 2015	Health Infrastructure	Programme 8	-	67 500	19 868	30 000	15 932	1 700
7.	Upgr. MV and LV elec. Reticulation, etc.	uMhlathuze	Hospital - Regional	506	May 2011	June 2014	Hospital Revitalisation	Programme 8	-	104 681	73 243	35 829	4 551	-
8.	Accomodation for 39 staff	Umzimkulu	Community Health Centre	268	September 2012	April 2014	Equitable share	Programme 8	-	34 431	4 368	29 563	500	-
9.	Phase 3B: Admin, kitchen, audio, ARV, etc.	Umzimkulu	Hospital - District	336	October 2011	June 2015	Hospital Revitalisation	Programme 8	-	110 000	33 464	50 000	25 069	2 300
10.	Phase 3A: New pharmacy, stores, etc.	Umzimkulu	Hospital - District	208	April 2012	April 2014	Hospital Revitalisation	Programme 8	-	51 330	21 598	28 874	850	-
Other	Various	Various	Various	Several	Various	Various	Various	Programme 8	-	-	-	39 026	243 214	390 000
Transport									**9 650**	**1 375 188**	**902 588**	**1 326 432**	**1 704 282**	**1 693 054**
1.	P496 (RNI)	Empangeni	Surface	13 km	01 Oct 2005	31 Mar 2013	Equitable share	Programme 2	6 750	900 000	501 400	76 631	-	-
2.	DubeTradePort roads	eThekwini	Construction	Several	01 Apr 2011	31 Mar 2016	Equitable share	Programme 2	-	-	-	100 548	100 235	277 692
3.	ARRUP roads	Whole KZN	Construction	Several	01 Apr 2011	31 Mar 2016	Equitable share	Programme 2	-	-	-	306 029	590 291	568 465
4.	Access roads	Whole KZN	Construction	Several	01 Apr 2011	31 Mar 2016	Equitable share	Programme 2	-	-	-	669 190	828 495	647 120
5.	P700 (ARRUP)	Empangeni	Surface	95 km	01 May 2004	31 Mar 2016	Equitable share	Programme 2	2 900	475 188	401 188	174 034	185 261	199 777
Social Development									**-**	**135 600**	**-**	**36 347**	**28 307**	**29 608**
1.	KwaBadala Old Age	Nkandla	Old age home	7	01 Apr 2011	31 Mar 2014	Equitable share	Programme 2	-	20 000	-	6 000	-	-
2.	Newcastle School of Industries	Newcastle	School of industry	1	01 Apr 2011	30 Jun 2015	Equitable share	Programme 2	-	50 000	-	6 844	10 279	-
3.	Madadeni Rehab	Newcastle	Rehab centre	4	01 Apr 2011	31 Mar 2015	Equitable share	Programme 2	-	24 000	-	6 500	6 500	-
4.	Princess Mkabayi Children's Home	Nquthu	Children's home	4	01 Apr 2011	30 Aug 2014	Equitable share	Programme 2	-	6 400	-	3 000	-	-
5.	Excelsior POS	eThekwini Metro	Place of safety	7	01 Apr 2011	30 Sep 2014	Equitable share	Programme 2	-	8 400	-	4 003	-	-
6.	Ocean View POS	eThekwini Metro	Place of safety	4	01 Apr 2011	31 Mar 2014	Equitable share	Programme 2	-	1 700	-	1 000	-	-
7.	Truro House Offices	eThekwini Metro	Offices	3	01 Apr 2011	31 Mar 2014	Equitable share	Programme 2	-	2 400	-	1 500	-	-
8.	Enduduzweni Centre for the Blind	eThekwini Metro	Protective workshop	3	01 Apr 2011	31 Mar 2014	Equitable share	Programme 2	-	1 200	-	500	-	-
9.	Greenfields POS	Msunduzi	Place of safety	7	01 Apr 2011	31 Mar 2014	Equitable share	Programme 2	-	18 000	-	4 000	-	-
10.	PMB Regional Office (Karl Eggers)	Msunduzi	Regional office	5	01 Apr 2012	30 Mar 2014	Equitable share	Programme 2	-	3 500	-	3 000	-	-
Other	Various	Various	Various	Various	Various	Various	Equitable share	Programme 2	-	-	-	-	11 528	29 608
Public Works									**-**	**443 453**	**90 703**	**47 135**	**61 267**	**74 015**
1.	Nongoma d/o - LA Building	Zululand	Additions and alterations	1	26 Aug 2008	03 Dec 2014	Equitable share	Programme 3	-	15 600	9 532	6 831	230	-
2.	eThekwini d/o - Conf. centre	eThekwini	Upgrades and additions	1	01 Apr 2012	30 Mar 2014	Equitable share	Programme 3	-	23 050	114	3 264	-	-
3.	CiBD satellite office & uMgungun. d/o	uMgungundlovu	Upgrades and additions	1	01 Apr 2010	30 Mar 2015	Equitable share	Programme 3	-	14 760	2 362	9 200	1 930	-
4.	191 Prince Alfred Street - Phase 1/2/3	uMgungundlovu	Upgrades to existing office	1	01 Apr 2010	01 Mar 2016	Equitable share	Programme 3	-	335 611	57 857	16 222	56 921	74 015
5.	Greytown sub. office - Uthukela	Umzinyathi	Extensions to Uthukela depot	1	15 Jan 2011	15 Jan 2014	Equitable share	Programme 3	-	20 000	908	1 423	-	-
6.	Midlands r/o - emer. water supply, etc.	Uthukela	Upgrades to existing office	1	02 Feb 2009	15 Jan 2015	Equitable share	Programme 3	-	34 432	19 930	8 395	2 186	-
7.	Various	Various	Various	2	Various	Various	Equitable share	Programme 3	-	-	-	1 800	-	-
Arts and Culture									**-**	**-**	**-**	**16 500**	**9 000**	**17 000**
1.	Upgrade of art centres	Various	Art centre	3	01 Apr 2013	31 Mar 2015	Equitable share	Programme 2	-	-	-	5 000	2 000	-
2.	Upgrade of museums	Various	Museum	1	01 Apr 2013	31 Mar 2014	Equitable share	Programme 2	-	-	-	900	-	-
3.	Upgrade of libraries	Various	Library building	1	01 Apr 2013	31 Mar 2016	Conditional grant	Programme 3	-	-	-	1 600	1 000	17 000
4.	Upgrade of depots	Various	Library depots	4	01 Sep 2013	01 Dec 2015	Equitable share	Programme 3	-	-	-	9 000	6 000	-
Total upgrades and additions									**9 650**	**9 631 315**	**3 077 155**	**2 978 422**	**3 236 628**	**3 663 882**

Table 1.D: Detail payments and estimates of infrastructure by category (cont'd)

