



treasury

Department:
Treasury
PROVINCE OF KWAZULU-NATAL

AN OVERVIEW OF THE 2013/14 MTEF,
WITH PARTICULAR FOCUS ON 2013/14

SUMMARY OF BUDGET
BY DEPARTMENT:
2013/14 MTEF



EXTRACTS FROM KEY
PRIORITIES



INFRASTRUCTURE
PROJECTS PLANNED
FOR THE 2013/14
MTEF



NEW MONEY:
PROVINCIAL
ALLOCATIONS &
SPECIFIC NATIONAL
PRIORITIES



PROGRESS ON
2012/13
INFRASTRUCTURE
PROJECTS



Budget

At a
glance

HOPE AND ASPIRATIONS

"Money won't create success, the freedom to make it will."

- NELSON MANDELA -



The budget expresses our values and aspirations. The trick is to curtail deficits and to encourage economic expansion.

In preparing a budget, Provincial Treasury must ensure that we have enough revenue to cover expenditure, thereby providing sustainable service delivery to all our citizens. It needs to respond to changed circumstances, new priorities and emergencies. This requires some careful calculations to be undertaken and any movements of funds that become necessary will then be formalised in the 2013/14 Adjustments Estimate.

We have to ensure that the numbers contained in our budget reflect government's priorities, both nationally and provincially.

Our budget must progressively realise our goals, namely:

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

Trimming the fat and eliminating wastage (the so-called cost-cutting measures) are merely pillars of good governance. It would not have been possible to finance various provincial government priorities if this Province had not:

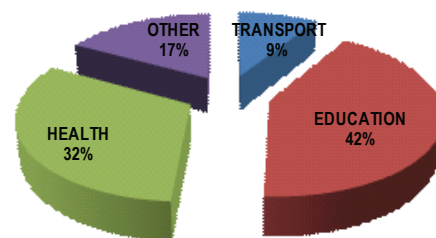
- Realised savings in the previous financial year,
- Budgeted for a reserve, and
- Ensured that the bank account remained positive, thus accruing interest.

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

This budget has been crafted bearing in mind the needs of our people and great care has been taken not to impact on programmes and projects that are in line with the NDP and our own PGDP, and which deliver much needed services to our people.

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

PAYMENTS AS AN ESTIMATED % OF
THE 2013/14 BUDGET



SPENDING YOUR MONEY WISELY

SUMMARY OF BUDGET BY DEPARTMENT 2013/14 MTEF.

Summary of provincial payments and estimates by vote

R thous and	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. Agric., Environ. Affairs & Rural Dev	1 970 012	2 045 856	2 475 378	2 653 834	2 854 220	2 854 220	2 862 582	2 946 839	3 067 458
4. Economic Dev. 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 Gov. & Trad. Affairs	1 023 420	1 002 589	1 106 349	1 208 003	1 316 127	1 316 127	1 247 696	1 304 973	1 358 007
12. Transport	5 164 996	5 958 923	6 639 855	7 418 873	7 643 794	7 708 535	8 066 335	8 851 007	9 561 829
13. Social Development	1 361 280	1 416 423	1 934 257	2 047 812	2 062 167	2 062 167	2 325 185	2 446 515	2 606 245
14. Public Works	796 169	1 114 209	1 182 268	1 311 171	1 352 388	1 352 388	1 261 366	1 313 705	1 369 817
15. Arts and Culture	259 157	349 369	369 752	470 392	479 857	479 857	644 964	696 646	757 299
16. Sport and Recreation	239 342	276 740	307 836	377 288	384 163	384 163	381 349	394 155	4 109 81
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

CONTINGENCY RESERVE 2013/14 MTEF

	2013/14	2014/15	2015/16	TOTAL: Budgeted surplus
Budgeted surplus	R 802.930	R 931.985	R 968.816	R 2 703.731
Provincial cash resources	R 239.776	R 54.255	R 7.400	R 301.431
Budgeted surplus	R 1 042.706	R 986.240	R 976.216	R 3.005.162 billion

INCOME & PLANNED SPENDING

INCOME: 2013/14 MTEF

	NAT. TREAS	PROV. OWN RECEIPTS	TOTAL
2013/14	88.090	R 2.505	90.595
2014/15	91.771	R 2.620	94.391
2014/16	97.770	R 2.778	100.548
			285.534 billion

PLANNED SPENDING BY DEPARTMENTS OVER 2013/14 MTEF

2013/14	89.792
2014/15	93.459
2014/16	99.597
TOTAL	282.848 billion

EXTRACTS

FROM KEY PRIORITIES



The Office of the Premier: decreases from R687.539 million in 2012/13 to R665.078 million in 2015/16.

