

Global and national economic outlook

The global real gross domestic product (GDP) is estimated to have decelerated to 3% in 2013, slightly down from 3.2% recorded in 2012. The world output is thus expected to increase at 3.7% in 2014 and rise to 3.9% in 2015 (IMF, 2014). The euro area is expected to recover with a growth rate of 1% in 2014, up from the 0.5% estimated in 2013.

Emerging market economies continue to account for the bulk of the global growth. Economic growth in emerging market economies is estimated to reach 5.1% and 5.4% in 2014 and 2015, respectively. The Sub-Saharan African economy is expected to accelerate to a growth rate of 6.1% in 2014. The moderate growth projection is backed by continuing investment in infrastructure and productive capacity.

Following the global trends, the South African (SA) economy is estimated to have grown by 1.9% in 2013. This is projected to gain momentum and reach 2.8% in 2014 and 3.3% in 2015.

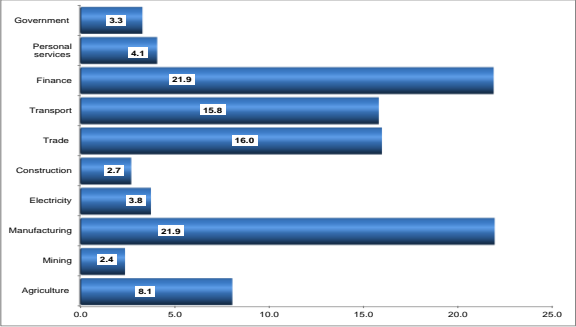
KwaZulu-Natal (KZN) provincial economy

The real GDP of KZN was estimated at R322.2 billion in 2012, thus making the province one of the key regions in the SA economy. This real GDP contribution translates to 16.6% of the national output. The provincial economic performance grew robustly over the 2002 to 2008 period and recorded an average annual growth rate of 4.7%.

Sector performance analysis

Over the ten-year period from 2002 to 2012, the economy of the province had been driven largely by the manufacturing and finance sectors, each contributing 21.9%, as well as the *wholesale & retail trade* subsector at 16%. Transport (15.8%) also contributed significantly to the economy of KZN.

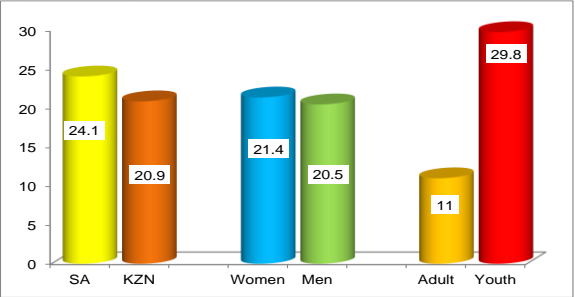
Figure 1: Sector contribution to the provincial real GDP (average percentages), 2002 to 2012



Source: Global Insight, 2013

Unemployment in SA and KZN province

Figure 2: Unemployment rate, 2013



Source: Stats SA, 2013

Unemployment rate in KZN is estimated at 20.9%, compared to the national average of 24.1%. In an attempt to reduce unemployment, particularly among young people, national government has introduced the youth employment tax incentive aimed at increasing the youth employment.

Population size

The provincial population is estimated at 10.5 million, constituting 19.7% of the total national population of 53 million.

National Development Plan (NDP)

The NDP has set a target for the country to create 11 million jobs by 2030. KZN has committed to create 2.1 million of those jobs within the province through its Provincial Growth and Development Plan (PGDP). This plan ensures a firm focus on investing in strategic infrastructure that unlocks economic opportunities and creates jobs.

Poverty

The poverty rate in the province is estimated at 45.1%; an indication that a little less than half of the provincial population is living on a monthly income that is unable to sustain them. This poverty rate has however declined from the 48.4% rate recorded in 2012.

Development indicators

The literacy rate was 79.3%, while the human development index was 0.59. Respectively, both of these indicators showed an improvement from 75.6% and 0.52 in 2012.

Policy priorities driving KZN's 2014/15 MTEF

Education

Education continues to receive the largest proportion (40.8%) of the provincial budget at R39.447 billion in 2014/2015. This is projected to rise to R42.882 billion in 2016/2017.

Health

Health receives the second largest proportion (32%) of KZN's budget allocation at R30.9 billion.