	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						2013/14	2014/15	2015/16
R thousand														
Rehabilitation, renovations and refurbishments														
Agriculture, Environmental Affairs and Rural Development									**-**	**-**	**-**	**96 772**	**81 206**	**85 016**
1.	Office accommodation (HO & districts)	Various	Office accommodation	Various	Ongoing	Ongoing	Equitable share	Programme 1	-	-	-	9 856	10 439	10 875
2.	Makhathini	Jozini	Irrigation, fencing, drainage canals, etc	Various	Ongoing	Ongoing	Equit. & cond. grant	Programme 2	-	-	-	61 554	36 474	37 962
3.	Irrigation schemes	Various	Irrigation schemes	Various	Ongoing	Ongoing	Equit. & cond. grant	Programme 2	-	-	-	11 388	12 520	13 671
4.	Farm structures	Various	Handling facilities, poultry, piggery, etc	Various	Ongoing	Ongoing	Equitable share	Programme 2	-	-	-	9 850	17 443	17 918
5.	Cedara facilities	uMngeni	Access roads, dairy parlour, etc	Various	01 Apr 2013	31 Mar 2016	Equitable share	Programme 1	-	-	-	4 124	4 330	4 590
Education									**-**	**4 126 254**	**883 849**	**509 375**	**550 048**	**703 638**
1.	Alstone P.S.	uMgungundlovu	School - Primary	1	01 Apr 2012	31 Mar 2016	Edu. Infras. grant	Programme 2	-	13 500	251	4 100	3 900	4 100
2.	Altona Sps	UPhongolo	Office accommodation	1	18 Jan 2011	31 Mar 2014	Edu. Infras. grant	Programme 2	-	1 409	718	691	-	-
3.	Amajuba District Offices	Amajuba	Office accommodation	1	01 Apr 2012	31 Mar 2014	Edu. Infras. grant	Programme 2	-	4 000	-	900	2 200	900
Other	Various	All	Various	3047	01 Apr 2010	31 Mar 2016	ES/Edu. Infras. grant	All	-	4 106 574	882 434	503 684	543 948	698 638
Health									**-**	**698 388**	**258 866**	**326 287**	**211 831**	**125 693**
1.	Refurbishment and rehabilitation of hospital	eThekwini	Hospital - District	238	March 2012	June 2015	Health Infrastructure	Programme 8	-	168 137	59 504	70 000	28 633	4 000
2.	Renovations and additions to existing building.	eThekwini	Training College	1	July 2012	April 2014	Nursing Colleges & Sch.	Programme 8	-	29 983	8 531	20 727	725	-
3.	Renovations, additions to existing building	Msunduzi	Training College	1	November 2011	June 2014	Nursing Colleges & Sch.	Programme 8	-	55 000	36 493	17 112	1 395	-
4.	Constr. of new roof for hospital buildings	Umlalazi	Hospital - District	125	March 2013	April 2014	Equitable share	Programme 8	-	11 880	989	10 441	450	-
5.	Phase 2-4 casualty, trauma, admissions	Umdoni	Hospital - District	300	May 2011	June 2015	Equitable share	Programme 8	-	137 758	37 567	76 500	19 591	4 100
6.	Repairs, renovations to doctors quarters, etc.	uMshwathi	Clinic	613	March 2013	April 2015	Equitable share	Programme 8	-	30 000	619	13 000	15 631	750
7.	Repair, install plant: Durban regional laundry	eThekwini	Sanitation	571	December 2011	June 2015	Equitable share	Programme 8	-	170 400	81 151	30 000	30 000	3 249
8.	Demolish existing houses at Jabulani Village	Umlalazi	Hospital - District	800	May 2012	April 2015	Health Infrastructure	Programme 8	-	18 352	3 133	9 502	5 267	450
9.	Replacement, renovations to roof - admin block	Msunduzi	Hospital - Specialised	1	October 2011	May 2014	Equitable share	Programme 8	-	61 878	27 185	33 193	1 500	-
10.	Upgrade, additions to admin block for EMRS	eThekwini	Hospital - District	361	October 2012	April 2014	Equitable share	Programme 8	-	15 000	3 694	11 056	250	-
Other	Various	Various	Various	Several	Various	Various	Various	Programme 8	-	-	-	34 756	108 389	113 144
Human Settlements									**-**	**-**	**-**	**60 464**	**28 200**	**42 480**
1.	Rectification of pre-994 housing stock	Various	Human Setttlements Properties	Several	Ongoing	Ongoing	HSDG	Programme 4	-	-	-	60 464	28 200	42 480
The Royal Household									**-**	**24 750**	**-**	**12 866**	**1 063**	**1 112**
1.	Rehabilitation of palaces	Zululand	Palaces	7	Ongoing	Ongoing	Equitable share	Programme 2	-	24 750	-	12 866	1 063	1 112
Co-operative Governance and Traditional Affairs									**-**	**33 000**	**16 467**	**7 000**	**6 500**	**6 825**
1.	Rehabilitation of various TACs	Province wide	Rehab of existing TACs	20	01 Apr 2013	31 Mar 2014	Equitable share	Programme 4	-	11 000	16 467	7 000	-	-
2.	Rehabilitation of various TACs	Province wide	Rehab of existing TACs	20	01 Apr 2014	31 Mar 2015	Equitable share	Programme 4	-	11 000	-	-	6 500	-
3.	Rehabilitation of various TACs	Province wide	Rehab of existing TACs	20	01 Apr 2015	31 Mar 2016	Equitable share	Programme 4	-	11 000	-	-	-	6 825
Transport									**-**	**-**	**-**	**666 645**	**733 308**	**759 809**
1.	Various roads	Whole KZN	Rehabilitation	Several	01 Apr 2013	31 Mar 2016	Equitable share	Programme 2	-	-	-	666 645	733 308	759 809
Public Works									**-**	**51 028**	**21 663**	**21 360**	**11 778**	**5 118**
1.	LA Building - Ulundi Campus	Zululand	Ext. maint. and rehab. of landscape	1	11 May 2009	16 Dec 2015	Equitable share	Programme 3	-	11 600	6 958	3 600	3 800	3 225
2.	LA Building - Ulundi Campus	Zululand	Maint. contract for air conditioning	1	12 Jul 2008	27 Jun 2014	Equitable share	Programme 3	-	18 400	6 900	4 500	3 978	-
3.	LA Building - Ulundi Campus	Zululand	Prevent maint. contract for electrical	1	12 Mar 2009	12 Mar 2016	Equitable share	Programme 3	-	20 228	7 805	3 800	3 800	1 893
4.	Umzinyathi d/o	Umzinyathi	Repair to leaking roof	1	01 Apr 2012	31 Mar 2015	Equitable share	Programme 3	-	800	-	2 000	200	-
5.	LA Building - Ulundi Campus	Zululand	Upgrade 8 lifts	1	01 Apr 2013	30 Mar 2014	Equitable share	Programme 3	-	-	-	4 600	-	-
6.	LA Building - Ulundi Campus	Zululand	Replace cracked glass	1	01 Apr 2013	30 Mar 2014	Equitable share	Programme 3	-	-	-	360	-	-
7.	LA Building - Ulundi Campus	Zululand	Renew palasade fencing	1	01 Apr 2013	30 Mar 2014	Equitable share	Programme 3	-	-	-	2 500	-	-
Arts and Culture									-	-	-	-	500	-
1.	Renovation of museum	Various	Museum	2	01 Apr 2013	31 Mar 2015	Equitable share	Programme 2	-	-	-	-	500	-
Total rehabilitation, renovations and refurbishments									**-**	**4 933 420**	**1 180 845**	**1 700 769**	**1 624 434**	**1 729 691**

Table 1.D: Detail payments and estimates of infrastructure by category (cont'd)

	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						2013/14	2014/15	2015/16
R thousand														
Maintenance and repairs														
Office of the Premier									**-**	**93 714**	**-**	**13 300**	**16 400**	**17 154**
1.	Provincial Public Service Training Academy	eThekwini	Project/admin block	1	01 Apr 2011	01 Mar 2016	Equitable share	Programme 2	-	89 550	-	12 000	15 000	15 690
2.	Moses Mabhida Building	uMgungundlovu	Maintenance and Repairs	3	01 Apr 2011	01 Mar 2016	Equitable share	Programme 1	-	4 164	-	1 300	1 400	1 464
Provincial Legislature									**-**	**10 617**	**573**	**3 652**	**3 872**	**4 050**
1.	Ground maintenance	Msunduzi	Legislature building	1	01 Apr 2012	01 Mar 2016	Equitable share	Programme 1	-	346	26	107	120	93
2.	Fumigation - Legislature building	Msunduzi	Legislature building	1	01 Apr 2012	01 Mar 2016	Equitable share	Programme 1	-	270	-	80	90	100
3.	Fumigation - Admin. building	Msunduzi	Admin. building	1	01 Apr 2012	01 Mar 2016	Equitable share	Programme 1	-	369	153	96	92	112
4.	Lift maintenance - Legislature building	Msunduzi	Legislature building	1	01 Apr 2012	01 Mar 2016	Equitable share	Programme 1	-	43	24	19	15	18
5.	Lift maintenance - Admin. building	Msunduzi	Admin. building	2	01 Apr 2012	01 Mar 2015	Equitable share	Programme 1	-	367	50	49	54	-
6.	Refurbishment - Legislature building	Msunduzi	Legislature & Admin	2	01 Apr 2012	01 Mar 2016	Equitable share	Programme 1	-	5 255	60	28	33	38
7.	Maintenance contract for generators	Msunduzi	Legislature & Admin	2	01 Apr 2012	01 Mar 2016	Equitable share	Programme 1	-	104	-	-	30	34
8.	Maintenance contract of airconditioners	Msunduzi	Legislature & Admin	2	01 Apr 2012	01 Mar 2016	Equitable share	Programme 1	-	968	-	300	320	348
9.	Day-to-day maintenance - unforseen items	Msunduzi	Legislature & Admin	2	01 Apr 2012	01 Mar 2016	Equitable share	Programme 1	-	1 500	-	1 325	2 171	2 316
10.	Painting - Legislature and Admin. building	Msunduzi	Legislature & Admin	2	01 Apr 2012	01 Mar 2014	Equitable share	Programme 1	-	750	-	750	-	-
Other	Pigeon protection, roof paint & waterproof	Msunduzi	Legislature & Admin	2	01 Apr 2012	01 Mar 2016	Equitable share	Programme 1	-	645	260	898	947	991
Agriculture, Environmental Affairs and Rural Development									**-**	**-**	**-**	**22 829**	**24 199**	**25 312**
1.	Office accommodation	Various	Office accommodation	Various	Ongoing	Ongoing	Equitable share	Programme 1	-	-	-	7 295	7 780	7 908
2.	Farm structures	Various	Fencing, irrigation, poultry, piggery, etc	Various	Ongoing	Ongoing	Equitable share	Programme 2	-	-	-	7 439	12 316	13 055
3.	Makhathini	Jozini	Irrigation, fencing , drainage canals, etc	Various	Ongoing	Ongoing	Equit. & cond. grant	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	Various	Equitable share	Programme 2	-	576 142	297 633	211 300	217 422	222 169
Health									**-**	**1 194 068**	**-**	**412 397**	**453 949**	**471 743**
1.	Institutional maintenance: Umkhanyakude	Umkhanyakude	Maintenance	1	April 2013	March 2016	Equitable share	Programme 8	-	126 117	-	23 023	23 023	23 023
2.	Institutional maintenance: Amajuba District	Amajuba	Maintenance	1	April 2013	March 2016	Equitable share	Programme 8	-	50 745	-	17 503	18 003	18 003
3.	Institutional maintenance: eThekwini District	eThekwini	Maintenance	1	April 2013	March 2016	Equitable share	Programme 8	-	184 647	-	139 192	117 352	122 597
4.	Institutional maintenance: Ilembe District	Ilembe	Maintenance	1	April 2013	March 2016	Equitable share	Programme 8	-	103 765	-	26 153	41 278	41 278
5.	Institutional maintenance: Sisonke District	Sisonke	Maintenance	1	April 2013	March 2016	Equitable share	Programme 8	-	82 581	-	11 867	11 867	11 867
6.	Institutional maintenance: Ugu District	Ugu	Maintenance	1	April 2013	March 2016	Equitable share	Programme 8	-	100 350	-	23 726	23 726	23 726
7.	Institutional maintenance: uMgungundlovu	uMgungundlovu	Maintenance	1	April 2013	March 2016	Equitable share	Programme 8	-	186 264	-	63 191	61 999	61 999
8.	Institutional maintenance: Umzinyathi District	Umzinyathi	Maintenance	1	April 2013	March 2016	Equitable share	Programme 8	-	78 582	-	40 405	52 501	52 501
9.	Institutional maintenance: uThungulu District	uThungulu	Maintenance	1	April 2013	March 2016	Equitable share	Programme 8	-	101 448	-	12 443	25 578	25 578
10.	Institutional maintenance: Zululand District	Zululand	Maintenance	1	April 2013	March 2016	Equitable share	Programme 8	-	59 824	-	23 532	43 444	35 993
Other	Various	Various	Maintenance	Several	April 2013	March 2016	Equitable share	Programme 8	-	119 745	-	31 362	35 178	55 178
Human Settlements									**-**	**-**	**-**	**17 400**	**12 400**	**12 400**
1.	Housing Property Maintenance	Various	Human Setttlements Properties	Several	Ongoing	Ongoing	HSDG	Programme 4	-	-	-	17 400	12 400	12 400
The Royal Household									**-**	**11 195**	**-**	**500**	**500**	**530**
1.	Maintenance and repairs to palaces	Zululand	Palaces	7	Ongoing	Ongoing	Equitable share	Programme 2	-	11 195	-	500	500	530
Transport									**-**	**-**	**-**	**3 392 178**	**3 698 585**	**4 249 308**
1.	Reseals	Whole KZN	Reseals	Several	01 Apr 2012	31 Mar 2016	Equit. and cond. grant	Programme 2	-	-	-	333 000	370 169	327 018
2.	Routine	Whole KZN	Routine	Several	01 Apr 2012	31 Mar 2016	Equit. and cond. grant	Programme 2	-	-	-	1 151 018	1 324 417	1 530 003
3.	Preventative	Whole KZN	Preventative	Several	01 Apr 2012	31 Mar 2016	Equit. and cond. grant	Programme 2	-	-	-	892 309	982 314	1 210 444
4.	Safety	Whole KZN	Safety	Several	01 Apr 2012	31 Mar 2016	Equit. and cond. grant	Programme 2	-	-	-	315 500	302 142	395 074
5.	Special	Whole KZN	Special	Several	01 Apr 2012	31 Mar 2016	Equit. and cond. grant	Programme 2	-	-	-	35 591	36 944	38 791
6.	Mechanical	Whole KZN	Mechanical	Several	01 Apr 2012	31 Mar 2016	Equit. and cond. grant	Programme 2	-	-	-	144 510	137 086	152 940
7.	Maintenance administration	Whole KZN	Maintenance adm.	Several	01 Apr 2012	31 Mar 2016	Equit. and cond. grant	Programme 2	-	-	-	520 250	545 513	595 038
Social Development									**-**	**-**	**-**	**34 414**	**16 307**	**17 057**
Other	Various	Various	Various	Various	Various	Various	Equitable share	Progs 2 & 3	-	-	-	34 414	16 307	17 057

