



PROVINCE OF KWAZULU-NATAL

**ESTIMATES
OF
PROVINCIAL REVENUE AND
EXPENDITURE**

2015/16

**for the
financial year ending 31 March 2016**

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To obtain further copies of this document, please contact:

Provincial Treasury

5th Floor

Treasury House

145 Chief Albert Luthuli Road

3201

P.O. Box 3613

Pietermaritzburg

3200

Tel: +27 (0) 33 – 897 4310

Fax: +27 (0) 33 – 897 4617

FOREWORD

The 2015/16 Medium-Term Expenditure Framework (MTEF) budget is tabled within an extremely constrained fiscal environment, largely due to the introduction of a fiscal consolidation programme in the country, introduced by the Minister of Finance during the tabling of the Medium Term Budget Policy Statement (MTBPS) in October 2014. The purpose of this plan is to reduce public spending so as to deal with the country's looming debt crisis. As a result, allocations to all spheres of government have been reduced.

For KwaZulu-Natal, a total of R1.200 billion has been taken off the provincial baseline in 2015/16. This budget cut occurs on top of budget reductions the province faced in the 2013/14 MTEF as a result of the 2011 Census data. At that time, the province lost over R6 billion in total over the three MTEF years. For 2015/16, this means that KwaZulu-Natal's budget reduces by R3.700 billion. This is a substantial loss of income, and requires the province to reprioritise its spending. Compounding this fiscal scenario, was the inability of National to compensate provinces for the above-budget 2014 public service wage settlement. For this province, the shortfall amounted to R580 million in 2014/15.

To this end, the province had to reconsider some of its spending plans with a view to redirecting funding to where it is needed the most. To finance these cuts, the province has done the following:

- Discontinued the Strategic Cabinet Initiatives fund. This released R100 million in each year back into the fiscus.
- Postponed the development of the government office precinct project. This released a further R600 million.
- Reduced the Contingency Reserve for the 2015/16 MTEF, and capped it at R750 million for the next three years. This released R538 million, R272 million and R285 million over the MTEF.

These were very difficult decisions, but Cabinet had to take them, to deal with this difficult situation. Over the 2015/16 MTEF, the province will continue to exercise fiscal discipline through the implementation of fiscal austerity measures that were first approved in 2009/10. These measures have been instrumental in ensuring fiscal stability in KwaZulu-Natal.

It is my honour to present the 2015/16 *Estimates of Provincial Revenue and Expenditure (EPRE)* which gives details of the provincial fiscal framework to the people of KwaZulu-Natal and beyond. 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 Legislature and 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

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LIST OF ABBREVIATIONS

Abbreviation	Full description
AACL	Animal Anti-Cruelty League
AAIM	Anti-Addiction in Medicine
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
AET	Adult Education and Training
AFCON	Africa Cup of Nations
AFS	Annual Financial Statements
AFMS	Application Filing Management System
A-G	Auditor-General
AGOA	African Growth Opportunities Act
AGM	Annual General Meeting
ANA	Annual National Assessments
ANC	African National Congress
AOP	Annual Oversight Plan
APAC	Association of Public Accounts Committee
APAP	Agricultural Policy Action Plan
APP	Annual Performance Plan
ARRUP	African Renaissance Roads Upgrading Programme
ART	Anti-retroviral Therapy
ARV	Anti-retroviral
AQM	Air Quality Management
AWG	Action Work Groups
BAS	Basic Accounting System
B-BBEE	Broad-Based Black Economic Empowerment
BCP	Business Continuity Plan
BIS	Business Intelligence System
BPM	Business Process Mapping
BPO	Business Process Outsourcing
BRICS	Brazil, Russia, India, China and South Africa
C-AMP	Custodian-Asset Management Plan
CAC	Council Against Crime
CAPS	Curriculum and Assessment Policy Statements
CARA	Conservation of Agricultural Resources Act
CASP	Comprehensive Agricultural Support Programme
CBD	Central Business District
CBOs	Community-Based Organisations
CCGs	Community Care-Givers
CCMA	Commission for Conciliation, Mediation and Arbitration
CDC	Community Day Centre
CDW	Community Development Worker
CEDAW	Convention on the Elimination of all forms of Discrimination Against Women
CEDI	Community Economic Development Initiatives
CEO	Chief Executive Officer
CETA	Construction Education Training Authority
CFO	Chief Financial Officer
CHC	Community Health Centre
CIDB	Construction Industry Development Board
CIP	Compulsory Induction Programme
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
CMA	Comrade Marathon Association

List of Abbreviations

Abbreviation	Full description
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
CRSC	Community Road Safety Councils
CRU	Community Residential Unit
CSC	Community Service Centre
CSFs	Community Safety Forums
CSIR	Council for Scientific Industrial Research
CYCC	Child and Youth Care Centres
CYCW	Child and Youth Care Workers
CWP	Community Work Programme
DAC	Department of Arts and Culture
DARD	Department of Agriculture and Rural Development
DBSA	Development Bank of South Africa
DBE	Department of Basic Education
DCSL	Department of Community Safety and Liaison
DCST	District Clinical Specialist Teams
DDA	District Development Agencies
DDMC	District Disaster Management Centre
DEDTEA	Department of Economic Development, Tourism and Environmental Affairs
DH	District Houses
DHA	Department of Home Affairs
DHET	Department of Higher Education and Training
DIRCO	Department of International Relations and Co-operation
DIS	Development Information Services
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
DPLG	Department of Provincial and Local Government
DPME	Department of Performance, Monitoring and Evaluation
DPSA	Department of Public Service and Administration
DPSS	Development Planning Shared Services
DRDLR	Department of Rural Development and Land Reform
DRH	Department of Royal Household
DRP	Disaster Recovery Plan
DRM	Disaster Risk Management
DSD	Department of Social Development
DTI	Department of Trade and Industry
DTPC	Dube TradePort Corporation
DVA	Domestic Violence Act
DWAF	Department of Water Affairs
EAP	Economically Active Population
EC	Eastern Cape
ECD	Early Childhood Development
ECM	Enterprise Content Management
EE	Employment Equity
EEDBS	Extended Enhanced Discount Benefit Scheme
EGD	Engineering, Graphics and Design
EIA	Environmental Impact Assessment
EIG	Education Infrastructure grant
EKZNW	Ezemvelo KZN Wildlife
ELRC	Education Labour Relations Council
EMF	Environmental Management Framework
EMIS	Education Management Information System

Abbreviation	Full description
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
ESID	Economic Sector and Infrastructure Development
ETDP	Education, Training and Development Practice
EU	European Union
EXCO	Executive Committee
FARSC	Fixed Asset Register Steering Committee
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
FMCMM	Financial Management Capability Maturity Model
FPC	Finance Portfolio Committee
FS	Free State
FTE	Full-time Equivalent
GAMS	General Algebraic Modeling System
GDCSC	Gender, Disability, Children and Senior Citizens
GBS	General Budget Support
GDP	Gross Domestic Product
GEMS	Government Employees Medical Scheme
GEPF	Government Employees Pension Fund
GET	General Education and Training
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
GWEA	Government Wide Enterprise Architecture
HCBC	Home Community-Based Care
HAD	Housing Development Agency
HDI	Human Development Index
HIV and AIDS	Human Immuno-deficiency Virus and Acquired Immuno Deficiency Syndrome
HOD	Head of Department
HRD	Human Resource Development
HPV	Human Papilloma Virus
HSDG	Human Settlements Development grant
HWSETA	Health and Welfare Sector Education Training Authority
IA	Implementing Agent
IALCH	Inkosi Albert Luthuli Central Hospital
IASP	Invasive Alien Species Programme
IBO	International Boxing Organisation
ICC	International Convention Centre
ICD	Independent Complaints Directorate
ICH	Integrated Craft Hubs
ICRM	Ideal Clinic Realisation and Maintenance
ICT	Information Communication Technology
ICU	Intensive Care Unit
IDA	Inter-departmental account
IDIP	Infrastructure Delivery Improvement Programme
IDMS	Infrastructure Delivery Management System
IDP	Integrated Development Plan
IDRMS	Integrated Document and Records Management System
IDS	Industrial Development Strategy
IDT	Independent Development Trust
IDZ	Industrial Development Zone

List of Abbreviations

Abbreviation	Full description
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
IPID	Independent Police Investigative Directive
IPMP	Infrastructure Programme Management Plan
IPTN	Integrated Public Transport Networks
IRD	Integrated Residential Development Programme
IRM	Infrastructure Reporting Model
ISDM	Infrastructure Service Delivery Model
ISO	International Organisation for Standardisation
ISU	Informal Settlements Upgrade
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 Strategy
JE	Job Evaluation
KIAS	KZN Integrated Archibus System
KSIA	King Shaka International Airport
KZN	KwaZulu-Natal
KZNCCPA	KwaZulu-Natal Community Crime Prevention Association
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
LCF	Local Competitiveness Fund
LED	Local Economic Development
LG	Local Government
LGTAS	Local Government Turn-Around Strategy
LHs	Local Houses
LIV	<i>Lungisisa Indlela</i> Village
LP	Limpopo
LTAD	Long Term Athlete Development
LTSM	Learner Teacher Support Material
LUMS	Land Use Management Strategy
LUWM	Lower Umfolozi War Memorial (Hospital)
MAP	Management Assistance Programme
MBAT	Municipal Bid Appeals Tribunal
MBRR	Municipal Budget and Reporting Relations
MCA	Municipal Capacity Assessment
MCOE	Maritime Centre of Excellence
MDB	Municipal Demarcation Board
MDG	Millennium Development Goal
MDP	Municipal Development Programme
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
MIG	Municipal Infrastructure grant
MK	<i>Umkhonto Wesizwe</i>

Abbreviation	Full description
MinComBud	Ministers' Committee on the Budget
MIS	Municipal Information System
MISOE	Maritime Institute of Sectoral Occupational Excellence
MKI	Moses Kotane Institute
MOA	Memorandum of Agreement
MOU	Memorandum of Understanding
MP	Mpumalanga Province
MPAC	Municipal Public Accounts Committee
MPAT	Monitoring Performance Assessment Tool
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
MuniMEC	Municipalities and Members of the Executive Council
MYHDP	Multi-year Housing Development Plan
NACOSA	National Aids Convention of South Africa
NC	Northern Cape
NC(V)	National Certificate (Vocational)
NCNC	Non-compensation non-capital
NCOP	National Council of Provinces
NCR	National Cancer Registry
NCS	National Curriculum Statement
NDA	National Development Agency
NDEA	National Department of Environmental Affairs
NDHS	National Department of Human Settlements
NDMC	National Disaster Management Centre
NDOH	National Department of Health
NDOPW	National Department of Public Works
NDOSR	National Department of Sport and Recreation
NDOT	National Department of Transport
NDP	National Development Plan
NEMA	National Environmental Management Act
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
NICD	National Institute of Communicable Diseases
NIOH	National Institute of Occupational Health
NIP	National Integrated Plan
NMT	National Monitoring Tool
NPOs	Non-Profit Organisations
NSC	National Senior Certificate
NSF	National Skills Fund
NSNP	National School Nutrition Programme
NT	National Treasury
NTSG	National Tertiary Services grant
NW	North West
NYSP	National Youth Service Programme
OHS	Occupational Health and Safety

List of Abbreviations

Abbreviation	Full description
OPSCAP	Operational Capital
OPMS	Organisational Performance Management System
OPRE	Overview of Provincial Revenue and Expenditure
OSCA	Owen Sithole College of Agriculture
OSD	Occupational Specific Dispensation
OSS	Operation <i>Sukuma Sakhe</i>
OTP	Office of the Premier
PABX	Private Automatic Branch Exchange
PAC	Planning Africa Conference
PAIA	Promotion of Access to Information Act
PAJA	Promotion of Administrative Justice Act
PALC	Public Adult Learning Centre
PARMED	Parliamentary Medical Aid
PAYE	Pay as you earn
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
PEPUDA	Promotion of Equality and Prevention of Unfair Discrimination Act
PERO	Provincial Economic Review and Outlook
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 Patient
PHC	Primary Health Care
PIA	Provincial Immovable Assets
PICC	Presidential Infrastructure Co-ordinating Committee
PICT	Provincial Information Communication Technology
PIJF	Provincial Integrated Justice Forum
PILIR	Policy on Incapacity Leave and Ill Health Retirement
PIP	Provincial Infrastructure Plan
PL	Provincial Legislature
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
PPF	Political Parties' Fund
PRE	Provincial Regulatory Entity
PREMIS	Professional Real Estate Management Information System
PRF	Provincial Revenue Fund
PSCBC	Public Service Co-ordinating Bargaining Council
PSEDS	Provincial Spatial Economic Development Strategy
PSETA	Public Sector Education and Training Authority
PSP	Professional Service Provider
PT	Provincial Treasury
PTOG	Public Transport Operations grant
PTPAs	Public Transport Passenger Associations
Pty (Ltd)	Propriety (Limited)
PVA	Public Viewing Areas
PwC	PricewaterhouseCoopers
QIP	Quality Improvement Plan
QLTC	Quality Learning and Teaching Committees