Infrastructure

In an effort to support SA's medium and long-term economic and social objectives as indicated in the NDP, the province of KZN is budgeting to spend R12.443 billion in 2014/15 on infrastructure projects. This constitutes 12.9% of KZN provincial budget allocation.

Table 1: Summary of infrastructure payments and estimates by category, 2014

R thousand	Audited Outcome			Main Appropriation	Adjusted Appropriation	Revised Estimate	Medium-term Estimates		
	2010/11	2011/12	2012/13	2013/14			2014/15	2015/16	2016/17
New and replacement assets	1362 979	2 218 933	2 408 191	1945 202	1 887 372	1 861 030	2 322 663	2 678 768	1 454 096
Existing infrastructure assets	6 078 145	6 978 266	8 754 827	8 722 571	9 094 916	9 060 815	9 336 146	9 717 878	9 189 147
Upgrades and additions	2 323 165	2 518 920	3 804 837	2 964 419	3 771 129	3 964 503	3 340 802	3 840 851	3 662 675
Rehabilitation, renovations and refurbish	1337 877	1 463 262	1 503 341	1 639 900	1 901 074	1 915 661	1 769 716	1 623 407	1 04 993
Maintenance and repairs	2 417 103	2 996 094	3 446 649	4 18 252	3 422 716	3 101 651	4 205 627	4 253 620	4 391 479
Infrastructure transfers	845 980	645 685	655 401	828 802	774 511	774 511	783 378	826 933	890 714
Current	60 000	71 559	64 950	56 950	17 800	17 800	54 161	719 192	61 600
Capital	785 980	574 126	590 451	771 852	756 711	756 711	729 697	754 921	739 114
Capital infrastructure	5 810 001	6 775 241	8 306 920	7 321 373	8 316 286	8 497 905	8 182 879	8 697 947	6 990 878
Current infrastructure	2 477 103	3 067 643	3 515 599	4 195 202	3 440 510	3 189 451	4 259 908	4 325 532	4 543 079
Total	8 287 104	9 842 884	11 818 419	11 496 575	11 756 799	11 696 356	12 442 687	13 223 479	11 533 957

Source: KZN Treasury, 2014

Grant Beneficiaries

A considerably high percentage of child support (23.9%), foster child (25.4%), and grant in aid (37.7%) beneficiaries were located within KZN.

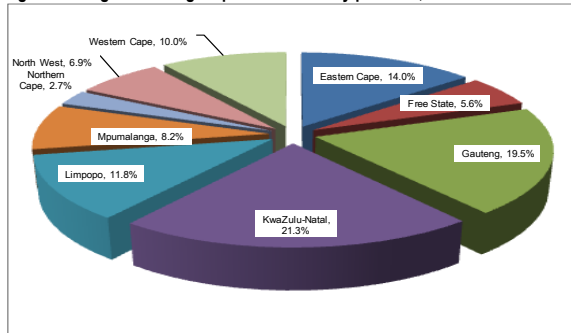
Table 2: Total numbers of social grant beneficiaries by grant type and province as at 31 December 2013

Province	Old Age Grant		War Veterans Grant		Disability Grant		Grant in aid		Care Dependency Grant		Foster Child Grant		Child Support Grant		Total
	Number	%	Number	%	Number	%	Number	%	Number	%	Number	%	Number	%	
Eastern Cape	514 290	17.5	65	13.6	180 207	16.0	11 558	14.6	18 252	15.3	105 519	22.0	1 740 740	16.0	2 575 631
Free State	175 626	6.0	6	1.3	83 814	7.4	1 477	1.9	6 181	5.2	35 591	7.4	822 458	5.7	925 153
Gauteng	441 715	15.0	120	25.1	115 953	10.2	1 926	2.4	15 226	12.7	52 787	11.0	1 512 224	13.9	2 139 551
KwaZulu-Natal	604 621	20.6	64	13.4	297 499	26.3	29 626	37.4	35 089	29.3	121 983	25.4	2 604 465	23.9	3 693 027
Limpopo	417 325	14.2	36	7.5	91 297	8.1	12 422	15.7	12 417	10.4	53 381	11.1	1 594 650	14.6	2 181 728
Mpumalanga	214 987	7.3	20	4.2	76 270	6.8	3 231	4.1	8 620	7.2	31 958	6.7	968 466	8.9	1 303 552
Northern Cape	76 551	2.6	13	2.7	49 546	4.4	4 595	5.7	4 583	3.8	13 987	2.7	268 626	2.5	416 891
North West	222 953	7.6	17	3.5	86 014	7.6	4 803	6.1	9 360	7.0	37 609	7.9	738 943	6.8	1 098 299
Western Cape	270 546	9.2	138	28.8	149 933	13.2	9 620	12.2	10 847	9.1	27 236	5.7	843 151	7.7	1 310 441
South Africa	2 938 214	100.0	479	100.0	1 129 133	100.0	79 168	100.0	119 575	100.0	479 781	100.0	10 898 923	100.0	15 644 273