Table 1.D: Detail payments and estimates of infrastructure by category (cont'd)

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	
R thousand		Project/admin block; water; electricity; sanitation; etc.	Units (i.e. number of facilities)	Date: Start	Date: Finish						2013/14	2014/15	2015/16
Public Works								**-**	**-**	**-**	**8 000**	**8 100**	**8 200**
1. Maintenance & Repairs	Various	Various	Various	01 Apr 2011	01 Mar 2016	Equitable share	Programme 3	-	-	-	2 000	2 025	2 050
2. Maintenance & Repairs	Various	Various	Various	01 Apr 2011	01 Mar 2016	Equitable share	Programme 3	-	-	-	2 000	2 025	2 050
3. Maintenance & Repairs	Various	Various	Various	01 Apr 2011	01 Mar 2016	Equitable share	Programme 3	-	-	-	2 000	2 025	2 050
3. Maintenance & Repairs	Various	Various	Various	01 Apr 2011	01 Mar 2016	Equitable share	Programme 3	-	-	-	2 000	2 025	2 050
Sport and Recreation								**-**	**2 163**	**14 877**	**2 282**	**2 420**	**2 541**
1. Minor repairs and renovation	Various municipalities	Maintenance	5	01 Apr 2010	31 Mar 2016	Equitable share	Programme 2	-	2 163	14 877	2 282	2 420	2 541
Total maintenance and repairs								**-**	**1 887 899**	**313 083**	**4 118 252**	**4 454 154**	**5 030 464**
Infrastructure transfers - current													
Human Settlements								**-**	**-**	**-**	**52 000**	**68 117**	**72 467**
1. Maint. of R293 hostels and housing properties	Various	Human Setttlements Properties	Several	Ongoing	Ongoing	HSDG	Programme 4	-	-	-	52 000	68 117	72 467
Sport and Recreation								**-**	**4 950**	**3 300**	**4 950**	**4 950**	**4 950**
1. Maintenance grants	Various municipalities	Maintenance	22	01 Apr 2011	31 Mar 2016	Equitable share	Programme 2	-	4 950	3 300	4 950	4 950	4 950
Total Infrastructure transfers - current								**-**	**4 950**	**3 300**	**56 950**	**73 067**	**77 417**
Infrastructure transfers - capital													
Economic Development and Tourism								-	**5 147 217**	**989 338**	**599 655**	**655 747**	**682 459**
1. Dube TradePort	eThekwini	Dube TradePort	1	01 Apr 2006	31 Mar 2060	Equitable share	Programme 3	-	4 913 587	944 956	534 491	587 577	611 512
2. RBIDZ	uThungulu	RBIDZ	1	01 Apr 2010	31 Mar 2050	Equitable share	Programme 3	-	233 630	44 382	65 164	68 170	70 947
Provincial Treasury								**-**	**38 739**	**-**	**20 677**	**8 000**	**-**
1. Development of light industrial park	Greater Kokstad	Industrial Park	1	01 Apr 2013	31 Mar 2015	Equitable share	Programme 5	-	23 000	-	7 000	8 000	-
2. Shayamoya eco-complex	Greater Kokstad	Community Park	1	01 Apr 2013	31 Mar 2014	Equitable share	Programme 5	-	15 739	-	13 677	-	-
Health								**-**	**50 000**	**30 000**	**20 000**	**-**	**-**
1. KZN Children's Hospital	eThekwini	Hospital - Childrens	1	January 2012	March 2014	Equitable share	Programme 8	-	50 000	30 000	20 000	-	-
Human Settlements								-	**-**	**-**	**100 000**	**157 800**	**69 200**
1. Community Residential Units	Various	Hostels	Several	Ongoing	Ongoing	HSDG	Programme 3	-	-	-	100 000	157 800	69 200
Arts and Culture								-	**-**	**-**	**17 100**	**19 023**	**-**
1. Construction of mega-library	eThekwini	Library building	1	01 Apr 2011	31 Mar 2015	Conditional grant	Programme 3	-	-	-	15 000	15 750	-
2. Construction of museum	Amajuba	Museum	1	01 Apr 2013	31 Mar 2015		Programme 2	-	-	-	1 000	1 000	-
3. Construction of museum	Ilembe	Museum	1	01 Apr 2013	31 Mar 2015		Programme 2	-	-	-	1 100	2 273	-
Sport and Recreation								**-**	**14 910**	**117 373**	**14 420**	**15 582**	**16 526**
1. Sports facilities	Various municipalities	Infrastructure transfer	12	01 Apr 2011	31 Mar 2016	Equitable share	Programme 2	-	14 910	117 373	14 420	15 582	16 526
Total Infrastructure transfers - capital								**-**	**5 250 866**	**1 136 711**	**771 852**	**856 152**	**768 185**
Total Provincial Infrastructure								**14 150**	**25 312 439**	**7 108 544**	**11 498 375**	**12 348 287**	**13 613 093**