Abbreviation	Full description
QPR	Quarterly Performance Report
RAF	Road Accident Fund
RAMS	Road Asset Management System
RBIDZ	Richards Bay Industrial Development Zone
RFID	Radio Frequency Identification
RHT	Royal Household Trust
RIA	Regulatory Impact Analysis
ROD	Record of Decision
RRTF	Rural Road Transport Forum
RTI	Road Traffic Inspectorate
RTMC	Road Traffic Management Corporation
RWOPS	Remuneration for Work Outside Public Service
SA	South Africa
SAAMBR	SA Association for Marine Biological Research
SABC	South African Broadcasting Corporation
SACE	South African Council for Educators
SACPLAN	South African Council for Planners
SADC	Southern African Development Community
SADT	South African Development Trust
SAICA	South African Institute of Chartered Accountants
SALGA	South African Local Government Association
SAMTRA	South African Maritime Training Academy
SAMSA	South African Maritime Safety Authority
SANCA	South African National Council of Alcoholism
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 Service
SAQA	South African Qualifications Authority
SARB	South African Reserve Bank
SARS	South African Revenue Service
SAS	Statistical Analysis Software
SASA	South African Schools Act
SA-SAMS	South African-Schools Administration Management System
SASCOC	South African Sport Confederation and Olympic Committee
SASSA	South African Social Security Agency
SBDA	Small Business Development Agency
SCM	Supply Chain Management
SCOA	Standard Chart of Accounts
SCOPA	Standing Committee on Public Accounts
SDF	Spatial Development Framework
SECO	Swiss Economic Co-operation Affairs Department
SEDA	Small Enterprise Development Agency
SETA	Sector Education Training Authority
SERO	Socio-economic Review and Outlook
SEZ	Special Economic Zones
SGM	Senior General Manager
SHI	Social Housing Institutions
SHRA	Social Housing Regulatory Authority
SIPs	Strategic Infrastructure Projects/Programmes
SITA	State Information Technology Agency
SIT	Strategic Investment Team
SIU	Special Investigation Unit
SLA	Service Level Agreement
SLIMS	SITA Library Information Management System
SMME	Small, Medium and Micro Enterprise
SMS	Senior Management Service
SP	Strategic Plan
SPCA	Society for the Prevention of Cruelty Against Animals
STI	Sexually Transmitted Infection

List of Abbreviations

Abbreviation	Full description
STP	Service Transformation Plan
TA	Transaction Advisors
TAC	Traditional Administrative Centre
TAF	Technical Assistance Fund
TAFI	Travel Agencies Federation of India
TB	Tuberculosis
TC	Traditional Council
THETA	Tourism, Hospitality, 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
TSC	<i>Thusong</i> Service Centres
TV	Television
U-AMP	User-Asset Management Plan
UAP	Universal Access Plan
UAS	uMgungundlovu Academy of Sport
UCT	University of Cape Town
UISP	Upgrade of Informal Settlements Programme
UK	United Kingdom
UKZN	University of KwaZulu-Natal
UN	United Nations
UNCRPD	United Nations Convention on the Rights of Persons with Disabilities
UNIZULU	University of Zululand
UPFS	Uniform Patient Fee Structure
USA	United States of America
USDG	Urban Settlement Development grant
VAT	Value-added Tax
VECA	<i>Vukuzakhe</i> Emerging Contractors Association
VEP	Victim Empowerment Programme
VSCPP	Volunteer Social Crime Prevention Programme
WC	Western Cape
WESSA	Wildlife and Environmental Society of South Africa
WHO	World Health Organisation
WTO	World Trade Organisation
WSA	Water Services Authority
XDR	Extreme Drug Resistance

Zulu words	English translation
<i>Amabutho (pl.)</i>	A group of traditional warriors (regiment)
<i>Amadelakufa</i>	Stalwarts
<i>Amaganu</i>	Amarula
<i>Amafa</i>	Heritage
<i>Amakhosi (pl.)</i>	Traditional leaders or chiefs
<i>Amazwi abesifazane</i>	Voices of women
<i>Ezomnotho</i>	Economic affairs (DEDTEA Publication)
<i>Hlasela</i>	Invade
<i>Isibindi</i>	Courage
<i>Isigodi</i>	A village within a tribal authority
<i>Izizwe</i>	Nations
<i>I(zi)mbizo</i>	Public meeting(s) called by government involving a large number of people
<i>I(zi)nduna (pl.)</i>	Traditional leaders
<i>Ifihlile</i>	Hidden
<i>Imizi yesizwe</i>	Houses for <i>Amakhosi</i>
<i>Induku</i>	Stick fighting
<i>Indaba</i>	Forum
<i>Ingqathu</i>	Rope skipping
<i>Izandla Ziyagezana</i>	People helping one another
<i>Khuz'umhlola</i>	Condemning shameful behavior
<i>Kushunquthuli</i>	Getting dust off the ground
<i>Lungisisa Indlela</i>	Prepare the way
<i>Lwisana Nobugebengu</i>	Fight against crime

Zulu words	English translation
<i>Masifundisane</i>	Let's teach each other
<i>Omama Bezintombi</i>	Mothers of maidens
<i>Ondlunkulu</i>	Traditional leaders' or chiefs' wives
<i>Sakhisizwe</i>	Building a nation
<i>S'fundisimvelo</i>	We are teaching about nature
<i>S'hamba Sonke</i>	Moving together
<i>Shanela</i>	Sweep
<i>Simama</i>	Growth
<i>Siyadlala</i>	We are playing
<i>Sukuma Sakhe</i>	Stand up and build
<i>Thathulwazi</i>	Gaining knowledge
<i>Ubukhosi</i>	Kingship
<i>Umbimbi</i>	A coalition of people working towards the same goal
<i>Umkhonto Wesizwe</i>	The spear of the nation
<i>Umkhosi Wezithungo</i>	Ritual information sharing session
<i>Umkhosi Womhlanga</i>	Reed Dance
<i>Umkhosi Woselwa</i>	First Fruit ceremony
<i>Umlabalaba</i>	Board game
<i>Unembeza</i>	Conscience
<i>Vulindlela</i>	Open the way
<i>Vukuzakhe</i>	Wake up and build
<i>Vuselela</i>	Restore
<i>Zibambeke</i>	Do it yourself
<i>Zimele</i>	Stand up for yourself
Other words	English translation
<i>Lekgotla</i>	Cabinet Forum
<i>Phakisa</i>	Accelerate

**OVERVIEW
OF
PROVINCIAL REVENUE
AND
EXPENDITURE**

1. SOCIO-ECONOMIC OUTLOOK

1.1. Introduction

Global economic performance continues at a slow and weak recovery since 2010. This trajectory was also pertinent in 2014, whereby it performed lower than initially expected. Persistent weak global trade growth, particularly in the Euro area and Japan's experiences with stagnation or deflation, was one of the main contributors towards the global sluggish economic performance. Financial conditions were also fairly volatile as high-income economies tightened their monetary policy.

Several major forces are estimated to drive the global outlook during 2015, namely soft commodity prices, low oil price, as well as persistently low interest rates, but increasingly divergent monetary policies across major economies and weak global trade. In particular, the sharp decline in oil prices since mid-2014 will support global activity and help offset some of the obstacles to growth in oil-importing developing economies.

Overall, according to the International Monetary Fund (IMF, 2015), global growth is expected to rise moderately to 3.5 per cent in 2015, with an average of approximately 3.7 per cent by 2016. High-income countries are likely to achieve growth of about 2.4 per cent in 2015 and 2016, up from 1.8 per cent in 2014, on the back of gradually recovering labour markets, ebbing fiscal consolidation, and still-low financing costs.

In developing countries, growth is projected to remain broadly stable at 4.3 per cent in 2015 and to increase to 4.7 per cent in 2016. The three main factors cited as contributors towards the lower growth rate in emerging economies are: (i) lower growth in China, (ii) weaker outlook in Russia and (iii) the downward revisions to potential growth in commodity exporters (IMF, 2015). Lower oil prices will contribute to diverging prospects for oil-exporting and importing countries, particularly in 2015.

The year 2014 was difficult for the South African (SA) with the country having to deal with a number of external and domestic shocks. The prolonged strike at platinum mines was probably the single largest shock in the economy. The electricity outages also severely constrained investment in the SA economy. As a result of the above-mentioned shocks, the SA economy recorded growth of 1.5 per cent in 2014.

The World Bank, IMF, South African Reserve Bank (SARB) and National Treasury estimated that the country's economy would grow at 3.2 per cent, 2.8 per cent, 3 per cent and 2.7 per cent respectively, in January 2014. However, in June/July 2014, the estimates were severely cut down to 2.7 per cent, 2.3 per cent, 2.6 per cent and 2.5 per cent, respectively. Even as late as November 2014, further cuts were announced over and above the June/July downward revisions. In January 2015, this growth was revised downwards to less than 2 per cent. It is unanimously agreed, though, that a growth rate of approximately 2 per cent is not sufficient to provide the much needed employment for the country.

Therefore, there can be no justification for such a sluggish growth rate, especially given the population growth rate of about 2 per cent and the fact that Africa is growing at around 5.5 per cent.

Fortunately, 2015 seems to hold better prospects for the SA economy than 2014, especially given the recent steep oil price decreases. It is therefore within these circumstances that the priorities as outlined in both the National Development Plan (NDP) and the Medium-Term Strategic Framework (MTSF) need vigorous implementation.

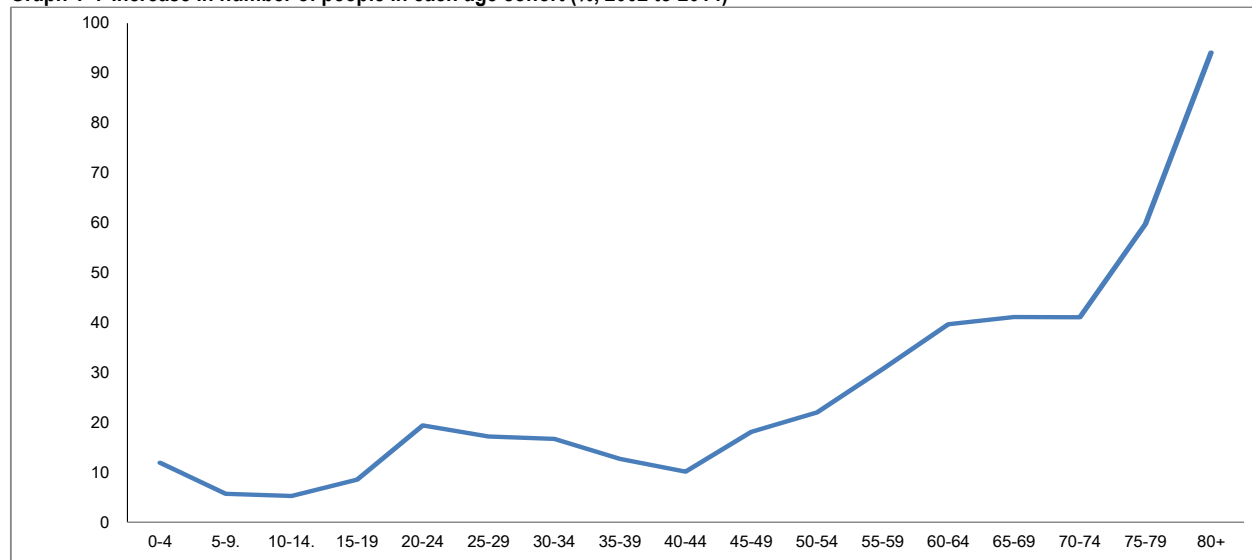
1.2 Provincial population dynamics

The number of people residing in the province increased from 9.1 million in 2002 to an estimated 10.69 million in 2014. The provincial contribution to the national population has decreased steadily since 2002 – i.e. from 19.98 per cent in 2002 to an estimated 19.80 per cent in 2014. There are also a number of other essential population trends that exist. The average population growth rate is increasing – i.e. from some 1.16 per cent in 2002 to an estimated 1.60 per cent in 2014. This is predominantly because of

migration, since the age 0 to 4 growth rate has decreased from a high of 2.95 per cent in 2006 to an estimated 0.8 per cent in 2014.

Graph 1 indicates the percentage increase (2002 to 2014) of the number of people in each age cohort in KZN. For example, the number of people in the age cohort 5 to 9 only increased by 5.7 per cent over a 12-year period, while the number of people in the age cohort 80 plus increased by 95 per cent over the same period. The average age in the province increased from approximately 10 years in 2002 to an estimated 20 years in 2014 – i.e. the average age of the population in KZN is increasing by about 1 per annum.

Graph 1 : Increase in number of people in each age cohort (% , 2002 to 2014)

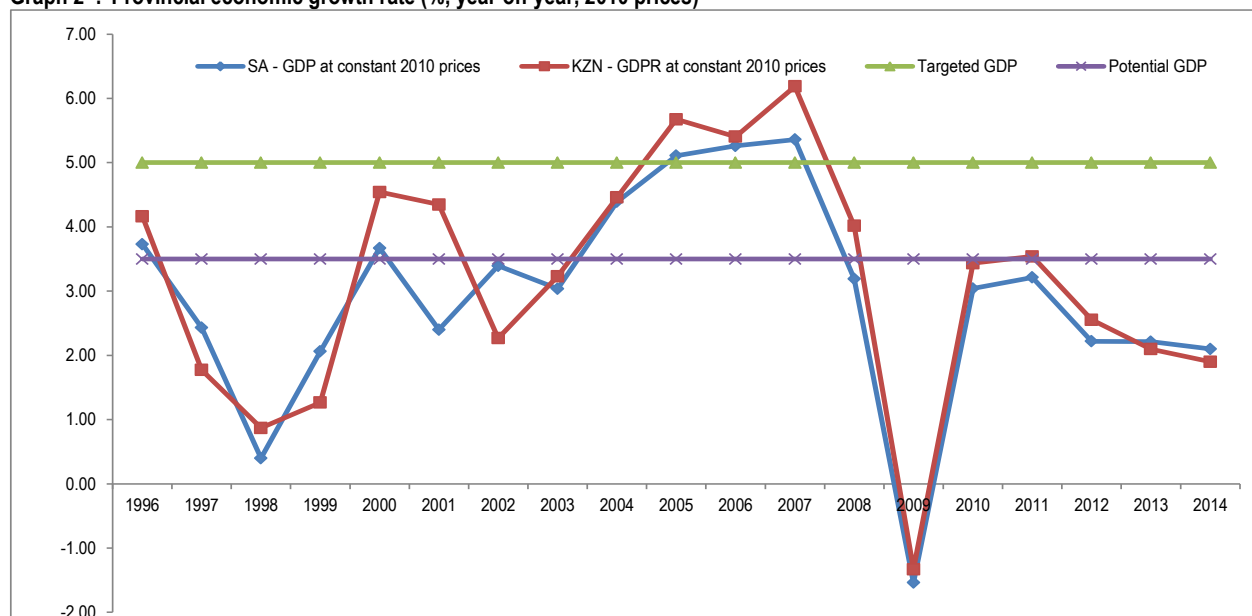


Source: Stats SA, 2014, own calculations

1.3 Provincial growth performance

Graph 2 displays the economic growth performance of the provincial economy compared to the national economy. The provincial potential growth rate is 3.5 per cent and, according to the Provincial Growth and Development Plan (PGDP, 2014), KZN targets a growth rate of 5.5 per cent. It is also relevant to consider the current provincial population growth rate of about 2.3 per cent.