Source: SASSA, 2013

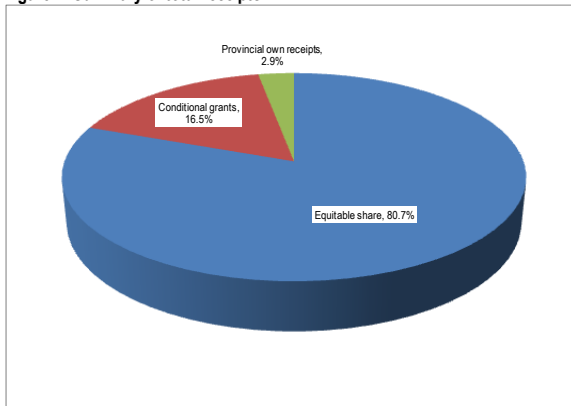
Budget allocation and figures at a glance

Figure 3: Weighted average equitable shares by province, 2014 MTEF



Source: National Treasury, 2014

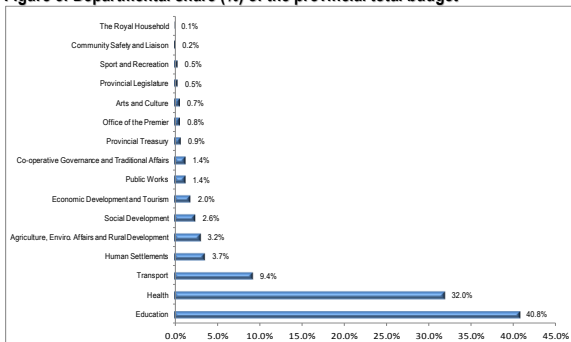
Figure 4: Summary of total receipts in KZN



Source: KZN Treasury, 2014

2014/15 KZN Budget summary: allocation by departments

Figure 5: Departmental share (%) of the provincial total budget



Source: KZN Treasury, 2014

Total budget of KZN for 2014/2015 is R 96.7 billion, allocated as follows:

- ❖ R 39.4 billion for the Department of Education (40.8% of the total budget)
- ❖ R 30.9 billion for the Department of Health (32% of the total budget)
- ❖ R 9.1 billion for the Department of Transport (9.4% of the total budget)
- ❖ R 3.6 billion for the Department of Human Settlements (3.7% of the total budget)
- ❖ R 3.1 billion for the Department of Agriculture, Environmental Affairs and Rural Development (3.2% of the total budget)
- ❖ R 2.5 billion for the Department of Social Development (2.6% of the total budget)
- ❖ R 1.9 billion for the Department of Economic Development and Tourism (2% of the total budget)
- ❖ R 1.4 billion for the Department of Public Works (1.4% of the total budget)
- ❖ R 1.3 billion for the Department of Co-operative Governance and Traditional Affairs (1.4% of the total budget)
- ❖ R 834 million for the Provincial Treasury (0.9% of the total budget)
- ❖ R 741 million for the Office of the Premier (0.8% of the total budget)
- ❖ R 705 million for the Department of Arts and Culture (0.7% of the total budget)
- ❖ R 491 million for the Provincial Legislature (0.5% of the total budget)
- ❖ R 456 million for the Department of Sport and Recreation (0.5% of the total budget)
- ❖ R 181 million for the Department of Community Safety and Liaison (0.2% of the total budget)
- ❖ R 54 million for the Royal Household (0.1% of the total budget).



Province of KwaZulu-Natal

PROVINCIAL BUDGET 2014

"The KZN Budget: Making people's lives better"



Spending your money wisely

KZN Provincial Treasury's Vision

"Be the centre of excellence in financial and fiscal management in the country"

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