Table 1.E: Summary of transfers to municipalities

R thousand	Audited Outcome			Main Appropriation	Adjusted Appropriation	Revised Estimate	Medium-term Estimates		
	2009/10	2010/11	2011/12	2012/13			2013/14	2014/15	2015/16
A KZN2000 eThekwini	**614 414**	**734 085**	**432 730**	**864 025**	**677 506**	**701 698**	**652 609**	**761 335**	**686 325**
Total: Ugu Municipalities	**79 383**	**86 426**	**43 323**	**23 364**	**47 485**	**47 485**	**25 224**	**25 614**	**26 661**
B KZN211 Vulamehlo	2 952	1 776	2 365	1 438	3 252	3 252	1 382	1 876	1 640
B KZN212 Umdoni	8 801	5 107	13 332	4 766	7 391	7 391	4 844	5 109	5 350
B KZN213 Umzumbe	-	2 787	2 580	2 253	2 269	2 269	1 502	1 577	1 909
B KZN214 uMuziwabantu	12 861	6 730	3 693	1 480	7 586	7 586	2 873	2 809	2 904
B KZN215 Ezingolweni	2 002	5 857	438	2 184	1 659	1 659	748	788	821
B KZN216 Hibiscus Coast	3 426	8 893	11 310	9 443	23 798	23 798	10 406	10 838	11 289
C DC21 Ugu District Municipality	49 341	55 276	9 605	1 800	1 530	1 530	3 469	2 617	2 748
Total: uMgungundlovu Municipalities	**132 179**	**139 128**	**137 020**	**102 190**	**144 017**	**144 017**	**105 500**	**111 297**	**145 868**
B KZN221 uMshwathi	4	7 822	9 180	1 528	2 551	2 551	9 788	10 281	11 092
B KZN222 uMngeni	5 272	11 036	10 612	4 674	5 118	5 118	12 629	13 261	14 229
B KZN223 Mpofana	41	1 704	2 746	3 289	4 601	4 601	1 720	2 111	1 906
B KZN224 Impendle	-	1 996	11 818	940	6 346	6 346	989	831	870
B KZN225 Msunduzi	71 576	92 859	75 234	89 756	110 330	110 330	74 712	79 882	112 621
B KZN226 Mkhambathini	90	2 332	2 161	760	778	778	1 401	1 473	1 521
B KZN227 Richmond	8 830	10 466	242	843	1 988	1 988	792	840	883
C DC22 uMgungundlovu District Municipality	46 366	10 913	25 027	400	12 305	12 305	3 469	2 618	2 746
Total:Uthukela Municipalities	**37 429**	**63 095**	**82 237**	**36 758**	**89 049**	**89 049**	**32 394**	**34 364**	**35 370**
B KZN232 Emnambithi/Ladysmith	29 151	31 722	36 409	15 595	30 744	30 744	17 625	18 526	19 008
B KZN233 Indaka	893	1 474	1 696	1 010	1 110	1 110	2 099	2 506	2 268
B KZN234 Umtshezi	3 034	8 985	13 769	13 872	21 228	21 228	6 190	6 705	7 201
B KZN235 Okhahlamba	2 779	8 244	3 926	2 515	14 933	14 933	1 826	1 922	1 994
B KZN236 Imbabazane	282	1 270	1 631	2 316	2 700	2 700	2 186	2 088	2 151
C DC23 Uthukela District Municipality	1 290	11 400	24 806	1 450	18 334	18 334	2 468	2 617	2 748
Total: Umzinyathi Municipalities	**28 675**	**60 675**	**51 431**	**30 457**	**35 781**	**35 781**	**29 388**	**30 976**	**32 057**
B KZN241 Endumeni	4 454	22 308	10 923	9 757	10 201	10 201	13 355	14 037	14 983
B KZN242 Nquthu	780	10 026	13 987	10 613	13 104	13 104	9 058	9 306	9 530
B KZN244 Msinga	10 880	10 069	7 163	4 015	4 450	4 450	2 652	2 787	2 861
B KZN245 Umvoti	3 822	3 714	6 650	5 672	4 826	4 826	4 070	4 578	4 401
C DC24 Umzinyathi District Municipality	8 739	14 558	12 708	400	3 200	3 200	253	268	282
Total: Amajuba Municipalities	**33 724**	**21 281**	**26 586**	**15 114**	**49 242**	**49 242**	**16 712**	**18 943**	**17 139**
B KZN252 Newcastle	24 288	8 587	20 216	7 576	22 088	22 088	12 561	13 588	12 557
B KZN253 eMadlangeni	550	5 077	1 720	2 537	2 537	2 537	2 216	2 119	2 179
B KZN254 Dannhauser	-	788	1 235	3 551	13 568	13 568	1 682	1 768	2 121
C DC25 Amajuba District Municipality	8 886	6 829	3 415	1 450	11 049	11 049	253	1 468	282
Total: Zululand Municipalities	**25 364**	**49 365**	**73 686**	**49 102**	**98 896**	**98 896**	**24 062**	**25 539**	**26 506**
B KZN261 eDumbe	600	9 414	4 375	5 481	6 028	6 028	5 050	5 307	5 483
B KZN262 uPhongolo	500	2 318	7 017	1 269	15 205	15 205	4 290	4 298	4 509
B KZN263 Abaqulusi	568	3 150	15 982	7 848	17 368	17 368	8 116	8 689	9 254
B KZN265 Nongoma	200	1 381	604	1 994	3 436	3 436	1 012	1 354	1 093
B KZN266 Ulundi	6 113	8 026	8 309	12 110	22 433	22 433	1 486	1 545	1 604
C DC26 Zululand District Municipality	17 383	25 076	37 399	20 400	34 426	34 426	4 108	4 346	4 563
Total: Umkhanyakude Municipalities	**20 784**	**74 722**	**73 729**	**19 028**	**35 570**	**35 570**	**19 840**	**20 962**	**23 056**
B KZN271 Umhlabuyalingana	1 003	12 106	6 986	5 551	7 058	7 058	5 866	6 164	6 467
B KZN272 Jozini	600	8 596	3 314	2 186	7 011	7 011	2 832	2 977	3 225
B KZN273 The Big Five False Bay	913	2 823	2 665	1 725	1 750	1 750	1 753	1 634	1 713
B KZN274 Hlabisa	210	8 446	2 683	2 419	2 121	2 121	1 742	2 108	1 860
B KZN275 Mtubatuba	2 679	12 966	4 396	4 247	4 490	4 490	3 849	4 053	4 547
C DC27 Umkhanyakude District Municipality	15 379	29 785	53 685	2 900	13 140	13 140	3 798	4 026	5 244
Total: uThungulu Municipalities	**71 075**	**56 064**	**83 039**	**38 778**	**74 885**	**74 885**	**99 319**	**108 891**	**96 953**
B KZN281 Mbonambi	6 707	15 911	7 837	3 424	5 699	5 699	3 961	4 160	4 366
B KZN282 uMhlathuze	6 691	22 743	20 069	26 190	32 335	32 335	34 874	39 091	42 296
B KZN283 Ntambanana	731	174	1 915	1 516	4 021	4 021	927	1 276	1 022
B KZN284 Umlalazi	6 287	5 002	13 603	2 859	3 467	3 467	38 215	39 930	41 444
B KZN285 Mthonjaneni	2 177	898	17 427	2 670	17 129	17 129	18 891	20 688	4 822
B KZN286 Nkandla	4 597	8 652	12 094	1 719	3 534	3 534	2 198	2 278	2 721
C DC28 uThungulu District Municipality	43 885	2 684	10 094	400	8 700	8 700	253	1 468	282
Total: Ilembe Municipalities	**63 186**	**89 398**	**69 117**	**59 732**	**67 449**	**67 449**	**38 252**	**43 713**	**44 404**
B KZN291 Mandeni	1 471	4 324	11 459	5 016	10 408	10 408	14 176	15 006	16 599
B KZN292 KwaDukuza	5 392	16 887	16 080	37 912	27 047	27 047	14 217	16 862	15 552
B KZN293 Ndwedwe	90	1 399	3 506	1 779	7 214	7 214	988	1 050	1 107
B KZN294 Maphumulo	1 689	3 001	18 567	12 575	13 350	13 350	6 402	6 978	8 398
C DC29 Ilembe District Municipality	54 544	63 787	19 505	2 450	9 430	9 430	2 469	3 817	2 748
Total: Sisonke Municipalities	**71 518**	**66 823**	**81 086**	**16 159**	**65 312**	**65 312**	**38 839**	**27 767**	**22 217**
B KZN431 Ingwe	-	1 188	11 681	1 827	2 730	2 730	1 888	2 286	2 051
B KZN432 Kwa Sani	1 289	1 376	10 723	854	1 004	1 004	880	914	1 267
B KZN433 Greater Kokstad	-	5 375	15 359	6 353	16 515	16 515	30 079	18 298	11 221
B KZN434 Ubuhlebezwe	5 890	6 780	8 507	2 584	19 134	19 134	1 277	1 343	1 408
B KZN435 Umzimkulu	7 283	1 933	6 280	4 141	12 729	12 729	4 462	4 658	4 888
C DC43 Sisonke District Municipality	57 056	50 171	28 536	400	13 200	13 200	253	268	1 382
Unallocated/unclassified	**-**	**-**	**-**	**1 200**	**42 773**	**42 773**	**3 256**	**3 282**	**5 310**
Total	**1 177 731**	**1 441 062**	**1 153 984**	**1 255 907**	**1 427 965**	**1 452 157**	**1 085 395**	**1 212 683**	**1 161 866**