Graph 2 : Provincial economic growth rate (% , year-on-year, 2010 prices)



Source: Stats SA, 2014. KZN Treasury GDP model, own calculations

The above information clearly demonstrates that the growth performance in the province is not at the stage which we, the people of KZN, can be proud of. The “good” news is that the provincial economy is not in a recession, which was a definite possibility during the middle part of 2014. The provincial contribution to the national economy improved marginally from some 15.2 per cent in 1996 to 16 per cent in 2013. It was especially the tertiary sectors that performed reasonably well over the period, while the primary and secondary sectors decreased proportionately from 8 per cent and 26 per cent to 6 per cent and 23 per cent, respectively.

The economic outlook for the province is somewhat more optimistic, primarily because of the lower oil prices which have already, and will continue to, put pressure on inflation which, in turn, will keep interest rates lower for longer. The lower oil prices should also improve the current depressed levels of consumer confidence and give consumers some debt breathing space. Consumer demand will especially support the property, motor, home improvement, furniture and savings sectors.

The weaker exchange rate and moderate improvement in global economic conditions should also support the KZN manufacturing and transport sectors. Unfortunately, continued electricity constraints, labour concerns, logistical bottlenecks, digital and un-competitiveness will hamper growth prospects for 2015. The provincial economic growth is therefore estimated at 2.4 per cent for 2015.

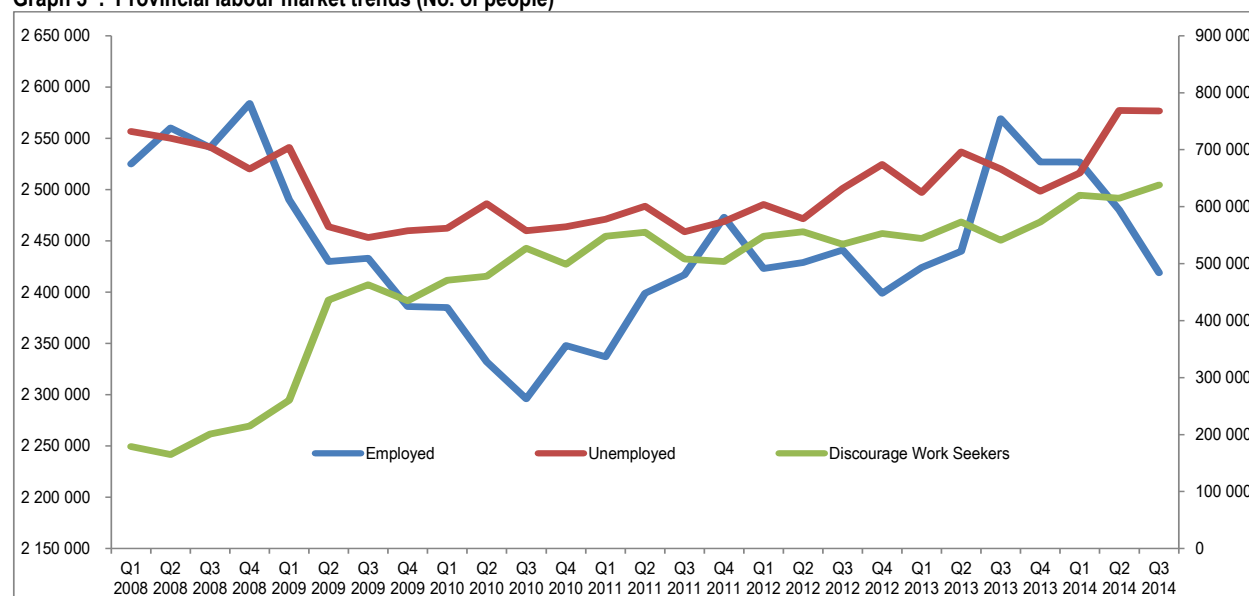
1.4 Provincial labour market

The working age population in the province increased by approximately 92 000 during 2014, while the labour force, number of employed people, number of unemployed people, number of not-active people and the number of discouraged work seekers changed by -48 000, -150 000, 102 000, 140 000 and 97 000, respectively. These numbers do not make for good reading, and bear testament to the dismal economic growth performance in recent years.

Graph 3 displays the increase in the number of unemployed (primary axis) and discouraged work seekers (secondary axis) in the province, since the economic recession. The fairly erratic employment trend is also clearly evident. The average provincial employment rate (labour absorption rate) for 2014 is estimated at 38 per cent, while the average unemployment and discouraged work seekers rate for 2014 is estimated at 22 per cent and 41 per cent, respectively.

Job losses occurred mainly in the agriculture (29 000), mining (13 000), manufacturing (9 000), trade (43 000), transport (27 000), finance (43 000) and private household (13 000) sectors during 2014. Job additions occurred in the construction (14 000), utilities (6 000) and community and social services (9 000) sectors during 2014.

Graph 3 : Provincial labour market trends (No. of people)



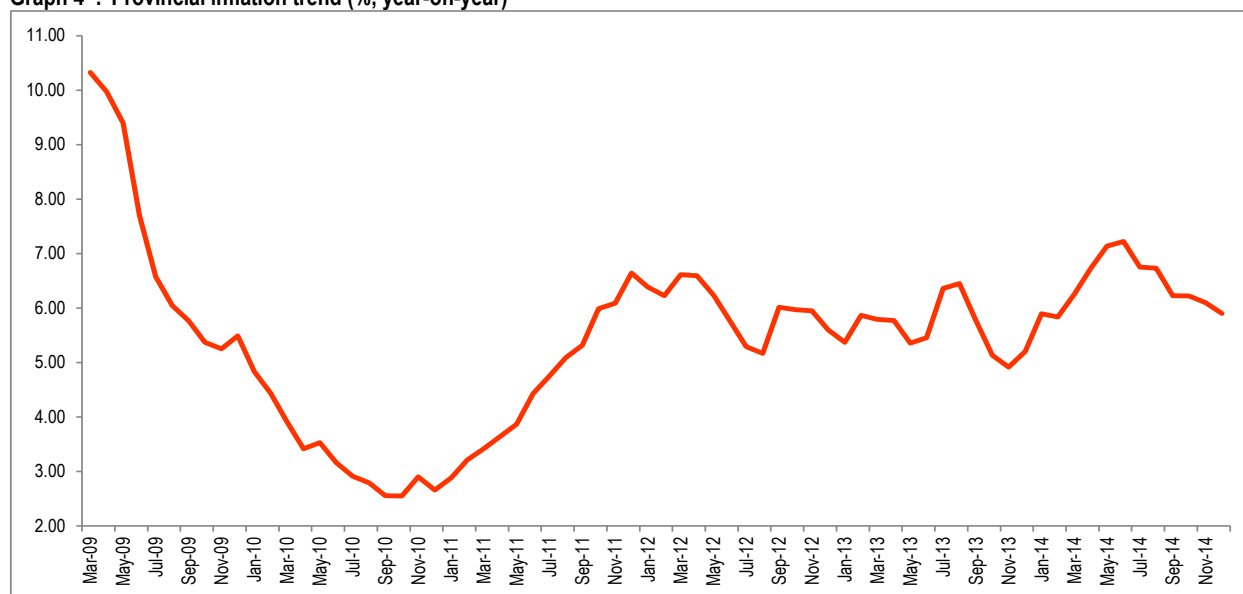
Source: Stats SA, 2014, own calculations

Employment in the province is estimated to decline further to about 2.3 million people in 2015 (estimated 120 000 job losses). It will again be the primary and secondary sectors that will be responsible for the majority of job losses during 2015. Mechanisation will gain further momentum during 2015 – i.e. labour substitution will gain pace as world competitiveness increases.

1.5 Prices in the provincial economy

As is evident in Graph 4, the inflation rate in the provincial economy has moved sideways since 2012. However, after fairly substantial increases in provincial inflation (because of substantial weakening of the currency) during 2014, the provincial inflation rate has been decreasing since the latter part of 2014, mostly due to lower oil prices.

Graph 4 : Provincial inflation trend (% , year-on-year)



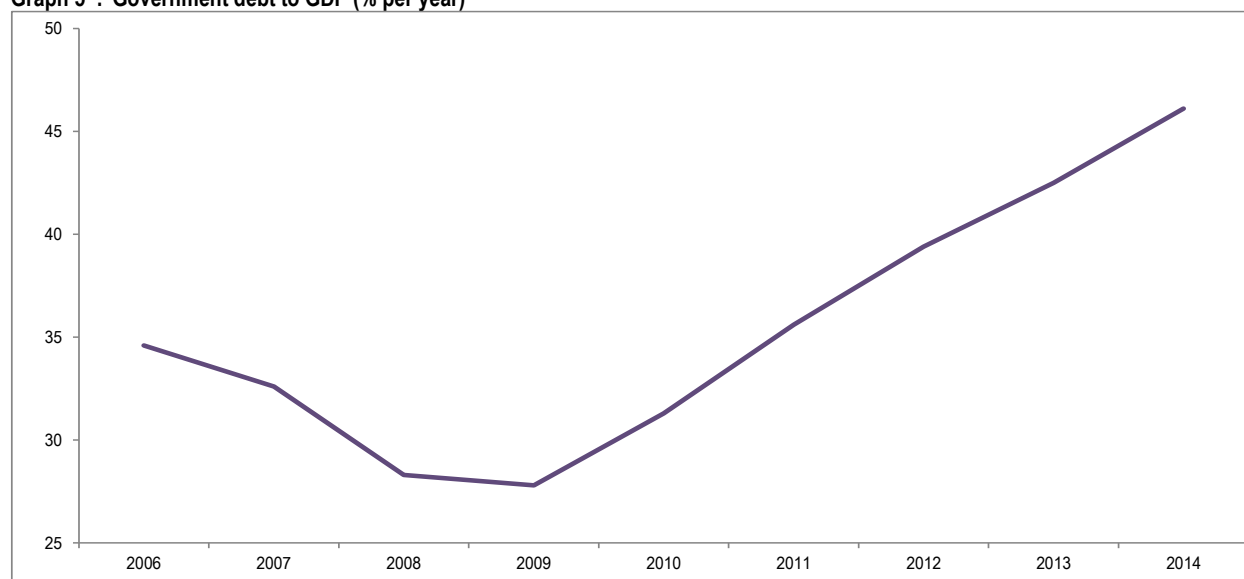
Source: Stats SA, 2014, own calculations

Price pressures continued on meat, milk, eggs and cheese, other food, books, newspapers and stationery, fruit and footwear products, with prices increasing by 12 per cent, 9 per cent, 8.06 per cent, 7.9 per cent, 7 per cent and 6.4 per cent, respectively during 2014. However, beer (4 per cent), postal services and telecommunication equipment (4.5 per cent), private transport (5 per cent), fish (5.7 per cent), and petrol (6.9 per cent) prices decreased during 2014. Further decreases in many of the inflation basket products and services are anticipated during 2015 because of the resulting effects of the lower fuel prices. Provincial inflation is estimated to decrease significantly during 2015, to about 4 per cent.

1.6 Fiscal and monetary policy

The outlook for both fiscal and monetary policy is fairly clear (almost rigid) for 2015. Fiscal policy will be very subdued – i.e. no significant increases in expenditure or tax cuts. The national fiscus (and the provincial fiscus for that matter) will continue to experience severe expenditure and revenue pressures because of the very high fiscal debt burden. Total national government debt has increased from R600 billion in 2009 to over R1.200 trillion in 2013. This high fiscal debt burden has eroded any possible fiscal space. The high fiscal debt burden (Graph 5) is also one of the primary reasons why rating agencies have downgraded SA's credit ratings, as was the case in July 2014 and November 2014. Decreasing government expenditure during low levels of economic growth and high unemployment will be politically risky, while increasing taxes will be economically risky.