Youth Ambassador Programme: household surveys; programmes against social ills faced by the youth; implementation of other government programmes. *Provincial Planning Commission:* implementation of the PGDP; key interventions in formalisation of rural settlements; community service centres; completion of the provincial HRD Strategy; KZN Maritime Cluster; pursuing renewable energy opportunities. *International Relations:* post-conflict reconstruction and development of African states. Fostering relationships with India, China, Brazil, Argentina and Russia.

Provincial Legislature: increases from R431.042 million in 2012/13 to R454.134 million in 2015/16.

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

Agriculture, Environmental Affairs & Rural Development increases from R2.854 billion in 2012/13 to R3.067 billion in 2015/16:

Crop Production; *Livestock Development;* *Land Reform;* *Food Security;* *Environmental Management;* *Ezemvelo KZN Wildlife;* *Mjindi:* farming support to farmers in the Makhathini area.

Economic Development & Tourism increases from R1.790 billion in 2012/13 to R2.030 billion in 2015/16.

economic development strategies; competitiveness of priority sectors of the economy; small business and social enterprises; economic empowerment programmes; Enterprise Development and Growth Funds; consumer protection service; business regulation; transfers to *Ithala Development Finance Corporation;* *KwaZulu-Natal Sharks Board (KZNSB); KZN Tourism Authority;* *Agri-business Development Agency;* *Dube TradePort;* *Trade and Investment KZN;* *Richards Bay IDZ.* Education increases from R35.497 billion in the 2012/13 Adjusted Appropriation to R42.148 billion in 2015/16.

Curriculum and Assessment Policy Statements; *Technical Secondary Schools;* *Mathematics, Science and Technology Strategy;* *Teacher Supply;* *School Infrastructure.*

Provincial Treasury increases from R613.235 million in 2012/13 to R633.362 million in 2015/16

Infrastructure Crack Team; *Municipal Support Programme;* *Contract Management;* *Municipal Bid Appeals Tribunals;* *E-Procurement Tool;* *Operation Clean Audit;* *Forensic Audit Services.*

Health increases from R27.291 billion in 2012/13 to R32.258 billion in 2015/16.

National Health Insurance; *Strengthening of school health, mobile services, district specialist teams, malaria, port health services, appointment of additional staff nurses and nutrition advisors;* *Clinical services;*

Review and updating of referral pathways with identification and clearing of bottlenecks; *strengthening of the GeneXper system in diagnosing TB faster, monitoring of re-admission rates and developing targets for hospitals in this regard;* *development of an electronic referral system to establish electronic patient records.*

Human Settlements: decreases from R3.378 billion in 2012/13 to R2.015 billion in 2015/16, due to portion of the Human Settlements Development grant not yet being allocated to provinces for 2014/15 and 2015/16. *Informal Settlements Upgrade;* *Rural Housing Development;* *Rectification of Pre-1994 Housing Stock;* *Community Residential Unit*



EXTRACTS FROM KEY PRIORITIES



Community Safety and Liaison: increases from R161.334 million in 2012/13 to R187.627 million in 2015/16

Civilian Secretariat in terms of the Police Act; Community Policing Forums; Social Crime Prevention:

Royal Household: decreases from R65.361 million in 2012/13 to R56.063 million in 2015/16

Funding for His Majesty, the King to fulfil all his official duties: Participate in government ceremonies and events, Install *Amakhosi*, Host the First Fruits ceremony and the Reed Dance ceremony; undertake national and international trips as a business ambassador of KZN, Be involved in crop and animal product.

Co-operative Governance and Traditional Affairs: increases from R1.316 billion in 2012/13 to R1.358 billion in 2015/16

Local Governance: support vulnerable priority municipalities; Operation Clean Audit; *Development and Planning.*

Transport: increases from R7.644 billion in 2012/13 to R9.562 billion in 2015/16

rural development, poverty alleviation and job creation as it builds roads and bridges, provides safe integrated public transport systems, and manages traffic and the safety of all road users.

Social Development: increases from R2.062 billion in 2012/13 to R2.606 billion in 2015/16

Protection and promotion of services for older persons and people with disabilities: Strengthening Child and Youth Care Services:

Public Works: increases from R1.352 billion in 2012/13 to R1.370 billion in 2015/16

building infrastructure and property management services through acquisition, construction, maintenance and

disposal of public land & buildings; signing leases with the Ingonyama Trust Board; new integrated fixed asset register system.