Table 1.F(a): Details of provincial payments and estimates by functional area

	Outcome			Main appropriation	Adjusted appropriation	Revised estimate	Medium-term estimates		
R thousand	**2009/10**	**2010/11**	**2011/12**		**2012/13**		**2013/14**	**2014/15**	**2015/16**
General Public Services									
Executive and Legislature	494 606	535 355	631 261	686 814	720 793	719 552	714 916	774 918	771 990
Office of the Premier	29 399	28 260	35 268	37 592	35 323	35 323	38 531	40 834	42 712
The Royal Household	40 407	50 627	59 409	59 566	65 361	65 361	63 330	53 870	56 063
Provincial Legislature	424 800	456 468	536 584	589 656	620 109	618 868	613 055	680 214	673 215
Financial and Fiscal Services	408 292	349 897	334 082	486 547	515 772	515 772	523 994	534 610	554 330
Provincial Treasury	408 292	349 897	334 082	486 547	515 772	515 772	523 994	534 610	554 330
General Services (Public Works, Local Government)	2 564 806	2 803 008	2 870 576	3 235 454	3 461 813	3 461 813	3 246 749	3 368 671	3 497 502
Total: General Public Services	**3 467 704**	**3 688 260**	**3 835 919**	**4 408 815**	**4 698 378**	**4 697 137**	**4 485 659**	**4 678 199**	**4 823 822**
Public Order and Safety									
Police Services	125 272	129 186	145 239	161 334	161 334	153 068	172 347	180 482	187 627
Community Safety and Liaison	125 272	129 186	145 239	161 334	161 334	153 068	172 347	180 482	187 627
Total: Public Order and Safety	**125 272**	**129 186**	**145 239**	**161 334**	**161 334**	**153 068**	**172 347**	**180 482**	**187 627**
Economic Affairs									
General Economic Affairs	2 588 437	1 625 554	1 547 912	1 701 857	1 838 862	1 838 862	1 941 344	1 976 289	2 046 057
Economic Development and Tourism	2 409 524	1 600 918	1 510 191	1 613 448	1 767 717	1 767 717	1 808 203	1 919 537	1 997 433
Provincial Treasury	178 913	24 636	37 721	88 409	71 145	71 145	133 141	56 752	48 624
Agriculture	1 312 136	1 342 197	1 646 461	1 763 079	1 873 492	1 873 492	1 852 265	1 903 767	1 979 653
Agriculture, Enviro.Affairs and Rural Dev	1 312 136	1 342 197	1 646 461	1 763 079	1 873 492	1 873 492	1 852 265	1 903 767	1 979 653
Transport	4 737 595	5 596 342	6 435 372	7 156 896	7 400 457	7 465 198	7 805 803	8 589 178	9 300 160
Transport	4 737 595	5 596 342	6 435 372	7 156 896	7 400 457	7 465 198	7 805 803	8 589 178	9 300 160
Total: Economic Affairs	**8 638 168**	**8 564 093**	**9 629 745**	**10 621 832**	**11 112 811**	**11 177 552**	**11 599 412**	**12 469 234**	**13 325 870**
Environmental Protection									
Environmental Affairs and Conservation	586 370	634 476	712 613	750 127	829 890	829 890	847 607	870 205	906 986
Total: Environmental Protection	**586 370**	**634 476**	**712 613**	**750 127**	**829 890**	**829 890**	**847 607**	**870 205**	**906 986**
Housing and Community Amenities									
Housing Development	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
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
Total: Housing and Community Amenities	**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**
Health									
Outpatient services	5 334 697	5 449 006	6 437 923	7 298 687	7 588 796	7 823 870	7 942 330	8 882 466	9 483 636
Hospital Services	14 304 378	14 512 310	17 536 045	18 306 219	18 774 131	18 870 360	19 752 794	20 581 705	21 741 901
Total: Health	**19 639 075**	**19 961 316**	**23 973 968**	**25 604 906**	**26 362 927**	**26 694 230**	**27 695 124**	**29 464 171**	**31 225 537**
Recreation, Culture and Religion									
Sporting and Recreational Affairs									
Sport and Recreation	237 971	276 740	307 836	377 288	384 163	384 163	381 349	394 155	410 981
Arts and Culture	250 290	339 122	359 530	460 345	469 680	469 680	634 375	685 419	745 556
Office of the Premier	46 989	36 688	41 394	62 235	62 235	62 235	65 026	68 230	70 641
Total: Recreation, Culture and Religion	**535 250**	**652 550**	**708 760**	**899 868**	**916 078**	**916 078**	**1 080 750**	**1 147 804**	**1 227 178**
Education									
Pre-primary & Primary Phases	12 339 880	13 235 940	15 781 155	15 525 281	15 988 779	16 311 259	16 787 178	17 908 939	18 925 381
Secondary Education Phase	8 104 789	8 920 394	10 275 287	11 101 706	11 405 227	11 218 380	12 030 796	12 635 339	13 156 472
Subsidiary Services to Education	4 383 960	5 105 329	5 944 601	6 344 641	6 277 950	6 214 754	6 853 335	7 160 705	8 553 585
Education not defined by level	2 146 732	2 278 424	2 674 955	2 818 649	2 828 087	2 829 180	2 379 375	2 501 058	2 641 669
Total: Education	**26 975 361**	**29 540 087**	**34 675 998**	**35 790 277**	**36 500 043**	**36 573 573**	**38 050 684**	**40 206 041**	**43 277 107**
Social protection									
Social Security Services	1 349 437	1 403 519	1 919 117	2 033 366	2 047 721	2 047 721	2 309 945	2 430 437	2 589 427
Total: Social protection	**1 349 437**	**1 403 519**	**1 919 117**	**2 033 366**	**2 047 721**	**2 047 721**	**2 309 945**	**2 430 437**	**2 589 427**
Total provincial payments and estimates by functional	**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**

Table 1.F(b): Details of function

Function	Category	Department	Programme
General Public Services	Legislative	Office of the Premier	Administration
		Provincial Legislature	Administration
			Parliamentary Business
			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
			Property Management
			Provision of Buildings, Structures & Equipmt.
	General Policy & Administration	Co-operative Governance and Traditional Affairs	Administration
			Local Governance
			Development and Planning
			Traditional Institutional Management
		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
			Provincial Civilian Secretariat
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
			Transport Regulations
			Community Based Programme
Environmental Protection	Environmental Protection	Agric, Enviro Affairs & Rural Dev	Environmental Management
			Conservation
Housing & Community Amenities	Housing Development	Human Settlements	Administration
			Housing Needs, Research and Planning
			Housing Development
			Housing Asset Management, Property Mgt.
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
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
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
			Infrastructure Development
			Auxiliary & Associated Services
Social Protection	Social Security Services	Social Development	
	Social Services and Population Development	Social Development	Administration
			Social Welfare Services
			Development and Research

Table 1.G: Donor funding and agency receipts

Name of Donor Organisation R thousand	Audited Outcome 2009/10	2010/11	2011/12	Main Appropriation 2012/13	Adjusted Appropriation 2012/13	Revised Estimate 2012/13	Medium-term Estimates 2013/14	2014/15	2015/16
Donor funding	**95 516**	**112 101**	**19 798**	**17 394**	**43 873**	**43 873**	**28 144**	**26 829**	**-**
Office of the Premier	-	19 841	9 066	16 079	24 079	24 079	26 829	26 829	-
National Skills Fund	-	*19 766*	*8 991*	*16 079*	*16 079*	*16 079*	*16 079*	*16 079*	-
MERSETA	-	-	-	-	*8 000*	*8 000*	*10 750*	*10 750*	-
PSETA	-	*75*	*75*	-	-	-	-	-	-
Provincial Legislature	-	-	-	-	-	-	-	-	-
European Union: Legislature Support Prog.	-	-	-	-	-	-	-	-	-
Agriculture, Enviro Affairs and Rural Development	19 474	14 588	1 315	1 315	19 342	19 342	1 315	-	-
Danida	-	*1 305*	-	-	-	-	-	-	-
Dutch funding (NUFFIC)	*812*	-	-	-	-	-	-	-	-
Flemish government	*16 402*	*13 283*	-	-	*18 027*	*18 027*	-	-	-
World Health Organisation (Rabies project)	*2 049*	-	*1 315*	*1 315*	*1 315*	*1 315*	*1 315*	-	-
EU - Gijima project	*211*	-	-	-	-	-	-	-	-
Economic Development and Tourism	31 291	42 626	-	-	-	-	-	-	-
European Union - Gijima	*31 291*	*42 626*	-	-	-	-	-	-	-
Education	-	31 709	4 616	-	-	-	-	-	-
Royal Netherlands Embassy	-	*31 709*	*4 616*	-	-	-	-	-	-
Health	36 072	1 294	4 231	-	-	-	-	-	-
Atlantic Philanthropies	*6 000*	-	-	-	-	-	-	-	-
Ben Booysen	-	*1*	-	-	-	-	-	-	-
CMC DI Ravenna	-	*150*	-	-	-	-	-	-	-
Comrades Marathon	-	-	*10*	-	-	-	-	-	-
European Union PHC	*9 318*	*101*	-	-	-	-	-	-	-
HWSETA Learnership - Bethesda sub-campus	-	-	*121*	-	-	-	-	-	-
HWSETA Learnership - Pharmacy	-	*75*	-	-	-	-	-	-	-
HWSETA Learnership - St Aiden's	*263*	*63*	*323*	-	-	-	-	-	-
HWSETA Learnership - Unemployed Graduates	-	*700*	-	-	-	-	-	-	-
UNICEF: Ilembe District	*3 000*	-	-	-	-	-	-	-	-
Co-operative Governance and Traditional Affairs	8 679	2 043	570	-	452	452	-	-	-
Development Bank of SA	*8 679*	*2 043*	*570*	-	*452*	*452*	-	-	-
Agency receipt	**44 835**	**17 454**	**8 517**	**7 858**	**7 858**	**7 858**	**8 290**	**8 500**	**8 800**
Office of the Premier	38 639	10 034	-	-	-	-	-	-	-
Department of Labour - Literacy Programme	*38 639*	*10 034*	-	-	-	-	-	-	-
Transport	6 196	7 420	8 517	7 858	7 858	7 858	8 290	8 500	8 800
Bus Subsidies (NDOT)	*6 196*	*7 420*	*8 517*	*7 858*	*7 858*	*7 858*	*8 290*	*8 500*	*8 800*
Total	**140 351**	**129 555**	**28 315**	**25 252**	**51 731**	**51 731**	**36 434**	**35 329**	**8 800**