Graph 5 : Government debt to GDP (% per year)

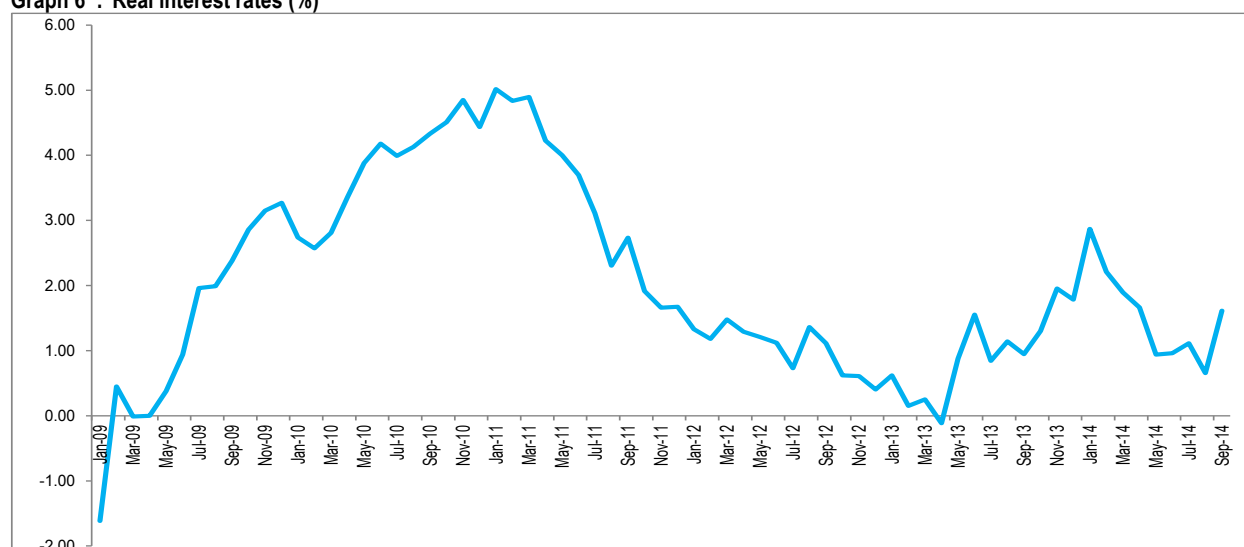


Source: SA Reserve Bank, 2014, own calculations

Monetary policy, on the other hand, is in a much better position, made possible by the lower oil prices and the modest strengthening of the currency over the past three months. Inflation was above the 6 per cent upper band of the SARB's targeted range for most of 2014. This compelled the SARB to increase interest rates by 0.5 per cent in January 2014 and 0.25 per cent in July 2014. Inflation is, however, expected to continue decreasing because of the past and future oil price decreases. The total impact on inflation will depend on the secondary price effects and the further strengthening of the currency. But it is not impossible for inflation to drift toward the 3 per cent lower band of the inflation target.

Therefore, there seems to be some monetary space becoming available for the SARB. The SARB may also be forced to decrease interest rates during the latter part of 2015 if real interest rates (nominal interest rates adjusted for inflation) continue to increase, therefore constraining economic growth through increased investment costs and lower international competitiveness. Graph 6 clearly suggests that real interest rates are increasing. The elephant in the room for the SARB may well be the currency. The SARB, in general, will have an inherent interest or bias toward a strong rather than a weak currency, given the currency's impact on inflation. In view of the volatility of global financial markets and the associated tightening of global financial conditions, the risk of capital flight from developing countries and the unsustainable high current account deficit, the optimal position for the SARB will most probably be to maintain the *status quo*.

Graph 6 : Real interest rates (%)



Source: SA Reserve Bank, 2014, own calculations

2. SUMMARY OF BUDGET AGGREGATES AND FINANCING

2.1 Introduction: Budget strategy – An overview

The 2013/14 MTEF budget saw significant cuts in the provincial equitable share allocation received from the national fiscus, with this reduction resulting from the 2011 Census data used to update the equitable share formula, where the data used did not work in the province's favour. KZN again lost some funds over the 2014/15 MTEF as a result of the annual updates of the data that informs the equitable share formula, with further funds being lost over the 2015/16 MTEF, in line with the fiscal consolidation efforts announced by the national Minister of Finance, with these being effected against all three spheres of government, against the equitable share and the conditional grant allocations.

Almost unprecedented, KZN receives no additional equitable share funds, except for an amount of R321.958 million in 2016/17 in line with a decision to extend the buffer funding that was allocated to losing provinces when the Census data cuts were effected by a further year. There are further reductions in the equitable share but these relate to function shifts of the Further Education and Training (FET) and Adult Education and Training (AET) functions to the Department of Higher Education and Training (DHET) in line with the principle that funds follow function. Port Health Services and parts of the National Health Laboratory Services (NHLS) also move to the National Department of Health (NDOH).

In view of these reductions, departments were told to look at strengthening efficiency savings which can be diverted to fund service delivery programmes. The provincial own revenue budgets were reviewed and resulted in a minor increase, in aggregate, of the revenue budgets in 2015/16 and 2016/17, and a decrease in 2017/18. The cost-cutting measures, which were first introduced in 2009/10, remain in place and have been enhanced, and are to be implemented together with those issued by National Treasury.

KZN continues to budget for a Contingency Reserve which is set at R750 million per year over the MTEF. The Contingency Reserve stays in place as there are spending pressures in the province, especially with regard to the NHLS, as well as the fact that National Treasury did not fund the 2014 wage agreement carry-through shortfall of 1 per cent.

The cornerstone of the 2015/16 budget strategy continues to be reprioritisation of the existing provincial budget, an enhanced focus on cost-cutting and maintaining a healthy Contingency Reserve. In summary, the 2015/16 budget strategy is underpinned by four elements, namely:

- Reprioritisation of the current budget.
- Continued implementation of fiscal austerity measures with realised savings being re-directed into service delivery spending.
- Sound cashflow management and increasing provincial own revenue.
- A stable fiscal framework which 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 2015/16 budget, departments were requested to focus on the national outcomes, the NDP, PGDS and PGDP. The 14 national outcomes are listed below:

1. Quality basic education.
2. A long and healthy life for all South Africans.
3. All people in South Africa are and feel safe.
4. Decent employment through inclusive economic growth.
5. A skilled and capable workforce to support an inclusive growth path.
6. An efficient, competitive and responsive economic infrastructure network.
7. Comprehensive rural development and land reform.

8. Sustainable human settlements and improved quality of household life.
9. A responsive, accountable, effective and efficient local government system.
10. Environmental assets and natural resources that are well protected and continually enhanced.
11. Create a better South Africa and contribute to a better and safer Africa and World.
12. An efficient, effective and development oriented public service.
13. An inclusive and responsive social protection system.
14. Nation building and social cohesion.

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. 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 2011/12 to 2013/14 is based on audited receipts and payments, while the 2014/15 figures provide a revised estimate position as at the end of December 2014. The 2015/16 to 2017/18 data reflects the budgeted receipts and payments for the MTEF.

The detailed analysis of provincial total receipts and payments is given in Sections 4 and 5 of this *Overview of Provincial Revenue and Expenditure (OPRE)*.

Table 2.1 : Provincial budget summary

R thousand	Audited Outcome			Main	Adjusted	Revised	Medium-term Estimates		
	2011/12	2012/13	2013/14	Appropriation	Appropriation	Estimate	2015/16	2016/17	2017/18
				2014/15					
Provincial receipts									
Transfer receipts from national	76 241 558	82 590 160	88 230 571	93 728 450	93 938 177	93 738 177	99 134 621	104 269 522	110 147 510
Equitable share	63 584 195	68 638 663	73 926 587	78 138 477	78 138 477	78 138 477	82 253 946	86 885 446	91 429 978
Conditional grants	12 657 363	13 951 497	14 303 984	15 589 973	15 799 700	15 599 700	16 880 675	17 384 076	18 717 532
Provincial own receipts	2 726 959	2 642 481	2 772 246	2 783 644	2 783 644	2 876 062	2 995 146	3 189 356	3 342 373
Total provincial receipts	78 968 517	85 232 641	91 002 817	96 512 094	96 721 821	96 614 239	102 129 767	107 458 878	113 489 883
Provincial payments*									
Current payments	61 447 541	66 330 105	71 965 059	77 160 481	77 545 565	77 178 395	83 026 013	87 856 573	92 987 823
Transfers and subsidies	9 072 353	9 749 034	11 420 033	10 884 317	11 309 878	11 553 157	11 049 595	11 368 459	11 955 060
Payments for capital assets	7 108 181	8 520 531	8 186 603	8 142 008	7 854 355	7 763 063	7 728 031	7 500 369	7 690 999
Payments for financial assets	26 265	11 012	38 511	2 500	3 273	4 081	157 598	157 055	139 500
Total provincial payments	77 654 340	84 610 682	91 610 205	96 189 306	96 713 071	96 498 696	101 961 237	106 882 456	112 773 383
Lending									
Surplus/(deficit) before financing	1 314 177	621 959	(607 388)	322 788	8 750	115 543	168 530	576 422	716 500
Financing	376 891	1 475 475	2 194 843	508 333	841 403	841 403	581 470	173 578	33 500
Provincial roll-overs	255 216	180 803	207 370	-	145 795	145 795	-	-	-
Provincial cash resources	119 119	1 295 421	1 989 032	508 333	695 345	695 345	581 470	173 578	33 500
Surplus Own Revenue surrendered	(953)	(1 702)	(3 261)	-	-	-	-	-	-
Suspension to ensuing year	3 509	953	1 702	-	263	263	-	-	-
Surplus/(deficit) after financing	1 691 068	2 097 434	1 587 455	831 121	850 153	956 946	750 000	750 000	750 000

In aggregate, KZN recorded a surplus after financing in 2011/12, 2012/13 and 2013/14, demonstrating the success of the Provincial Recovery Plan which was first implemented in the province in 2009/10. Careful cash and budget management has meant that the province has spent very close to on-budget for the past few years, and has remained cash positive in terms of the provincial bank balance.

The Revised Estimate for 2014/15 in Table 2.1, which is based on the December IYM, indicates that the surplus will be R956.946 million, if the current spending patterns and projections of departments are taken into account. This is the result of projected over-collection of Own Revenue of R92.418 million, projected under-expenditure of R214.375 million, while continuing to budget for a surplus in excess of R600 million. This surplus was kept in place to protect the province from going into overdraft again in the event that the departments find it difficult to remain within their reduced baselines. The surplus is also being used for allocation to departments in future years to fund various provincial priorities.

KZN continues to budget for a Contingency Reserve over the 2015/16 MTEF which is set at R750 million per year over the MTEF. This Contingency Reserve was reduced from the approximately R1 billion that was previously budgeted and the funds released were used to assist in funding the fiscal consolidation cuts implemented on all three spheres of government. The Contingency Reserve stays in place for various

reasons. First of all, the outcome of the 2015 wage negotiations is not known. If National Treasury once again does not fund any portion of this, the province will have to fund this from within its baseline. Secondly, the negotiations regarding the amount that KZN owes to NHLS are still ongoing. This debt could place a significant demand on the provincial fiscus. It is therefore prudent to keep a Contingency Reserve that will act as a buffer in the event that these potential cost pressures become reality.

2.4 Financing

Contingency Reserve

The total provincial receipts exceed the total provincial payments over the 2015/16 MTEF, 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 15 provincial Votes for spending. This is purposely done, and this Contingency Reserve is kept to protect the province against any fiscal shocks that may occur, and to act as a buffer for various contingent liabilities that exist.

Implementation of Section 34(2) of the PFMA (First charge rule)

The province implemented the first charge rule (in terms of Section 34(2) of the PFMA) for the first time in 2009/10. This meant that the affected departments saw a reduction in their budgets available for spending, in order to pay back the over-expenditure they had incurred in prior years. Important to note and understand, though, is that these amounts are not removed from their budgets as such, but are allocated to *Payments for financial assets* to allow the necessary accounting treatment thereof.

Cost-cutting measures

Cost-cutting has been in place in KZN since 2009/10. The aim of cost-cutting is to reduce expenditure on “frills” and “nice to haves” and rather re-direct these funds into service delivery areas. These cost-cutting measures, which are listed below, are updated and re-issued to departments each year and will remain in place as they are critical 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 that have affected KZN’s fiscal resources over the past few years. These 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. In addition to the provincial cost-cutting measures, National Treasury has issued Instruction 01 of 2013/14: Cost containment measures which all levels of government must adhere to. KZN has reviewed the 2014/15 cost-cutting measures and further cost-cutting measures were added to the list and were approved by the Committee of HODs (COHOD) in December 2014 and by the Cabinet *Lekgotla* in February 2015. The updated provincial cost-cutting measures read as follows:

- All departments to undertake a proper organogram review to **eliminate non-essential posts**.
- Any newly proposed organogram that proposes the addition of posts to staff establishments **may not be implemented** until the country’s period of fiscal consolidation is over.
- **Moratorium** on the filling of **non-critical** posts. Accounting Officer and CFO to determine which posts are critical and may be filled.
- Departments to undertake **headcounts** to eliminate ghost employees.
- Freeze budgets for non-essential goods and services at 2014/15 levels.
- No. of events held by departments must be strictly kept at no more than 24 per annum, as approved by Cabinet (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).
- Cost per event to be adhered to, as per guidelines given in the cost-cutting circular.
- No musicians or other performing artists to be used at these events as these come at exorbitant fees.