Arts and Culture: increases from R479.857 million in 2012/13 to R757.299 million in 2015/16

Arts and Culture: training of crafters and artists; Social transformation, moral regeneration and nation building programmes; arts and culture centres, cultural villages and creation of cultural precincts; *Language Services; Museum Services; Library Services.*

Sport and Recreation: increases from R384.163 million in 2012/13 to R410.981 million in 2015/16

School Sport: viable sport code structures in 16 priority codes of sport; leagues; *Sport for Life:* citizenship values in young people; *Sport Academies; Sporting Codes at War Room Level:* obesity, drug and substance abuse, teenage pregnancy and crime.



Over the next three years, R827 billion is planned to be spent by the national fiscus and state-owned companies to build infrastructure. 15 of the 18 strategic projects involve KZN. The Province is budgeting to spend R11.498 billion in 2013/14, R12.348 billion in 2014/15 and rising to R13.613 billion in 2015/16 on various infrastructure projects: R37.460 billion over the 2013/14 MTEF.

Transport:

13 pedestrian bridges; rehabilitation of the provincial road network, (e.g. Main Road P47 between Eshowe and Melmoth, Main Road P1-1(M13) between Hillcrest and Pinetown, Main Road P6 between New Hanover and Greytown, Main Road P34 between Bloodriver and Vryheid); public transport facilities, e.g. public transport shelters - Estcourt and Emondlo; expansion of community-based labour-intensive road construction & maintenance: creating over 5 439 920 days of employment, equating to 58 840 jobs created (38 980 for women and 8 200 for youth; learner transport services (203 schools & 25 725 learners).

Health:

Alterations and additions to Lower Mfolozi War Memorial District Hospital in uMhlatuze; More than 20 new clinics, e.g. a new clinic (with residence) and new CHC in Jozini: R204 million; a new clinic and CHC (both with residence) in Msinga; Repair and installation of plant at the Durban regional laundry; Phased-in of KZN Children's Hospital services; the final phase of King Dinuzulu Hospital & St. Chads, Turton and Gamalakhe CHC; take-over of municipal clinics; continued funding of McCord hospital; Refurbishment and rehabilitation of Addington District Hospital; refurbishment: Dundee regional laundry; new forensic mortuary (eThekweni).

Education:

Pholela Special School (Sisonke); Mvuzo Secondary (Umgungundlovu); Malusi High (Ugu); Sisizakele Primary (Umkhanyakude); Westmead Secondary School eThekweni)

NEW MONEY: OWN ALLOCATIONS & SPECIFIC NATIONAL PRIORITIES

OWN ALLOCATIONS: PROVINCIAL

- Agriculture, Environmental Affairs and Rural Development R39.003 m (2013/14 only): fight against rhino poaching in KZN.; development of the Makhathini flats
- Co-operative Governance and Traditional Affairs (R2.400 m per year): uMsekeli Municipal Support Services pensioners' medical aid obligation
- Arts and Culture (R32.696 m in 2013/14 only): radio frequency identification equipment for library books; arts and culture: Umgungundlovu
- Provincial Legislature: R34.855 m (2014/15 only)
- Office of the Premier: R17.420 million (2013/14 only): Zimele Developing Community Self-Reliance; 150-year commemoration of the arrival of Indian: indentured labourers; African Renaissance: social development and women's empowerment; monument in eThekweni
- Provincial Treasury: R97.677 m allocated in 2013/14 and R12 m in 2014/15: Feasibility study of the government office park; Operation Clean Audit; Provincial E-Procurement tool; SCM contract management; Infrastructure Crack Team; Forensic investigations; Shyamoya eco-complex, cultural village and community park; Aero Grand Prix; Thuthuka Bursary Fund; Development of a light industrial park at Bhongweni
- Education: Funds held in reserve for allocation; Learner Transport
- Health R50.580 m in 2013/14 only: upgrading and refurbishment of the regional laundry in Dundee

NEW MONEY: NATIONAL TREASURY

- Carry-through cost of 2012 wage agreement (Education and Health, totalling R5.595 b over the MTEF
- Funding of R170.455 m is added to Education in 2015/16 to increase the number of Grade R teachers; also receives R215.518 m in 2015/16 to increase the number of teachers in poorest schools
- Health receives R6.517 m, R17.213 m and R48.622 m over the 2013/14 MTEF for improved diagnostic tests for TB (GeneXpert)
- Social Development receives R26.070 million, R65.645 m and R109.303 m over the MTEF for the absorption of social work graduates: Also: Support to the NGO sector receives R21.725 m, R43.032 m and R63.921 m over the MTEF



PROGRESS ON 2012/13 INFRASTRUCTURE PROJECTS



Airports development

Prince Mangosuthu Buthelezi airport in Ulundi upgrading: daily flights from Pietermaritzburg to Ulundi, resulting in both cost and time savings for officials who travel to Ulundi, with the cost-saving estimated at some R1.567 million over a 10 month period from the recommissioning of the airport.