Table 1.H(i): 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**	**14.1**	**15.1**	**15.2**	**15.3**	**15.4**	**16.1**	
eThekwini	**-**	**-**	**-**	**-**	**122 500**	**100 000**	**8 666**	**52 000**	**3 326**	**-**	**-**	**-**	**205 056**	**15 000**	**3 865**	**139 980**	**-**	**2 216**	**652 609**
Ugu Municipalities	**-**	**-**	**-**	**-**	**-**	**-**	**55**	**-**	**-**	**1 000**	**200**	**-**	**8 560**	**1 194**	**286**	**11 460**	**-**	**2 469**	**25 224**
Vulamehlo	-	-	-	-	-	-	-	-	-	-	-	-	1 382	-	-	-	-	-	1 382
Umdoni	-	-	-	-	-	-	45	-	-	-	-	-	323	360	-	4 116	-	-	4 844
Umzumbe	-	-	-	-	-	-	-	-	-	-	-	-	1 502	-	-	-	-	-	1 502
uMuziwabantu	-	-	-	-	-	-	-	-	-	-	200	-	2 039	120	-	514	-	-	2 873
Ezinqoleni	-	-	-	-	-	-	-	-	-	-	-	-	114	120	-	514	-	-	748
Hibiscus Coast	-	-	-	-	-	-	10	-	-	-	-	-	3 200	594	286	6 316	-	-	10 406
Ugu District Municipality	-	-	-	-	-	-	-	-	-	1 000	-	-	-	-	-	-	-	2 469	3 469
uMgungundlovu Municipalities	**-**	**-**	**-**	**-**	**-**	**-**	**3 857**	**-**	**-**	**1 000**	**-**	**-**	**69 732**	**1 137**	**629**	**26 476**	**-**	**2 469**	**105 500**
uMshwathi	-	-	-	-	-	-	-	-	-	-	-	-	9 131	-	-	657	-	-	9 788
uMngeni	-	-	-	-	-	-	5	-	-	-	-	-	9 780	240	143	2 461	-	-	12 629
Mpofana	-	-	-	-	-	-	-	-	-	-	-	-	752	120	143	705	-	-	1 720
Impendle	-	-	-	-	-	-	-	-	-	-	200	-	155	120	-	514	-	-	989
Msunduzi	-	-	-	-	-	-	3 842	-	-	-	-	-	49 161	398	343	20 968	-	-	74 712
Mkhambathini	-	-	-	-	-	-	-	-	-	-	-	-	748	139	-	514	-	-	1 401
Richmond	-	-	-	-	-	-	10	-	-	-	-	-	5	120	-	657	-	-	792
uMgungundlovu District Municipality	-	-	-	-	-	-	-	-	-	1 000	-	-	-	-	-	-	-	2 469	3 469
Uthukela Municipalities	**-**	**-**	**-**	**-**	**-**	**-**	**62**	**-**	**-**	**-**	**200**	**-**	**21 286**	**897**	**572**	**6 909**	**-**	**2 468**	**32 394**
Emnambithi/Ladysmith	-	-	-	-	-	-	60	-	-	-	-	-	13 971	259	143	3 192	-	-	17 625
Indaka	-	-	-	-	-	-	-	-	-	-	-	-	1 446	139	-	514	-	-	2 099
Umtshezi	-	-	-	-	-	-	2	-	-	-	-	-	3 784	240	286	1 878	-	-	6 190
Okhahlamba	-	-	-	-	-	-	-	-	-	-	-	-	876	139	143	668	-	-	1 826
Imbabazane	-	-	-	-	-	-	-	-	-	-	200	-	1 209	120	-	657	-	-	2 186
Uthukela District Municipality	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	2 468	2 468
Umzinyathi Municipalities	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**200**	**-**	**22 740**	**777**	**486**	**4 932**	**-**	**253**	**29 388**
Endumeni	-	-	-	-	-	-	-	-	-	-	-	-	10 182	240	343	2 590	-	-	13 355
Nqutu	-	-	-	-	-	-	-	-	-	-	200	-	7 552	278	-	1 028	-	-	9 058
Msinga	-	-	-	-	-	-	-	-	-	-	-	-	1 999	139	-	514	-	-	2 652
Umvoti	-	-	-	-	-	-	-	-	-	-	-	-	3 007	120	143	800	-	-	4 070
Umzinyathi District Municipality	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	253	253
Amajuba Municipalities	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**200**	**-**	**8 629**	**600**	**1 286**	**5 744**	**-**	**253**	**16 712**
Newcastle	-	-	-	-	-	-	-	-	-	-	-	-	6 199	360	1 286	4 716	-	-	12 561
eMadlangeni	-	-	-	-	-	-	-	-	-	-	200	-	1 382	120	-	514	-	-	2 216
Dannhauser	-	-	-	-	-	-	-	-	-	-	-	-	1 048	120	-	514	-	-	1 682
Amajuba District Municipality	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	253	253
Zululand Municipalities	**-**	**-**	**-**	**-**	**-**	**-**	**10**	**-**	**-**	**-**	**200**	**-**	**13 326**	**777**	**143**	**5 498**	**1 639**	**2 469**	**24 062**
eDumbe	-	-	-	-	-	-	-	-	-	-	-	-	4 111	139	-	800	-	-	5 050
uPhongolo	-	-	-	-	-	-	-	-	-	-	200	-	3 065	139	-	886	-	-	4 290
Abaqulusi	-	-	-	-	-	-	-	-	-	-	-	-	5 141	240	143	2 592	-	-	8 116
Nongoma	-	-	-	-	-	-	-	-	-	-	-	-	378	120	-	514	-	-	1 012
Ulundi	-	-	-	-	-	-	10	-	-	-	-	-	631	139	-	706	-	-	1 486
Zululand District Municipality	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	1 639	2 469	4 108
Umkhanyakude Municipalities	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**200**	**-**	**9 546**	**619**	**-**	**5 677**	**-**	**3 798**	**19 840**
Umhlabuyalingana	-	-	-	-	-	-	-	-	-	-	-	-	4 446	120	-	1 300	-	-	5 866
Jozini	-	-	-	-	-	-	-	-	-	-	-	-	1 946	120	-	766	-	-	2 832
The Big 5 False Bay	-	-	-	-	-	-	-	-	-	-	200	-	923	-	-	630	-	-	1 753
Hlabisa	-	-	-	-	-	-	-	-	-	-	-	-	837	139	-	766	-	-	1 742
Mtubatuba	-	-	-	-	-	-	-	-	-	-	-	-	1 394	240	-	2 215	-	-	3 849
Umkhanyakude District Municipality	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	3 798	3 798

Table 1.H(i): 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	14.1	15.1	15.2	15.3	15.4	16.1	
uThungulu Municipalities	**-**	**1 235**	**-**	**-**	**21 000**	**-**	**150**	**-**	**-**	**-**	**200**	**-**	**64 346**	**1 363**	**286**	**10 486**	**-**	**253**	**99 319**
Umfolozi	-	-	-	-	-	-	-	-	-	-	-	-	3 589	-	-	372	-	-	3 961
uMhlathuze	-	-	-	-	21 000	-	135	-	-	-	-	-	7 030	720	143	5 846	-	-	34 874
Ntambanana	-	-	-	-	-	-	-	-	-	-	-	-	293	120	-	514	-	-	927
uMlalazi	-	-	-	-	-	-	15	-	-	-	200	-	34 872	259	143	2 726	-	-	38 215
Mthonjaneni	-	1 235	-	-	-	-	-	-	-	-	-	-	17 022	120	-	514	-	-	18 891
Nkandla	-	-	-	-	-	-	-	-	-	-	-	-	1 540	144	-	514	-	-	2 198
uThungulu District Municipality	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	253	253
Ilembe Municipalities	**-**	**1 149**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**200**	**-**	**28 006**	**619**	**1 243**	**4 566**	**-**	**2 469**	**38 252**
Mandeni	-	1 149	-	-	-	-	-	-	-	-	200	-	11 225	240	-	1 362	-	-	14 176
KwaDukuza	-	-	-	-	-	-	-	-	-	-	-	-	10 044	240	1 243	2 690	-	-	14 217
Ndwedwe	-	-	-	-	-	-	-	-	-	-	-	-	335	139	-	514	-	-	988
Maphumulo	-	-	-	-	-	-	-	-	-	-	-	-	6 402	-	-	-	-	-	6 402
Ilembe District Municipality	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	2 469	2 469
Sisonke Municipalities	**-**	**-**	**7 000**	**13 677**	**-**	**-**	**-**	**-**	**-**	**-**	**200**	**-**	**13 568**	**758**	**-**	**3 383**	**-**	**253**	**38 839**
Ingwe	-	-	-	-	-	-	-	-	-	-	-	-	949	139	-	800	-	-	1 888
Kwa Sani	-	-	-	-	-	-	-	-	-	-	-	-	426	120	-	334	-	-	880
Greater Kokstad	-	-	7 000	13 677	-	-	-	-	-	-	-	-	7 941	240	-	1 221	-	-	30 079
Ubuhlebezwe	-	-	-	-	-	-	-	-	-	-	-	-	643	120	-	514	-	-	1 277
Umzimkulu	-	-	-	-	-	-	-	-	-	-	200	-	3 609	139	-	514	-	-	4 462
Sisonke District Municipality	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	253	253
Unallocated/unclassified	**1 000**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**2 000**	**256**	**-**	**-**	**-**	**-**	**-**	**3 256**
Total	**1 000**	**2 384**	**7 000**	**13 677**	**143 500**	**100 000**	**12 800**	**52 000**	**3 326**	**2 000**	**1 800**	**2 000**	**465 051**	**23 741**	**8 796**	**225 111**	**1 639**	**19 370**	**1 085 395**

Key	Grant Name	Key	Grant Name
3.1	Greenest Municipality Competition	11.2	Community Participation in IDPs (LAPs)
4.1	Joint Project Funding	11.3	Operational support for Thusong Service Centres
6.1	Development of Light Industrial Park	14.1	Property Rates
6.2	Shayamoya Eco-Complex	15.1	Community Library Services grant
7.1	Subsidy: Municipal Clinics	15.2	Museum subsidies
8.1	CRU Programme	15.3	Provincialisation of libraries
8.2	Municipal Rates and Taxes	15.4	Art Centres (Operational cost)
8.3	Transfer of R293 staff	16.1	Infrastructure
11.1	Development Planning Shared Services		