- No tracksuits, t-shirts or other promotional materials to be handed out at events (exceptions to be approved by Provincial Treasury).
- VIP catering to be kept to a minimum and should only be for specifically invited dignitaries and not for government employees (except for HODs).
- Furniture and equipment purchases to be approved by the Accounting Officer and the CFO. All furniture and equipment to be purchased should be standardised according to staff designations.
- Explore energy saving projects with an aim of reducing electricity and water usage.
- Timeous planning to ensure market related prices are charged by service providers.
- Database of local service providers per municipality and fixed prices per commodity to ensure exorbitant prices are not charged.
- Departments to provide listing of events to be held in 2015/16 for synergies and sharing of costs to be realised.
- Departments to share databases for government and community venues to minimise use of private venues.
- Marquees and catering costs for events to be reduced through timeous procurement (end fixed contracts with just one service provider – look at panel of events co-ordinators instead).
- S&T – only essential trips to be undertaken. Review the allowances for all categories of S&T.
- Monthly mileage restrictions to be adhered to and officials to use one hired car for meetings outside KZN (synergy between departments attending same meetings).
- Cell phone, landline and data bundle costs to be reviewed and limitations in respect of usage and approval of these services to be effected. Stricter cell phone limits to be introduced.
- Responsibility managers to ensure co-ordinated travel to reduce costs.
- Meetings and workshops to be held where the majority of the officials reside/work (50% + 1).
- Departments to develop an integrated annual calendar so that meetings and workshops are properly co-ordinated to reduce travel costs.
- Ensure that meetings start at reasonable time to reduce need to sleep over. Cut down on unnecessary overnight accommodation.
- Assessment must be done between road travel to end destination vs distance to airport (e.g. cheaper for a person from Newcastle to travel to Jhb by road than to drive to Dbn to take a flight to Jhb).
- Hiring of offices: government-owned properties should be utilised as far as possible to avoid costs.
- Proper planning of events to be undertaken to reduce costs. Core planning team to co-ordinate all events in the department to ensure value for money.
- Events – current standardised specifications should be reviewed to reduce costs.
- Number of officials attending events to be kept at an absolute minimum.
- Departments to use transversal contracts for inventory items such as stationery, nappies, baby food, medication, etc.
- 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 Provincial Treasury). Where Provincial Treasury approval is requested, proof must be given 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 Provincial Treasury). Use of marquees to only be considered where such events could not be held in municipal halls, school halls, FET College facilities, etc. Where Provincial Treasury approval is being requested, proof must be provided that all other avenues have been exhausted before a private venue will be approved.
- No team building exercises or year-end/Christmas functions (only permitted if paid for by the staff themselves).
- 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 to use a lighter weight of pages and covers. 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 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 category also includes unspent funds which were surrendered in one financial year and allocated back to the same department in ensuing years. This source of financing also relates to any internal provincial reprioritisation that is undertaken to finance provincial commitments.

Suspensions to ensuing years in Table 2.1 relates only to the Provincial Legislature and occurs when the Legislature, in terms of Section 22(1) of the PFMA, retains its own revenue.

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

3.1 The 2015/16 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 2015/16 MTEF budget process. This document explains the policy framework and format which departments must use to prepare the 2015/16 MTEF budget submissions.

The 2015/16 budget process focuses on the compilation of reprioritised budgets and service delivery that is aligned to the 14 national outcomes, the NDP, the PGDP and the PGDS. As in the previous three MTEF cycles, departments were asked to continue implementing the expanded cost-containment 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 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 two provincial 'initiatives'. The other departments were requested to identify and cost a maximum of two 'initiatives'. The public entities were also given the opportunity to cost two 'initiatives'. It was also emphasised that, due to the 2011 Census budget cuts and further cuts to the province's equitable share in 2014/15, 'initiatives' were to be 'once-off' in nature, as the fiscus would likely not be able to accommodate any carry-through costs. It was only after National Treasury indicated the fiscal consolidation cuts that it became clear that the province would not be able to fund any new spending areas.

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, as well as being clearly aligned to the PGDP.
- Credible service delivery information.
- Alignment of the initiative to the core functions of the department/public entity.
- Evidence of financial controls and/or reprioritisation of savings to service delivery.
- Evidence that the department/public entity underwent thorough reprioritisation with a view to fund part of the initiative from within its budget.
- Is the costing/initiative realistic?
- Was there adequate political involvement in the budget formulation process?

In terms of the rating exercise, each of the first four criteria translated to '2' points if complied with, and a '0' if not. A higher score was accorded to the first four criteria, simply because they were seen as being essential. An initiative therefore could score a maximum of 11 points or 100 per cent. The Medium-Term Expenditure Committee (MTEC) then reviewed each and every funding request and made proposals to the Ministers' Committee on the Budget (MinComBud) and Cabinet. At this stage of the budget process, the province had not yet been informed by National Treasury of the fiscal consolidation cuts.

3.1.3 Allocation process

MTEC met with all 15 provincial departments and the Provincial Legislature in September 2014, as well as their related public entities. As was the case in the previous cycle, the MTEC for the 2015/16 MTEF

cycle indicated that the meetings were taking place during difficult times as SA'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 and the country is not financing capital investments from borrowing, but current government consumption spending. Also, KZN was significantly negatively affected by the update of the equitable share formula using the 2011 Census data which resulted in substantial reductions in the province's equitable share, as well as further equitable share formula amendments in 2014/15 that were not in the province's favour, resulting in further budget cuts. This means that the province is not in a position to introduce new projects and programmes which have carry-through costs unless existing projects and programmes are stopped/delayed. Also, while KZN's cash position remained positive, 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, and the above-mentioned equitable share reductions. In addition, National Treasury had already suggested that further cuts were likely (to both conditional grants and the equitable share). Accordingly, it was considered advisable to look at funding requests which had once-off funding requirements, especially in view of the fact that the province was protected by the full impact of the Census data updates through buffer funding provided by National Treasury, and it was likely that this buffer funding would fall away from 2016/17 resulting in another fiscal cliff which the province would have to contend with. As such, funding requests which had carry-through implications beyond 2016/17 were not considered at all.

When MTEC met, National Treasury indicated that there would be no additional funding allocated to provinces, and that, as mentioned, cuts were possible. National Treasury was attempting to reduce all levels of government's consumption spending in view of the country's high debt-service costs.

Table 3.1 indicates the departments' requests for additional funding as they were submitted as part of the 2015/16 MTEF process.

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

R thousand	Amounts requested			
	2015/16	2016/17	2017/18	Total
1. Office of the Premier	41 960	34 761	41 013	117 734
2. Provincial Legislature	9 500	-	-	9 500
3. Agriculture and Rural Development	326 070	191 264	129 609	646 943
4. Economic Development, Tourism & Enviro. Affairs	839 879	222 563	38 833	1 101 275
5. Education	73 755	19 300	18 300	111 355
6. Provincial Treasury	17 000	15 900	18 800	51 700
7. Health	251 632	-	-	251 632
8. Human Settlements	-	-	-	-
9. Community Safety and Liaison	40 000	-	-	40 000
10. The Royal Household (moved to OTP)	36 200	4 688	-	40 888
11. Co-operative Governance and Traditional Affairs	93 765	-	-	93 765
12. Transport	868 315	-	-	868 315
13. Social Development	264 112	196 198	77 225	537 535
14. Public Works	12 930	-	-	12 930
15. Arts and Culture	704 502	-	-	704 502
16. Sport and Recreation	-	-	-	-
Total	3 579 620	684 674	323 780	4 588 074

Note: The public entities' requests are included in their parent departments' totals

All funding requests had to be very critically assessed in view of the probability of no additional funding being received from the national fiscus, the Census-based baseline cuts from the 2013/14 MTEF, as well as the impending removal of the buffer funding by National Treasury. It is worthwhile noting that, in spite of sizeable growth rates already in most departments' baseline budgets, averaging 4.9 per cent (see Table 3.3), departments and public entities requested, in total, R3.580 billion, R684.674 million and R323.780 million over the 2015/16 MTEF (a total of R4.588 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 National Treasury did not allow the province to fund any of these requests.

With the exception of the Departments of Human Settlements (DOHS) and Sport and Recreation (DOSR), all departments submitted requests for additional funds, with the largest coming from the entities falling under the Department of Economic Development, Tourism and Environmental Affairs (DEDTEA) and its entities, the Department of Transport (DOT), the Department of Arts and Culture

(DAC) and the Department of Agriculture and Rural Development (DARD) and its entities. These departments requested additional amounts of R2.034 billion, R413.827 million and R168.442 million, respectively, over the 2015/16 MTEF. DOT requested additional funds to reduce the construction backlog of the road network. While DEDTEA did not request additional funding, its entities requested funds for various issues, including the acquisition of land by the Richards Bay Industrial Development Zone (RBIDZ) and turn-around funding for Ithala Development Finance Corporation (Ithala), while Ezemvelo KZN Wildlife (EKZNW) requested funds for rhino security and infrastructure improvements. DARD requested additional funds for Makhathini.

MinComBud and Cabinet meetings were convened from September 2014 to January 2015 to consider the 2015/16 provincial fiscal framework, with these forums providing direction in terms of the provincial fiscus each step of the way. Cabinet was kept updated when National Treasury indicated that further cuts were going to impact on KZN, mainly due to the period of fiscal consolidation announced by the National Minister of Finance in his MTBPS speech in October 2014. These cuts were to affect conditional grant, as well as equitable share funding.

The allocation letter from National Treasury then indicated the fiscal consolidation cuts, as well as reductions in the province's equitable share as a result of data updates. Also, nearly unprecedented is that National Treasury did not allocate funds for any national priorities, nor did they provide funding for the 2014 above-budget wage agreement carry-through costs. This meant that, instead of allocating funds to departments, the province had to find ways to deal with these reductions. These reductions were dealt with as follows:

- Capping the Contingency Reserve at R750 million per annum.
- Providing 40 per cent of the funding relating to the carry-through costs of the 2014 wage agreement for Education and Health only. The remaining departments had to fund these costs from within their own baselines.
- The Strategic Cabinet Initiatives fund would be stopped for the period of fiscal consolidation.
- The government office precinct project would be stopped for the period of fiscal consolidation.
- Some funds were allocated from the 2014/15 provincial cash resources.

Details of the additional allocations over the 2015/16 MTEF, per department, are provided in Table 3.4.

3.2. Provincial fiscal framework

Table 3.2 summarises the provincial fiscal framework for the 2015/16 MTEF budget. The difference between the baseline and the revised allocations (Section 1 of the table) 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	2015/16	2016/17	2017/18
1. Receipts			
Baseline Allocation	103 665 526	106 474 835	110 859 962
Transfer receipts from national	100 671 247	103 286 051	107 511 739
Equitable share	83 347 554	87 887 479	92 113 167
Conditional grants	17 323 693	15 398 572	15 398 572
Provincial own receipts	2 994 279	3 188 784	3 348 223
Increase / (Decrease) in allocation	(1 535 759)	984 043	2 629 921
Transfer receipts from national	(1 536 626)	983 471	2 635 771
Equitable share	(1 093 608)	(1 002 033)	(683 189)
Conditional grants	(443 018)	1 985 504	3 318 960
Provincial own receipts	867	572	(5 850)
Revised allocation	102 711 237	107 632 456	113 523 383
Transfer receipts from national	99 134 621	104 269 522	110 147 510
Equitable share (after update of formula data & fiscal consolidation cuts)	82 253 946	86 885 446	91 429 978
Conditional grants	16 880 675	17 384 076	18 717 532
Provincial own receipts	2 995 146	3 189 356	3 342 373
Provincial cash resources	581 470	173 578	33 500
2. Planned spending by departments	101 961 237	106 882 456	112 773 383
3. Contingency Reserve	750 000	750 000	750 000

The provincial equitable share allocation decreases in 2015/16 by R1.094 billion, R1.002 billion in 2016/17 and R683.189 million in 2017/18. This is the effect of the period of fiscal consolidation, due to the decrease in the provincial equitable share, as well as various function shifts, including among others, Port Health (to NDOH), FET and AET functions (to DHET) and aspects of the NHLS costs (to NDOH). There are a number of changes to the conditional grant allocations over the 2015/16 MTEF, with these decreasing by R443.018 million in 2015/16, but increasing by R1.986 billion in 2016/17 and R3.319 billion in 2017/18. The increases in the outer years relate mainly to the Health Facility Revitalisation and Education Infrastructure grants' baselines. This was due to concerns expressed by provinces over the difficulty in planning ahead without knowing allocations for the two outer years, and the grant is now amended to show an indicative base allocation for the outer years. Besides this, various grants are reduced or amended, as follows:

The **Comprehensive Agriculture Support Programme (CASP) grant** is increased to fund disaster damaged agricultural infrastructure. The **Land Care grant** and the **Ilima/Letsema Project grant** are marginally reduced over the first two years of the MTEF due to fiscal consolidation, with growth in 2017/18. These reductions to the allocations on the Land Care and Ilima/Letsema Project grants are made to all nine provinces.

Increases are made to the **Education Infrastructure grant**, and the grant shows an indicative base allocation for the two outer years of the 2015/16 MTEF. The grant also receives an additional allocation in 2015/16, as the grant is incentive based and the required planning documents were submitted.

The **FET Colleges Sector grant** ceases at the end of 2014/15, with this function being moved to DHET from 2015/16. As such, this grant is removed from the province's conditional grant baseline.

The **Technical Secondary Schools Recapitalisation grant** and the **Dinaledi Schools grant** are being combined into a new **Maths, Science and Technology grant**. The new grant's baseline is the sum of the baseline allocations of the two previous grants. These similar and over-lapping programmes can be better administered and expanded to reach more schools through combining the grants. Reductions in this new grant relate to fiscal consolidation cuts.

The **HIV and AIDS (Life-Skills Education) grant** is affected by the fiscal consolidation cuts.

The Department of Basic Education (DBE) plans to increase the scope of the **National School Nutrition Programme (NSNP) grant** by adding a deworming programme to the grant purpose and reweighting the focus on feeding the pupils to placing more focus on the nutritional outcome of the meals, with funding added in 2017/18. This grant was protected from the fiscal consolidation cuts.

The **Health Facility Revitalisation grant** increases in 2015/16 as a result of the province submitting the required planning documents to National Treasury, with R138.843 million added to the baseline. Of this amount, R198 000 is ring-fenced in 2015/16 for the repairing of clinics as a result of disaster incidents that occurred in 2014/15. In addition, the grant is provided with funding in 2016/17 and 2017/18 due to concerns expressed by provinces over the difficulty in planning ahead without knowing allocations for the two outer years. The "incentive" allocations for the two outer years remain unallocated at National Treasury and will be accessible to provinces when the next round of planning documents are submitted for the 2016/17 MTEF.