Pietermaritzburg airport: significant growth in passenger numbers due to the airport upgrade, with an unprecedented number of 102 000 passengers (up from 77 832 in 2006) having used the airport in the last year. Furthermore, the airport generates R5.500 million per annum from this airport, while spending approximately the same amount to operate it, meaning that the airport is breaking even, thus reversing the previous loss-making trend. In fact, it is projecting to generate a profit of R305 000 in 2013.

Roads

P318 Sani Pass, the only road link between KZN and Lesotho. Phase 1, which comprises the upgrading of 14 kilometres of gravel road to blacktop standard, has been completed.

The African Renaissance Roads Upgrading Programme (ARRUP), which encompasses the upgrading of roads to blacktop standard:

Main Road P700, located between Ulundi and Empangeni, entails the upgrading of 95 kilometres of gravel road to a blacktop surface. Approximately 44 kilometres have been completed to date, with a further 8 kilometres to be completed by the end of March 2013. The remaining 43 kilometres will be completed by 2014/15.

Main Road P230, located from Empangeni to Eshowe, entails the upgrading of 31.3 kilometres of gravel road to a blacktop surface and the construction of one underpass road. Approximately 18.2 kilometres have been completed and the balance of 13.1 kilometres will be completed over the 2013/14 MTEF.

Operation *KuShunquthuli* (transport infrastructure development in rural areas, linking rural communities to provincial hubs of activity):

Main Road P127, located from Impendle to Himeville, entails the upgrading of 55 kilometres of gravel road to a blacktop surface, of which 22 kilometres have been completed to date.

Main Road P73, located between Sipofu and Ixopo, entails the upgrading of 75 kilometres of gravel road to blacktop standards, of which 27 kilometres have been completed to date, and a further 12 kilometres will be completed by the end of March 2013. The balance of 36 kilometres will be completed by 2014/15.

Health

The Edendale complex: planning and design for the new regional hospital has commenced. The revitalisation of existing facilities is on-going.

Dr John Dube Hospital: at planning and design stage.

Dr Pixley ka Seme Hospital: Planning and design completed. Earthworks have begun with underground services (piling).

The KZN Children's Hospital: The trust has utilised all funding transferred plus its own funding raised elsewhere; Phase 1 of 4 phases is complete. This 5-year project is still on track to be completed in 4 years.

Madadeni Psychiatric Hospital: at planning and design stage.

32 new clinics: 23 in construction and 9 in planning phase.

Community Healthcare Centres (CHCs): 6 altogether: 3 in construction and 3 in planning phase.

Education

Public Private Partnership (PPP) to provide school infrastructure: The process of a

a Transaction Advisor (TA) is at an advanced stage.

Special Schools Infrastructure: The scaling up of special school infrastructure remains important in terms of granting access to education. Expenditure trends in 2012/13 showed

vast improvements when compared to previous years.

Early Childhood Development Infrastructure: In 2012/13, expenditure with regard to infrastructure improved, with 221 classrooms built by the end of December 2012, and a further 79 planned to be built in the last quarter of 2012/13.



PROVIDING LONG-TERM SOLUTIONS

The 2013 budget is tabled in the context of a constrained domestic economic environment and an uncertain global economic outlook, resulting in serious budget cuts.

KwaZulu-Natal has had its equitable share allocation reduced as a result of updates in the equitable share formula with the latest Census data of 2011, in addition to 1%, 2% and 3% budget cuts (the result of reduced national revenue). The total equitable share cuts for KZN is R5.686 billion over the MTEF, after taking into account the three-year buffer funding provided.

In the 2013/14 MTEF, nearly all new spending must be funded through reprioritisation of funds by departments and the identification of savings.

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

To ensure sustainability and promotion of growth, we have to shift the composition of spending in favour of greater investment in infrastructure and away from consumption spending.

To this end wasteful expenditure will be further curtailed in expanded cost-cutting measures