Table 1.H(ii): 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	14.1	15.1	15.2	15.3	15.4	16.1	
eThekwini	**-**	**-**	**-**	**-**	**142 100**	**157 800**	**10 232**	**68 117**	**-**	**-**	**-**	**-**	**213 175**	**15 750**	**4 133**	**147 680**	**-**	**2 348**	**761 335**
Ugu Municipalities	**-**	**-**	**-**	**-**	**-**	**-**	**65**	**-**	**-**	**-**	**300**	**-**	**8 987**	**1 254**	**302**	**12 089**	**-**	**2 617**	**25 614**
Vulamehlo	-	-	-	-	-	-	-	-	-	-	300	-	1 450	126	-	-	-	-	1 876
Umdoni	-	-	-	-	-	-	50	-	-	-	-	-	339	378	-	4 342	-	-	5 109
Umzumbe	-	-	-	-	-	-	-	-	-	-	-	-	1 577	-	-	-	-	-	1 577
uMuziwabantu	-	-	-	-	-	-	-	-	-	-	-	-	2 141	126	-	542	-	-	2 809
Ezinqoleni	-	-	-	-	-	-	-	-	-	-	-	-	120	126	-	542	-	-	788
Hibiscus Coast	-	-	-	-	-	-	15	-	-	-	-	-	3 360	498	302	6 663	-	-	10 838
Ugu District Municipality	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	2 617	2 617
uMgungundlovu Municipalities	**-**	**-**	**-**	**-**	**-**	**-**	**3 969**	**-**	**-**	**-**	**300**	**-**	**75 678**	**1 194**	**664**	**26 874**	**-**	**2 618**	**111 297**
uMshwathi	-	-	-	-	-	-	-	-	-	-	-	-	9 588	-	-	693	-	-	10 281
uMngeni	-	-	-	-	-	-	5	-	-	-	-	-	10 269	252	151	2 584	-	-	13 261
Mpofana	-	-	-	-	-	-	-	-	-	-	300	-	790	126	151	744	-	-	2 111
Impendle	-	-	-	-	-	-	-	-	-	-	-	-	163	126	-	542	-	-	831
Msunduzi	-	-	-	-	-	-	3 949	-	-	-	-	-	54 077	418	362	21 076	-	-	79 882
Mkhambathini	-	-	-	-	-	-	-	-	-	-	-	-	785	146	-	542	-	-	1 473
Richmond	-	-	-	-	-	-	15	-	-	-	-	-	6	126	-	693	-	-	840
uMgungundlovu District Municipality	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	2 618	2 618
Uthukela Municipalities	**-**	**-**	**-**	**-**	**-**	**-**	**74**	**-**	**-**	**-**	**300**	**-**	**22 539**	**942**	**604**	**7 288**	**-**	**2 617**	**34 364**
Emnambithi/Ladysmith	-	-	-	-	-	-	66	-	-	-	-	-	14 670	272	151	3 367	-	-	18 526
Indaka	-	-	-	-	-	-	-	-	-	-	300	-	1 518	146	-	542	-	-	2 506
Umtshezi	-	-	-	-	-	-	8	-	-	-	-	-	4 162	252	302	1 981	-	-	6 705
Okhahlamba	-	-	-	-	-	-	-	-	-	-	-	-	920	146	151	705	-	-	1 922
Imbabazane	-	-	-	-	-	-	-	-	-	-	-	-	1 269	126	-	693	-	-	2 088
Uthukela District Municipality	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	2 617	2 617
Umzinyathi Municipalities	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**300**	**-**	**23 877**	**816**	**513**	**5 202**	**-**	**268**	**30 976**
Endumeni	-	-	-	-	-	-	-	-	-	-	-	-	10 691	252	362	2 732	-	-	14 037
Nqutu	-	-	-	-	-	-	-	-	-	-	-	-	7 930	292	-	1 084	-	-	9 306
Msinga	-	-	-	-	-	-	-	-	-	-	-	-	2 099	146	-	542	-	-	2 787
Umvoti	-	-	-	-	-	-	-	-	-	-	300	-	3 157	126	151	844	-	-	4 578
Umzinyathi District Municipality	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	268	268
Amajuba Municipalities	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**1 200**	**300**	**-**	**9 184**	**630**	**1 302**	**6 059**	**-**	**268**	**18 943**
Newcastle	-	-	-	-	-	-	-	-	-	-	300	-	6 633	378	1 302	4 975	-	-	13 588
eMadlangeni	-	-	-	-	-	-	-	-	-	-	-	-	1 451	126	-	542	-	-	2 119
Dannhauser	-	-	-	-	-	-	-	-	-	-	-	-	1 100	126	-	542	-	-	1 768
Amajuba District Municipality	-	-	-	-	-	-	-	-	-	1 200	-	-	-	-	-	-	-	268	1 468
Zululand Municipalities	**-**	**-**	**-**	**-**	**-**	**-**	**10**	**-**	**-**	**-**	**300**	**-**	**14 117**	**816**	**151**	**5 799**	**1 729**	**2 617**	**25 539**
eDumbe	-	-	-	-	-	-	-	-	-	-	-	-	4 317	146	-	844	-	-	5 307
uPhongolo	-	-	-	-	-	-	-	-	-	-	-	-	3 218	146	-	934	-	-	4 298
Abaqulusi	-	-	-	-	-	-	-	-	-	-	-	-	5 552	252	151	2 734	-	-	8 689
Nongoma	-	-	-	-	-	-	-	-	-	-	300	-	386	126	-	542	-	-	1 354
Ulundi	-	-	-	-	-	-	10	-	-	-	-	-	644	146	-	745	-	-	1 545
Zululand District Municipality	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	1 729	2 617	4 346
Umkhanyakude Municipalities	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**300**	**-**	**9 998**	**650**	**-**	**5 988**	**-**	**4 026**	**20 962**
Umhlabuyalingana	-	-	-	-	-	-	-	-	-	-	-	-	4 668	126	-	1 370	-	-	6 164
Jozini	-	-	-	-	-	-	-	-	-	-	-	-	2 043	126	-	808	-	-	2 977
The Big 5 False Bay	-	-	-	-	-	-	-	-	-	-	-	-	969	-	-	665	-	-	1 634
Hlabisa	-	-	-	-	-	-	-	-	-	-	300	-	854	146	-	808	-	-	2 108
Mtubatuba	-	-	-	-	-	-	-	-	-	-	-	-	1 464	252	-	2 337	-	-	4 053
Umkhanyakude District Municipality	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	4 026	4 026

Table 1.H(ii): 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	14.1	15.1	15.2	15.3	15.4	16.1	
uThungulu Municipalities	**-**	**1 296**	**-**	**-**	**24 500**	**-**	**150**	**-**	**-**	**1 200**	**300**	**-**	**68 384**	**1 430**	**302**	**11 061**	**-**	**268**	**108 891**
Umfolozi	-	-	-	-	-	-	-	-	-	-	-	-	3 768	-	-	392	-	-	4 160
uMhlathuze	-	-	-	-	24 500	-	135	-	-	-	-	-	7 382	756	151	6 167	-	-	39 091
Ntambanana	-	-	-	-	-	-	-	-	-	-	300	-	308	126	-	542	-	-	1 276
uMlalazi	-	-	-	-	-	-	15	-	-	-	-	-	36 616	272	151	2 876	-	-	39 930
Mthonjaneni	-	1 296	-	-	-	-	-	-	-	-	-	-	18 724	126	-	542	-	-	20 688
Nkandla	-	-	-	-	-	-	-	-	-	-	-	-	1 586	150	-	542	-	-	2 278
uThungulu District Municipality	-	-	-	-	-	-	-	-	-	1 200	-	-	-	-	-	-	-	268	1 468
Ilembe Municipalities	**-**	**1 207**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**1 200**	**300**	**-**	**30 510**	**650**	**2 424**	**4 805**	**-**	**2 617**	**43 713**
Mandeni	-	1 207	-	-	-	-	-	-	-	-	-	-	12 122	252	-	1 425	-	-	15 006
KwaDukuza	-	-	-	-	-	-	-	-	-	-	300	-	11 048	252	2 424	2 838	-	-	16 862
Ndwedwe	-	-	-	-	-	-	-	-	-	-	-	-	362	146	-	542	-	-	1 050
Maphumulo	-	-	-	-	-	-	-	-	-	-	-	-	6 978	-	-	-	-	-	6 978
Ilembe District Municipality	-	-	-	-	-	-	-	-	-	1 200	-	-	-	-	-	-	-	2 617	3 817
Sisonke Municipalities	**-**	**-**	**8 000**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**300**	**-**	**14 846**	**796**	**-**	**3 557**	**-**	**268**	**27 767**
Ingwe	-	-	-	-	-	-	-	-	-	-	300	-	996	146	-	844	-	-	2 286
Kwa Sani	-	-	-	-	-	-	-	-	-	-	-	-	447	126	-	341	-	-	914
Greater Kokstad	-	-	8 000	-	-	-	-	-	-	-	-	-	8 758	252	-	1 288	-	-	18 298
Ubuhlebezwe	-	-	-	-	-	-	-	-	-	-	-	-	675	126	-	542	-	-	1 343
Umzimkulu	-	-	-	-	-	-	-	-	-	-	-	-	3 970	146	-	542	-	-	4 658
Sisonke District Municipality	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	268	268
Unallocated/unclassified	**1 000**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**2 000**	**282**	**-**	**-**	**-**	**-**	**-**	**3 282**
Total	**1 000**	**2 503**	**8 000**	**-**	**166 600**	**157 800**	**14 500**	**68 117**	**-**	**3 600**	**3 000**	**2 000**	**491 577**	**24 928**	**10 395**	**236 402**	**1 729**	**20 532**	**1 212 683**

Key	Grant Name	Key	Grant Name
3.1	Greenest Municipality Competition	11.2	Community Participation in IDPs (LAPs)
4.1	Joint Project Funding	11.3	Operational support for Thusong Service Centres
6.1	Development of Light Industrial Park	14.1	Property Rates
6.2	Shayamoya Eco-Complex	15.1	Community Library Services grant
7.1	Subsidy: Municipal Clinics	15.2	Museum subsidies
8.1	CRU Programme	15.3	Provincialisation of libraries
8.2	Municipal Rates and Taxes	15.4	Art Centres (Operational cost)
8.3	Transfer of R293 staff	16.1	Infrastructure
11.1	Development Planning Shared Services		