With regard to the **Comprehensive HIV and AIDS grant**, the decrease over the MTEF relates to funding for the NHLS. It has been agreed that the funding of some functions would move from the provincial sphere to the national sphere. These functions relate to the National Institute of Communicable Diseases (NICD), the National Institute of Occupational Health (NIOH), the National Cancer Registry (NCR) and the teaching, training and research functions of the NHLS. These functions are currently funded through a combination of cross-subsidisation within the NHLS tariffs and a subsidy from the NDOH. The funding shift is being moved from both the department's equitable share and from the **Comprehensive HIV and AIDS grant** on a 60:40 basis. There is significant growth in 2017/18.

The **Health Professions Training and Development grant**, the **National Health Insurance grant** and the **National Tertiary Services grant** all see minor reductions in 2015/16 and 2016/17 due to fiscal consolidation cuts.

The **Human Settlements Development grant (HSDG)** sees a reduction in 2015/16 and 2016/17, partly due to the fiscal consolidation effects, as well as funds being reprioritised from all provinces to the Housing Development Agency (HAD) which is taking on an expanded mandate that includes some of the planning and project development work that was previously carried out by provinces. This budget move therefore adheres to the principle that funds follow function.

The **Provincial Roads Maintenance grant** sees an amount of R30.241 million in 2015/16 being ring-fenced for repairing roads damaged by disasters. In addition, this grant sees a reduction as a result of an amount of R149 million over the MTEF (R45.500 million in 2015/16, R48.500 million in 2016/17 and R55 million in 2017/18) being reduced from all provinces. These funds will be allocated to the South African Road Agency Limited (SANRAL) for the upgrade of the R573 Moloto Road which is expected to be transferred to SANRAL. This funding for the upgrade of the R573 Moloto Road is contingent on the road being transferred from the relevant provinces (Gauteng, Mpumalanga and Limpopo) to SANRAL.

The **Public Transport Operations grant**, the **Community Library Services grant** and the **Mass Participation and Sport Development (MPSD) grant** are reduced in 2015/16 and 2016/17 due to fiscal consolidation.

The provincial own receipts increase by R867 000 in 2015/16 and R572 000 in 2016/17, while reducing by R5.850 million in 2017/18. The marginal increases are mainly due to ongoing Revenue Bilaterals being held by Provincial Treasury with departments, wherein these were encouraged to critically review all revenue budgets and to bring them in line with historical revenue collections. The decrease is due to DOT keeping motor vehicle licence fee increases low to align their fees with other provinces.

Section 2 of Table 3.2 gives the planned spending of departments, based on their MTEF allocations. 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 in 2013/14 and 2014/15.

After deducting this from the province's updated national and provincial receipts, KZN remains with a Contingency Reserve of R750 million in each of the three MTEF years (see Section 3). 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 funds moving from the provincial to the national fiscus due to various function shifts.

3.3 Summary of additional allocations for the 2015/16 MTEF

3.3.1 Existing growth in the 2014/15 MTEF baseline allocation

Table 3.3 shows the baseline budgets for the 2014/15 MTEF period before any changes made as part of the 2015/16 budget process.

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.

Only one department shows negative growth, Provincial Treasury. Provincial Treasury's negative growth rate of 1.2 per cent resulted from the removal of the Strategic Cabinet Initiatives fund from the baseline from 2015/16, to assist in the cushioning of departments from the effects of the fiscal consolidation cuts.

The Department of the Royal Household (DRH) shows negative growth of 100 per cent as the department is merged with the Office of the Premier (OTP) from 2015/16, as per a Presidential proclamation, and comparatives were restated accordingly.

Table 3.3 : Existing growth rates in 2014/15 MTEF baseline budgets

R thousand	Main Appropriation	Medium-term baseline budgets			Ann. % growth
	2014/15	2015/16	2016/17	2017/18	14/15-17/18
1. Office of the Premier	751 370	734 679	768 389	806 808	2.4
2. Provincial Legislature	491 186	455 994	480 352	504 370	0.9
3. Agriculture and Rural Development	2 133 126	2 169 690	2 267 790	2 381 180	3.7
4. Economic Development, Tourism & Enviro. Affairs	2 883 969	2 961 038	3 076 300	3 230 115	3.9
5. Education	38 918 092	42 572 680	42 881 812	45 025 903	5.0
6. Provincial Treasury	878 315	803 898	807 503	847 878	(1.2)
7. Health	30 914 196	32 881 579	33 821 760	35 512 848	4.7
8. Human Settlements	3 600 282	3 656 033	3 907 814	4 103 205	4.5
9. Community Safety and Liaison	181 295	186 069	198 470	208 394	4.8
10. The Royal Household (moved to OTP)	-	-	-	-	(100.0)
11. Co-operative Governance and Traditional Affairs	1 348 076	1 362 669	1 435 607	1 507 387	3.8
12. Transport	9 060 595	9 504 027	10 001 955	10 502 053	5.0
13. Social Development	2 497 952	2 627 481	2 767 560	2 905 938	5.2
14. Public Works	1 369 361	1 372 793	2 046 221	2 148 532	16.2
15. Arts and Culture	705 112	806 706	805 982	846 281	6.3
16. Sport and Recreation	456 379	413 293	435 024	456 775	0.0
Total	96 189 306	102 508 629	105 702 539	110 987 667	4.9

3.3.2 Summary of changes to baselines

The additional allocations to departments and their respective purposes are summarised in Table 3.4.

Note that Table 3.4 reflects only the provincial additional allocations, and excludes changes in respect of conditional grants. The detail regarding additional allocations can be found under each Vote's chapter in the *EPRE*.

Table 3.4 : Summary of changes to allocations, 2015/16 MTEF

	2015/16	2016/17	2017/18	2015/16	2016/17	2017/18
	R thousand			Percentage share		
Vote 1 : Office of the Premier	65 071	38 094	39 999	(62.3)	(4.7)	(29.1)
Suspension of Luwamba Wellness Centre funds from 14/15	15 000	-	-	(14.4)	-	-
Suspension of OSS equipping of war-rooms funds from 14/15	14 000	-	-	(13.4)	-	-
Correction of DARD communications budget	(6 729)	(7 065)	(7 418)	6.4	0.9	5.4
Correction of DARD bursaries budget	(1 889)	(1 957)	(2 055)	1.8	0.2	1.5
Vote 10: Royal Household budget moved to Vote 1	56 536	59 549	62 526	(54.2)	(7.4)	(45.4)
Decentralisation of bursaries budget	(11 847)	(12 433)	(13 054)	11.4	1.5	9.5
Vote 2 : Provincial Legislature	9 500	-	-	(9.1)	-	-
Unspent statutory funding suspended from 14/15 for strengthening oversight and IT infrastructure	9 500	-	-	(9.1)	-	-
Vote 3 : Agriculture and Rural Development	12 292	2 076	2 079	(11.8)	(0.3)	(1.5)
Correction of DARD communications budget	6 729	7 065	7 418	(6.4)	(0.9)	(5.4)
Correction of DARD bursaries budget	1 889	1 957	2 055	(1.8)	(0.2)	(1.5)
Disaster funding - Harry Gwala District veld fires in June 2014	10 200	-	-	(9.8)	-	-
Remainder of Environmental Affairs function shift to DEDTEA	(11 356)	(12 017)	(12 719)	10.9	1.5	9.2
Decentralisation of bursaries budget	4 830	5 071	5 325	(4.6)	(0.6)	(3.9)
Vote 4 : Economic Development, Tourism & Enviro. Affairs	4 259	4 228	(10 380)	(4.1)	(0.5)	7.5
Removal of KZNSB - MISOE in 17/18	-	-	(6 300)	-	-	4.6
Removal of TIK - TAF and marketing in 17/18	-	-	(7 350)	-	-	5.3
Removal of KZN Liquor Authority - IT system in 17/18	-	-	(1 769)	-	-	1.3
Pmb Bike City shifted to DOSR	(9 391)	(9 832)	(10 323)	9.0	1.2	7.5
KZN Music House shifted to DAC	(12 000)	(12 600)	(13 230)	11.5	1.6	9.6
Remainder of Environmental Affairs function shift from DARD	11 356	12 017	12 719	(10.9)	(1.5)	(9.2)
Decentralisation of bursaries budget	500	523	549	(0.5)	(0.1)	(0.4)
Transfer to KZN Liquor Authority - operational costs	13 794	14 120	15 324	(13.2)	(1.8)	(11.1)
Vote 5 : Education	(135 652)	(122 070)	(59 374)	130.0	15.2	43.1
AET function shift to DHE:	(280 136)	(295 547)	(310 123)	268.4	36.7	225.3
Prog 1: Administration	(66 081)	(70 120)	(73 482)	63.3	8.7	53.4
Prog 6: AET	(187 232)	(197 155)	(207 013)	179.4	24.5	150.4
Prog 9: Aux and Associated Services (Pmts to SETA)	(9 728)	(10 254)	(10 746)	9.3	1.3	7.8
Prog 9: Aux and Associated Services (External examinations)	(17 095)	(18 018)	(18 882)	16.4	2.2	13.7
Provincial cash resources: Assist with 2014 wage carry-through	144 484	173 477	250 749	(138.4)	(21.5)	(182.2)
Vote 6 : Provincial Treasury	(91 747)	(99 735)	(139 372)	87.9	12.4	101.3
IALCH floor repairs	8 000	-	-	(7.7)	-	-
Removal of Strategic Cabinet Initiatives fund	(100 000)	(100 000)	(105 000)	95.8	12.4	76.3
Removal of IDIP TAs in 17/18	-	-	(8 400)	-	-	6.1
Removal of Operation Pay-on-Time in 17/18	-	-	(3 675)	-	-	2.7
Removal of Operation Clean Audit (Financial Management) in 17/18	-	-	(5 250)	-	-	3.8
Removal of e-Procurement Tool in 17/18	-	-	(3 675)	-	-	2.7
Removal of contract management in 17/18	-	-	(7 350)	-	-	5.3
Removal of IALCH - floor repairs in 17/18	-	-	(6 300)	-	-	4.6
Decentralisation of bursaries budget	253	265	278	(0.2)	(0.0)	(0.2)

Table 3.4 : Summary of changes to allocations, 2015/16 MTEF (continued)

	2015/16	2016/17	2017/18	2015/16	2016/17	2017/18
	R thousand			Percentage share		
Vote 7 : Health	47 368	(1 137)	36 104	(45.4)	0.1	(26.2)
Function shift of Port Health Services to NDOH	(20 379)	(21 459)	(22 597)	19.5	2.7	16.4
Provincial cash resources: Assist with 2014 wage agreement carry-through	79 755	95 748	138 470	(76.4)	(11.9)	(100.6)
NHLS - Function shift of NICD, NIOH, NCR and training	(72 008)	(75 426)	(79 066)	69.0	9.4	57.4
Removal of McCord Hospital (trade creditors and VAT) in 17/18	-	-	(703)	-	-	0.5
Purchase of St Aidan's Hospital	60 000	-	-	(57.5)	-	-
Vote 8 : Human Settlements	580	607	637	(0.6)	(0.1)	(0.5)
Decentralisation of bursaries budget	580	607	637	(0.6)	(0.1)	(0.5)
Vote 9 : Community Safety and Liaison	-	-	(8 109)	-	-	5.9
Removal of Comp of employees roll-over from 17/18	-	-	(8 109)	-	-	5.9
Vote 10 : The Royal Household (moved to OTP)	(56 536)	(59 549)	(62 528)	54.2	7.4	45.4
Budget moved to Vote 1: Office of the Premier	(56 536)	(59 549)	(62 528)	54.2	7.4	45.4
Vote 11 : Co-operative Governance and Traditional Affairs	1 255	1 313	1 379	(1.2)	(0.2)	(1.0)
Decentralisation of bursaries budget	1 255	1 313	1 379	(1.2)	(0.2)	(1.0)
Vote 12 : Transport	10 529	571	600	(10.1)	(0.1)	(0.4)
EPWP co-ordination moved to DOPW	(1 061)	(1 114)	(1 169)	1.0	0.1	0.8
Learner transport suspended from 14/15	10 000	-	-	(9.6)	-	-
Decentralisation of bursaries budget	1 590	1 685	1 769	(1.5)	(0.2)	(1.3)
Vote 13 : Social Development	-	-	-	-	-	-
Vote 14 : Public Works	13 816	(596 439)	3 738	(13.2)	74.0	(2.7)
Removal of government office precinct allocation	-	(600 000)	-	-	74.5	-
EPWP co-ordination moved from DOT	1 061	1 114	1 169	(1.0)	(0.1)	(0.8)
Roll-over of GIAMA funds from 13/14	9 934	-	-	(9.5)	-	-
Roll-over of Richmond Community Development prog funds from 13/14	482	-	-	(0.5)	-	-
Decentralisation of bursaries budget	2 339	2 447	2 569	(2.2)	(0.3)	(1.9)
Vote 15 : Arts and Culture	(22 792)	18 417	49 163	21.8	(2.3)	(35.7)
KZN Music House shifted from DEDTEA	12 000	12 600	13 230	(11.5)	(1.6)	(9.6)
Joint Ministry funds moved from DOSR	2 108	2 213	2 324	(2.0)	(0.3)	(1.7)
Arts and Culture Academy - re-allocation of funding over 15/16 MTEF	(37 000)	3 500	33 500	35.4	(0.4)	(24.3)
Decentralisation of bursaries budget	100	104	109	(0.1)	(0.0)	(0.1)
Vote 16 : Sport and Recreation	37 683	8 037	8 438	(36.1)	(1.0)	(6.1)
Pmb Bike City shifted from DEDTEA	9 391	9 832	10 323	(9.0)	(1.2)	(7.5)
Joint Ministry funds moved to DAC	(2 108)	(2 213)	(2 324)	2.0	0.3	1.7
Sports development centre funds from 14/15	30 000	-	-	(28.7)	-	-
Decentralisation of bursaries budget	400	418	439	(0.4)	(0.1)	(0.3)
Total	(104 374)	(805 587)	(137 626)	100.0	100.0	100.0

Table 3.5 shows the revised budgets of departments for the 2015/16 MTEF, after taking into account all of the adjustments to the baseline allocations mentioned above, as well as changes in respect of national conditional grants.

The provincial budget grows by 6 per cent in 2015/16 from the 2014/15 Main Appropriation, largely due to the once-off provision of funds for various provincial priorities, as mentioned above.

Table 3.5 : Summary of revised budgets by department, 2015/16 MTEF

	Main Appropriation	Medium-term Estimates			Annual Percentage Growth		
R thousand/ percentage	2014/15	2015/16	2016/17	2017/18	2015/16	2016/17	2017/18
1. Office of the Premier	751 370	743 214	746 934	784 281	(1.1)	0.5	5.0
2. Provincial Legislature	491 186	465 494	480 352	504 370	(5.2)	3.2	5.0
3. Agriculture and Rural Development	2 133 126	2 203 074	2 290 677	2 409 455	3.3	4.0	5.2
4. Economic Development, Tourism and Environmental Affairs	2 883 969	2 973 459	3 080 528	3 219 734	3.1	3.6	4.5
5. Education	38 918 092	42 142 355	44 210 091	46 488 066	8.3	4.9	5.2
6. Provincial Treasury	878 315	712 151	707 768	708 506	(18.9)	(0.6)	0.1
7. Health	30 914 196	32 981 786	34 741 665	36 873 548	6.7	5.3	6.1
8. Human Settlements	3 600 282	3 584 685	3 776 080	4 011 284	(0.4)	5.3	6.2
9. Community Safety and Liaison	181 295	187 069	198 470	200 285	3.2	6.1	0.9
10. The Royal Household (moved to OTP)	-	-	-	-	-	-	-
11. Co-operative Governance and Traditional Affairs	1 348 076	1 368 043	1 436 920	1 508 766	1.5	5.0	5.0
12. Transport	9 060 595	9 341 457	9 735 659	10 274 611	3.1	4.2	5.5
13. Social Development	2 497 952	2 630 481	2 767 560	2 905 938	5.3	5.2	5.0
14. Public Works	1 369 361	1 389 666	1 449 782	1 526 583	1.5	4.3	5.3
15. Arts and Culture	705 112	783 914	819 399	894 444	11.2	4.5	9.2
16. Sport and Recreation	456 379	454 389	440 571	463 512	(0.4)	(3.0)	5.2
Total	96 189 306	101 961 237	106 882 456	112 773 383	6.0	4.8	5.5

4. RECEIPTS

4.1 National Fiscal Framework and Division of Revenue for the 2015/16 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 Inter-governmental 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 National Treasury.

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

Fiscal policy ensures the health of public finances by applying the principles of counter-cyclical, debt sustainability and intergenerational fairness. The 2015/16 MTEF budget is prepared in a challenging environment, as the weak economic growth in the SA economy continues, with forecasts for growth revised downward from the 2014 MTBPS. Domestically, low levels of business confidence, slow growth in both consumption and investment spending, and disruptions to business activity through labour stoppages and electricity supply constraints present a challenging growth environment. Tax revenues will be revised downward and government will have to reduce spending to maintain the expenditure ceiling and keep government's stated commitments to stabilise and reduce the budget deficit, while protecting public spending programmes that help poor South Africans, contribute to growth and generate employment.

4.1.2.2 Division of revenue

The 2015/16 MTEF division of revenue was done in the context of government's priorities and the revenue raising capacity of government. The MTEF proposes continued support for the economy with the need for fiscal consolidation. The budget framework sets explicit limits for public expenditure, which allows for sustained but moderate real growth in spending and a gradually declining deficit. Government will finance future priorities and respond to spending pressures by reprioritising existing allocations and eliminating wasteful expenditure.

The lower spending ceiling has been applied proportionately across the three spheres of government. Excluding debt-service costs and the Contingency Reserve, allocated expenditure shared between the three spheres amounts to R1.091 trillion, R1.154 trillion and R1.222 trillion over each of the MTEF years.

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, 2011/12 – 2017/18

R million	Audited Outcome			Revised Estimate	Medium-term Estimates		
	2011/12	2012/13	2013/14	2014/15	2015/16	2016/17	2017/18
National departments	389 376	420 015	453 171	491 368	522 992	553 778	586 087
Indirect transfers to provinces	700	2 315	2 693	4 116	3 458	3 596	3 967
Indirect transfers to local government	2 660	4 548	5 523	8 536	10 395	10 634	10 916
Provinces	355 824	380 929	410 572	439 661	468 159	496 259	526 382
Equitable share	289 628	310 741	336 495	359 922	382 673	405 265	428 893
Conditional grants	66 197	70 188	74 077	79 739	85 485	90 994	97 490
Local government	68 251	76 430	82 835	89 075	99 753	103 937	110 017
Equitable share	33 173	37 139	38 964	43 290	50 208	52 869	55 512
Conditional grants	26 505	30 251	34 258	35 595	38 887	39 844	42 720
General fuel levy sharing with metros	8 573	9 040	9 613	10 190	10 659	11 224	11 785
Total	813 451	877 374	946 579	1 020 105	1 090 904	1 153 973	1 222 486
Percentage shares							
National departments	47.9%	47.9%	47.9%	48.2%	47.9%	48.0%	47.9%
Provinces	43.7%	43.4%	43.4%	43.1%	42.9%	43.0%	43.1%
Local government	8.4%	8.7%	8.8%	8.7%	9.1%	9.0%	9.0%

In 2015/16, national departments receive 47.9 per cent of available funds, provinces receive 42.9 per cent and local government 9.1 per cent. At R522.992 billion in 2015/16, and increasing to R586.087 billion in 2017/18, 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 provincial share fluctuates around 42.9 per cent in 2015/16 to 43.1 per cent in 2017/18, while the local government share remains fairly static at around 9 per cent.

Table 4.2 summarises the decreases in funding in the three spheres of government when compared to the 2014/15 MTEF.

Table 4.2 : Changes to baselines, 2015/16 – 2016/17

R million	2015/16	2016/17	Total	% Share
National departments	(4 966)	(5 224)	(10 190)	47.4
Provinces	(3 779)	(5 976)	(9 755)	45.4
Local government	(294)	(1 250)	(1 544)	7.2
Total reduction	(9 039)	(12 450)	(21 489)	-

The combined baseline decreases by R9.039 billion in 2015/16 and R12.450 billion in 2016/17. Over 2015/16 and 2016/17, the provincial baseline decreases by R9.755 billion, which accounts for 45.4 per cent of the total reduction, whereas national departments lose R10.190 billion over the next two years in line with fiscal consolidation. Local government baselines decline by R1.544 billion, largely attributed to the downward revision of conditional grants to local government in line with fiscal consolidation.

4.1.3 Provincial equitable share (PES)

Provincial revenue is made up of the provincial equitable share (PES), conditional grants and own revenue. Unlike the division of revenue between the spheres of government, which is based on a value judgment, the PES allocation of nationally raised revenue is formula-driven. The equitable share formula is designed to ensure fair, stable and predictable revenue shares, and to address economic and fiscal disparities.

In terms of S214 of the Constitution, the equitable division of revenue raised nationally among the three spheres of government, is unconditional. Although the division is based on the equitable shares as outlined in Table 4.3 below, provinces have a prerogative to allocate funds in line with their specific provincial priorities. The PES formula is reviewed and updated with new data annually. For the 2015/16 MTEF, the formula has been updated with data from the 2014 mid-year population estimates, 2014 School Realities Survey (SNAP survey), data on people without medical insurance from the 2013 General Household Survey (GHS) and output data from the health sectors. The risk-adjusted capitation index is based on the same data from the Risk Equalisation Fund (REF).

The formula is largely population-driven, hence the allocations capture shifts in population across provinces, which lead to changes in the relative demand for public services and expenditure assignments across these areas.

Table 4.3 : Equitable share components and weighting

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 estimated demand for health services according to age and gender, as well as data obtained from 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 impact of these updates on the PES is phased-in over three years (2015/16 to 2017/18). The data updates impacted as follows:

Education component (48 per cent)

The education component uses the school-age population (5 to 17 years), based on the 2011 Census, and enrolment data drawn from the 2014 SNAP Survey conducted by DBE. Each of these elements is assigned a weight of 50 per cent. From 2013 to 2014, the school enrolment in KZN decreased by 8 025, resulting in the weighted average for KZN being revised downward by 0.08 per cent.

Health (27 per cent)

The health component uses a risk-adjusted capitation index based on the Council of Medical Aids Scheme's REF. The percentage of the population with medical aid, as per the 2013 GHS, is deducted from the 2014 mid-year population estimates to estimate the uninsured population of the province.

The risk-adjusted index estimates the risk health profile of each province, which is applied to the uninsured population to estimate the weighted population, which is used to estimate the province's share of the risk-adjusted sub-component. The KZN share of the risk-adjusted component, which accounts for 75 per cent of the health component declined from 20.9 per cent to 20.8 per cent.

The output sub-component uses patient load data from the District Health Information Services. The average number of visits at primary healthcare clinics in 2012/13 and 2013/14 is calculated. Each province's average is used to estimate their share of this part of the output component, making up 5 per cent of the health component. For hospitals, each province's share of the total patient-day equivalents from public hospitals in 2012/13 and 2013/14 are used to estimate the provinces' shares of this part of the output sub-component, which makes up 20 per cent of the health component. In total, the output component is 25 per cent of the health component. The updated data shows that the province's output share for primary health care visits is 24.4 per cent and the share of the hospital workload patient-day is 25 per cent.

The composite result of the health component weighted share is calculated by giving the risk-adjusted index a weighting of 75 per cent, primary health care visits 5 per cent and hospital component 20 per cent. The data updates result in a decrease in KZN's weighted share from 22 per cent in 2014 to 21.8 per cent in 2015.

Basic component (16 per cent)

The basic component constitutes 16 per cent of the PES and is derived from the proportion of each province's share of the national population. For the 2015/16 MTEF, population data is drawn from the 2014 mid-year population estimates. The updated data shows that the province's population increased by 427 100, with a resultant increase in the basic component share of 0.07 per cent.

Institutional component (5 per cent)

The institutional component is distributed equally between provinces.

Poverty component (3 per cent)

The poverty component introduces a redistributive element to the formula and is assigned a weight of 3 per cent. The poor population includes people who fall in the lowest (poorest) 2 quintiles (out of five) of household incomes in the 2010/11 Income and Expenditure Survey. The proportion of poor households in KZN from the Income and Expenditure Survey is 45.3 per cent, thus, based on the 2014 mid-year

population estimates of 10 694, the poor population is equal to 4 845 households, which represents a weighted share of 22.2 per cent. This has increased by 0.06 per cent.

Economic activity component (1 per cent)

The economic activity component is a proxy for provincial tax capacity and expenditure assignments, and assigned a weight of 1 per cent. For the 2015/16 MTEF, 2012 GDP-R data is used. KZN's weighted share of the economic activity component increases by 0.09 per cent, from 15.7 per cent to 15.8 per cent.

Phasing in of changes to the data updates

Table 4.4 shows the full impact of the data updates on the PES per province. It compares the target shares for the 2014/15 and 2015/16 MTEF periods.

Table 4.4 : Full impact of data updates on the equitable share

	2014 MTEF weighted	2015 MTEF weighted	Difference
Eastern Cape	14.0%	14.0%	-0.01%
Free State	5.6%	5.6%	0.00%
Gauteng	19.5%	19.5%	0.04%
KwaZulu-Natal	21.3%	21.3%	-0.06%
Limpopo	11.8%	11.8%	-0.04%
Mpumalanga	8.2%	8.2%	0.01%
Northern Cape	2.7%	2.7%	0.00%
North West	6.9%	6.9%	0.00%
Western Cape	10.0%	10.1%	0.06%
Total	100.0%	100.0%	-

Due to changes in the data used in the PES formula, the weighted average share of KZN decreased by 0.06 per cent from the 2014/15 to 2015/16 MTEF. To mitigate the impact of annual data updates on the PES, the new shares are phased-in over the 2015/16 MTEF. The phase-in mechanism provides a smooth path towards achieving the weighted shares by the third year of the MTEF. KZN receives 21.3 per cent of the PES, down from the 21.4 per cent calculated in the 2014/15 MTEF, as reflected in Table 4.5.

Table 4.5 : Implementation of the equitable share weights, 2015/16 – 2017/18

	2014/15 Weighted shares	2015/16 2015 MTEF weighted shares 3-year phasing	2016/17	2017/18
Percentage				
Eastern Cape	14.2%	14.1%	14.1%	14.0%
Free State	5.7%	5.7%	5.6%	5.6%
Gauteng	19.3%	19.3%	19.4%	19.5%
KwaZulu-Natal	21.4%	21.4%	21.3%	21.3%
Limpopo	11.9%	11.8%	11.8%	11.8%
Mpumalanga	8.2%	8.2%	8.2%	8.2%
Northern Cape	2.7%	2.7%	2.7%	2.7%
North West	6.9%	6.9%	6.9%	6.9%
Western Cape	9.9%	10.0%	9.9%	10.0%
Total	100.0%	100.0%	100.0%	100.0%

Table 4.6 reflects the weighted share distribution of each of the PES formula's components, given the weighted average share of 21.3 per cent for KZN when the data updates are fully implemented in 2017/18.