Table 1.H(iii): Details of transfers to local government: 2015/16

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	14.1	15.1	15.2	15.3	15.4	16.1	
eThekwini	-	-	-	-	152 500	69 200	13 615	72 467	-	-	-	-	211 449	5 750	4 390	154 488	-	2 466	686 325
Ugu Municipalities	-	-	-	-	-	-	75	-	-	-	300	-	9 261	1 315	317	12 645	-	2 748	26 661
Vulamehlo	-	-	-	-	-	-	-	-	-	-	-	-	1 508	132	-	-	-	-	1 640
Umdoni	-	-	-	-	-	-	55	-	-	-	-	-	356	397	-	4 542	-	-	5 350
Umzumbe	-	-	-	-	-	-	-	-	-	-	300	-	1 609	-	-	-	-	-	1 909
uMuziwabantu	-	-	-	-	-	-	-	-	-	-	-	-	2 205	132	-	567	-	-	2 904
Ezinqoleni	-	-	-	-	-	-	-	-	-	-	-	-	122	132	-	567	-	-	821
Hibiscus Coast	-	-	-	-	-	-	20	-	-	-	-	-	3 461	522	317	6 969	-	-	11 289
Ugu District Municipality	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	2 748	2 748
uMgungundlovu Municipalities	-	-	-	-	-	-	5 969	-	-	-	300	-	106 779	1 253	712	28 109	-	2 746	145 868
uMshwathi	-	-	-	-	-	-	-	-	-	-	300	-	10 067	-	-	725	-	-	11 092
uMngeni	-	-	-	-	-	-	5	-	-	-	-	-	11 090	265	166	2 703	-	-	14 229
Mpofana	-	-	-	-	-	-	-	-	-	-	-	-	830	132	166	778	-	-	1 906
Impendle	-	-	-	-	-	-	-	-	-	-	-	-	171	132	-	567	-	-	870
Msunduzi	-	-	-	-	-	-	5 944	-	-	-	-	-	83 814	439	380	22 044	-	-	112 621
Mkhambathini	-	-	-	-	-	-	-	-	-	-	-	-	801	153	-	567	-	-	1 521
Richmond	-	-	-	-	-	-	20	-	-	-	-	-	6	132	-	725	-	-	883
uMgungundlovu District Municipality	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	2 746	2 746
Uthukela Municipalities	-	-	-	-	-	-	72	-	-	-	300	-	22 990	988	649	7 623	-	2 748	35 370
Emnambithi/Ladysmith	-	-	-	-	-	-	70	-	-	-	-	-	14 965	285	166	3 522	-	-	19 008
Indaka	-	-	-	-	-	-	-	-	-	-	-	-	1 548	153	-	567	-	-	2 268
Umtshezi	-	-	-	-	-	-	2	-	-	-	300	-	4 245	265	317	2 072	-	-	7 201
Okhahlamba	-	-	-	-	-	-	-	-	-	-	-	-	938	153	166	737	-	-	1 994
Imbabazane	-	-	-	-	-	-	-	-	-	-	-	-	1 294	132	-	725	-	-	2 151
Uthukela District Municipality	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	2 748	2 748
Umzinyathi Municipalities	-	-	-	-	-	-	-	-	-	-	300	-	24 630	857	546	5 442	-	282	32 057
Endumeni	-	-	-	-	-	-	-	-	-	-	300	-	11 180	265	380	2 858	-	-	14 983
Nqutu	-	-	-	-	-	-	-	-	-	-	-	-	8 089	307	-	1 134	-	-	9 530
Msinga	-	-	-	-	-	-	-	-	-	-	-	-	2 141	153	-	567	-	-	2 861
Umvoti	-	-	-	-	-	-	-	-	-	-	-	-	3 220	132	166	883	-	-	4 401
Umzinyathi District Municipality	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	282	282
Amajuba Municipalities	-	-	-	-	-	-	-	-	-	-	300	-	9 241	661	317	6 338	-	282	17 139
Newcastle	-	-	-	-	-	-	-	-	-	-	-	-	6 639	397	317	5 204	-	-	12 557
eMadlangeni	-	-	-	-	-	-	-	-	-	-	-	-	1 480	132	-	567	-	-	2 179
Dannhauser	-	-	-	-	-	-	-	-	-	-	300	-	1 122	132	-	567	-	-	2 121
Amajuba District Municipality	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	282	282
Zululand Municipalities	-	-	-	-	-	-	15	-	-	-	300	-	14 540	856	166	6 066	1 815	2 748	26 506
eDumbe	-	-	-	-	-	-	-	-	-	-	-	-	4 447	153	-	883	-	-	5 483
uPhongolo	-	-	-	-	-	-	-	-	-	-	-	-	3 379	153	-	977	-	-	4 509
Abaqulusi	-	-	-	-	-	-	-	-	-	-	300	-	5 663	265	166	2 860	-	-	9 254
Nongoma	-	-	-	-	-	-	-	-	-	-	-	-	394	132	-	567	-	-	1 093
Ulundi	-	-	-	-	-	-	15	-	-	-	-	-	657	153	-	779	-	-	1 604
Zululand District Municipality	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	1 815	2 748	4 563
Umkhanyakude Municipalities	-	-	-	-	-	-	-	-	-	1 100	300	-	10 566	682	-	6 264	-	4 144	23 056
Umhlabuyalingana	-	-	-	-	-	-	-	-	-	-	-	-	4 902	132	-	1 433	-	-	6 467
Jozini	-	-	-	-	-	-	-	-	-	-	-	-	2 248	132	-	845	-	-	3 225
The Big 5 False Bay	-	-	-	-	-	-	-	-	-	-	-	-	1 017	-	-	696	-	-	1 713
Hlabisa	-	-	-	-	-	-	-	-	-	-	-	-	862	153	-	845	-	-	1 860
Mtubatuba	-	-	-	-	-	-	-	-	-	-	300	-	1 537	265	-	2 445	-	-	4 547
Umkhanyakude District Municipality	-	-	-	-	-	-	-	-	-	1 100	-	-	-	-	-	-	-	4 144	5 244

Table 1.H(iii): Details of transfers to local government: 2015/16 (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	14.1	15.1	15.2	15.3	15.4	16.1	
uThungulu Municipalities	**-**	**1 356**	**-**	**-**	**27 000**	**-**	**150**	**-**	**-**	**-**	**300**	**-**	**54 464**	**1 500**	**332**	**11 569**	**-**	**282**	**96 953**
Umfolozi	-	-	-	-	-	-	-	-	-	-	-	-	3 956	-	-	410	-	-	4 366
uMhlathuze	-	-	-	-	27 000	-	135	-	-	-	-	-	7 751	794	166	6 450	-	-	42 296
Ntambanana	-	-	-	-	-	-	-	-	-	-	-	-	323	132	-	567	-	-	1 022
uMlalazi	-	-	-	-	-	-	15	-	-	-	-	-	37 969	286	166	3 008	-	-	41 444
Mthonjaneni	-	1 356	-	-	-	-	-	-	-	-	-	-	2 767	132	-	567	-	-	4 822
Nkandla	-	-	-	-	-	-	-	-	-	-	300	-	1 698	156	-	567	-	-	2 721
uThungulu District Municipality	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	282	282
Ilembe Municipalities	**-**	**1 262**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**300**	**-**	**34 219**	**683**	**166**	**5 026**	**-**	**2 748**	**44 404**
Mandeni	-	1 262	-	-	-	-	-	-	-	-	-	-	13 581	265	-	1 491	-	-	16 599
KwaDukuza	-	-	-	-	-	-	-	-	-	-	-	-	12 153	265	166	2 968	-	-	15 552
Ndwedwe	-	-	-	-	-	-	-	-	-	-	-	-	387	153	-	567	-	-	1 107
Maphumulo	-	-	-	-	-	-	-	-	-	-	300	-	8 098	-	-	-	-	-	8 398
Ilembe District Municipality	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	2 748	2 748
Sisonke Municipalities	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**1 100**	**300**	**-**	**15 979**	**835**	**-**	**3 721**	**-**	**282**	**22 217**
Ingwe	-	-	-	-	-	-	-	-	-	-	-	-	1 015	153	-	883	-	-	2 051
Kwa Sani	-	-	-	-	-	-	-	-	-	-	300	-	478	132	-	357	-	-	1 267
Greater Kokstad	-	-	-	-	-	-	-	-	-	-	-	-	9 609	265	-	1 347	-	-	11 221
Ubuhlebezwe	-	-	-	-	-	-	-	-	-	-	-	-	709	132	-	567	-	-	1 408
Umzimkulu	-	-	-	-	-	-	-	-	-	-	-	-	4 168	153	-	567	-	-	4 888
Sisonke District Municipality	-	-	-	-	-	-	-	-	-	1 100	-	-	-	-	-	-	-	282	1 382
Unallocated/unclassified	**1 000**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**4 000**	**310**	**-**	**-**	**-**	**-**	**-**	**5 310**
Total	**1 000**	**2 618**	**-**	**-**	**179 500**	**69 200**	**19 896**	**72 467**	**-**	**2 200**	**3 000**	**4 000**	**514 428**	**15 380**	**7 595**	**247 291**	**1 815**	**21 476**	**1 161 866**

Key	Grant Name	Key	Grant Name
3.1	Greenest Municipality Competition	11.2	Community Participation in IDPs (LAPs)
4.1	Joint Project Funding	11.3	Operational support for Thusong Service Centres
6.1	Development of Light Industrial Park	14.1	Property Rates
6.2	Shayamoya Eco-Complex	15.1	Community Library Services grant
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8.2	Municipal Rates and Taxes	15.4	Art Centres (Operational cost)
8.3	Transfer of R293 staff	16.1	Infrastructure
11.1	Development Planning Shared Services		

ESTIMATES

OF

PROVINCIAL REVENUE

AND

EXPENDITURE