Table 4.6 : Distributing the equitable shares by province, 2015/16 MTEF

	Education	Health	Basic share	Poverty	Economic activity	Institutional	Weighted average
	48%	27%	16%	3%	1%	5%	100%
Eastern Cape	15.1%	13.5%	12.6%	16.2%	7.5%	11.1%	14.0%
Free State	5.3%	5.4%	5.2%	5.3%	5.2%	11.1%	5.6%
Gauteng	17.7%	21.4%	23.9%	17.1%	34.7%	11.1%	19.5%
KwaZulu-Natal	22.5%	21.8%	19.8%	22.2%	15.8%	11.1%	21.3%
Limpopo	13.0%	10.4%	10.4%	13.6%	7.1%	11.1%	11.8%
Mpumalanga	8.5%	7.3%	7.8%	9.2%	7.1%	11.1%	8.2%
Northern Cape	2.3%	2.1%	2.2%	2.2%	2.2%	11.1%	2.7%
North West	6.5%	6.7%	6.8%	8.1%	6.4%	11.1%	6.9%
Western Cape	9.0%	11.3%	11.3%	6.1%	14.0%	11.1%	10.1%
Total	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%

Table 4.7 depicts the revisions to the PES for the 2015/16 MTEF. The PES is revised downward by a total of R2.779 billion.

Table 4.7 : KwaZulu-Natal: Revisions to the Provincial Equitable Share (PES) - 2015/16 MTEF

R thousand	2015/16 MTEF			Total Revisions
	2015/16	2016/17	2017/18	
Provincial Equitable Share (PES)	83 347 554	87 887 479	92 113 167	263 348 200
Adjustments to baseline due to new data updates in PES formula (phased-in)	(159 360)	(87 769)	(271 402)	(518 532)
Provision for 2011 Census impact to losing provinces	-	321 958	-	321 958
Adjustments to baseline due to function shifts to the National Department of Higher Education & Training	(280 136)	(295 547)	(310 123)	(885 806)
Programme 1: Administration (3.2% of CoE and 5% of that CoE to get G&S)	(66 081)	(70 120)	(73 482)	(209 683)
Programme 6: Adult Basic Education and Training	(187 232)	(197 155)	(207 013)	(591 400)
Programme 9: Auxiliary and Associates Services (payments to SETA -1% of function shift CoE)	(9 728)	(10 254)	(10 746)	(30 728)
Programme 9: Auxiliary and Associated Services (external examinations share of 3.9%)	(17 095)	(18 018)	(18 882)	(53 995)
Adjustments to baseline due to function shifts to the National Department of Health	(92 387)	(96 885)	(101 663)	(290 935)
Port Health Services	(20 379)	(21 459)	(22 597)	(64 435)
National Health Laboratory Services (NHLS)	(72 008)	(75 426)	(79 066)	(226 500)
Reduction to the PES due to fiscal consolidation cuts	(561 725)	(843 789)	-	(1 405 515)
Total PES for 2015/16 MTEF	82 253 946	86 885 446	91 429 978	260 569 370
Variance 2015/16 MTEF vs 2014/15 MTEF	(1 093 608)	(1 002 034)	(683 189)	(2 778 830)

Adjustment to baseline due to impact of new data updates in the PES formula (R518.532 million)

As mentioned, the updates of the PES results in KZN's baseline decreasing by R159.360 million in 2015/16, R87.769 million in 2016/17 and R271.402 million in 2017/18.

Provision for 2011 Census impact (R321.958 million)

To provide protection to provinces with declining PES following the 2011 Census updates, additional cushioning support, that was meant to end in 2015/16, is extended to 2016/17. KZN receives R321.958 million in this regard.

Adjustments to baseline due to function shifts to DHET (R885.806 million)

The FET and AET functions are assigned to DHET from 1 April 2015.

Adjustments to baseline due to function shifts to the National Department of Health (R290.935 million)

The National Health Amendment Act shifted Port Health Services from provincial to national government. The provincial baseline decreases by R64.435 million over the MTEF. In addition, some functions of the NHLS, consisting of the NICD, the NIOH, the NCR and the teaching training and research functions of the NHLS were shifted from the provincial to the national sphere. The amount to be moved from provinces is split between the PES and the Comprehensive HIV and AIDS grant on a 60:40 basis. As a result, the PES allocation for the Department of Health (DOH) reduces by R72.008 million, R75.426 million and R79.066 million, while the Comprehensive HIV and AIDS grant reduces by R60.991 million, R63.887 million and R66.970 million over the 2015/16 MTEF.

Total transfers to provinces

Table 4.8 reflects total transfers to the nine provinces for 2015/16, after revisions.

KZN receives the highest share of PES at R82.254 billion, whereas Gauteng receives the highest share of conditional grants. Overall, KZN is still the biggest recipient of transfer funding from national government, with a total of R99.135 billion.

Table 4.8 : Total transfers to provinces, 2015/16

R million	Equitable share	Conditional grants	Total transfers
Eastern Cape	54 312	10 060	64 372
Free State	21 757	6 609	28 367
Gauteng	73 413	17 123	90 537
KwaZulu-Natal	82 254	16 881	99 135
Limpopo	45 377	6 742	52 120
Mpumalanga	31 030	6 851	37 881
Northern Cape	10 138	3 665	13 803
North West	26 151	6 942	33 093
Western Cape	38 242	10 507	48 749
Unallocated	-	103	103
Total	382 673	85 485	468 159

4.1.4 Conditional grants to provinces

Taking into account the lower expenditure ceiling, fiscal consolidation cuts were effected to the baselines of a number of provincial conditional grants. In spite of the reductions to grants, it is important for provinces to focus on strengthening their capacity to roll-out priority programmes of government, in particular infrastructure.

Table 4.9 reflects the revisions to the conditional grant baseline allocations for 2015/16 to 2017/18.

Table 4.9 : Conditional grants to provinces 2014/15 – 2017/18

R million	Revised Est.	Medium-term Estimates			MTEF total
	2014/15	2015/16	2016/17	2017/18	
Agriculture, Forestry and Fisheries	2 389	2 188	2 262	2 404	6 854
Comprehensive Agricultural Support Programme grant	1 861	1 651	1 702	1 809	5 162
Ilima/Letsema Projects grant	461	471	491	522	1 484
Land Care Programme grant	68	66	69	74	209
Arts and Culture	1 016	1 311	1 367	1 453	4 131
Community Library Services grant	1 016	1 311	1 367	1 453	4 131
Basic Education	13 532	15 856	16 373	17 267	49 497
Education Infrastructure grant	7 327	9 518	9 774	10 331	29 622
HIV and AIDS (Life-Skills Education) grant	212	221	231	245	697
Maths, Science and Technology grant	319	347	362	385	1 095
National School Nutrition Programme grant	5 462	5 704	6 006	6 306	18 016
OSD for Education Sector Therapists grant	213	67	-	-	67
Cooperative Governance and Traditional Affairs	197	103	112	123	338
Provincial Disaster grant	197	103	112	123	338
Health	30 164	31 858	34 338	37 495	103 692
Comprehensive HIV and AIDS grant	12 102	13 737	15 467	17 440	46 644
Health Facility Revitalisation grant	5 502	5 276	5 473	5 817	16 565
Health Professions Training and Development grant	2 322	2 375	2 477	2 632	7 483
National Tertiary Services grant	10 168	10 398	10 847	11 526	32 771
National Health Insurance grant	70	72	75	80	228
Human Settlements	17 084	18 203	19 884	21 060	59 147
Human Settlements Development grant	17 084	18 203	2 819	21 060	59 147
Public Works	607	591	762	809	2 162
EPWP Integrated Grant for Provinces	349	351	402	424	1 176
Social Sector EPWP Incentive Grant for Provinces	258	241	360	386	986
Social Development	29	48	48	-	95
Substance Abuse Treatment grant	29	48	48	-	95
Sport and Recreation South Africa	526	537	561	596	1 694
Mass Participation and Sport Development grant	526	537	561	596	1 694
Transport	14 194	14 790	15 288	16 281	46 359
Provincial Roads Maintenance grant	9 361	9 851	10 138	10 808	30 797
Public Transport Operations grant	4 833	4 939	5 150	5 473	15 563
Total direct conditional grants	79 739	85 486	90 994	97 490	273 970
Indirect transfers	4 116	3 458	3 596	3 967	11 021
Basic Education	2 541	2 047	2 375	2 620	7 042
School Infrastructure Backlogs grant	2 541	2 047	2 375	2 620	7 042
Health	1 575	1 411	1 221	1 347	3 979
National Health grant	1 575	1 411	1 221	1 347	3 979

Agriculture

The CASP grant aims to support emerging farmers, in particular subsistence, smallholder and previously disadvantaged farmers. The grant amounts to R5.162 billion over the 2015/16 MTEF. The grant includes a ring-fenced amount of R195.700 million over the MTEF toward disaster damaged agricultural infrastructure. The grant is affected by the fiscal consolidation cuts.

The Ilima/Letsema Projects grant aims to boost food production by helping previously disadvantaged farming communities. After fiscal consolidation cuts have been affected, this grant is allocated R1.484 billion over the MTEF.

The Land Care Programme grant aims to improve productivity and the sustainable use of natural resources. This grant is allocated R209 million over the MTEF, after fiscal consolidation cuts.

Arts and culture grant

The Community Library Services grant aims to help South Africans access knowledge and information to improve their socio-economic situation. The grant provides R4.131 billion over the MTEF, after the fiscal consolidation cuts have been effected.

Basic Education

The Education Infrastructure grant is used by provinces to construct, maintain and refurbish education infrastructure and schools. The grant totals R29.622 billion over the MTEF period, after the fiscal consolidation cuts have been effected. The 2015/16 allocation decreases in eight provinces to be allocated to North West for the 2014 earthquake disaster that resulted in damage to schools. An amount of R322.100 million is reprioritised toward the rehabilitation of flood and storm-damaged schools.

The HIV and AIDS (Life-Skills Education) grant is refined to specifically focus on schools that are located near peri-mining and coastal areas, where HIV and AIDS is more prevalent, and R697.200 million is provided over the next three years. The grant is affected by the fiscal consolidation cuts.

A new Maths, Science and Technology grant is created by merging the Technical Secondary Schools Recapitalisation grant and the Dinaledi Schools grant. This grant provides for resources for the teaching and learning of maths, science and technical subjects. As such, R347 million, R362 million and R385 million is provided over the 2015/16 MTEF, after the fiscal consolidation cuts have been effected.

The NSNP grant seeks to improve the nutrition of poor school children. The grant will be extended to include provision for the deworming of learners, which will be funded through the nutrition education and food production activities component in the grant (0.5 per cent of grant). This grant is allocated R18.016 billion over the MTEF. The grant is not affected by the fiscal consolidation cuts.

An amount of R67 million in 2015/16 will be added to the OSD for Education Sector Therapists grant. From 2016/17, the baseline of R72 million will be added to the PES. This grant is not affected by the fiscal consolidation cuts.

The School Infrastructure Backlogs grant is an indirect grant to build and upgrade schools on behalf of provinces to address inappropriate structures and R7.042 billion is set aside over the MTEF.

Co-operative Governance and Traditional Affairs

The Provincial Disaster grant is administered by the National Disaster Management Centre under the Department of Co-operative Governance. This grant is unallocated for provincial government at the start of a financial year and is released when a disaster is declared. Over the MTEF, R338 million is available for disbursement through this grant.

Health

The Comprehensive HIV and AIDS grant supports prevention programmes and specific interventions, including voluntary counselling and testing, anti-retroviral treatment (ARV), etc. The grant will see the CD4 threshold rising from 350 to 500. The grant also sees a reduction due to the NHLS function shift, as mentioned above, but is protected from the fiscal consolidation cuts.

The Health Facility Revitalisation grant funds the construction and maintenance of health infrastructure and provides R16.565 billion over the MTEF, which includes an amount of R17.800 million for the cost of repairing clinics damaged by natural disasters. This grant is affected by the fiscal consolidation cuts.

The Health Professions Training and Development grant funds the training of health professionals, and the development and recruitment of medical specialists. It enables the shifting of teaching activities from central to regional and district hospitals. The grant is allocated R7.483 billion over the medium term, after the fiscal consolidation cuts have been effected.

The National Tertiary Services grant provides strategic funding to enable provinces to plan, modernise and transform tertiary hospital service delivery in line with national policy objectives. This grant is allocated R32.771 billion over the MTEF period. The grant is affected by the fiscal consolidation cuts.

The National Health Insurance grant funds the national health insurance pilots introduced in 2012/13, which aim to strengthen primary healthcare for the implementation of national health insurance. Over the 2015/16 MTEF, the grant has been allocated R228 million, after fiscal consolidation cuts.

The National Health grant is an indirect grant which is spent by the NDOH on behalf of provinces to support infrastructure projects, support the national health insurance pilots and to roll-out the vaccine for the Human PapillomaVirus (HPV). The grant is allocated R3.979 billion over the MTEF.

Human Settlements

The Human Settlements Development grant seeks to establish habitable, stable and sustainable human settlements in which all citizens have access to social and economic amenities. The grant will be reduced and reprioritised toward the HDA, which is taking over some of the planning and project development work previously carried out by provinces, as well as fiscal consolidation cuts. An amount of R59.147 billion has been provided.

Public Works

Allocations in respect of the EPWP Integrated Grant for Provinces are made available upfront, based on meeting job targets in the preceding financial year, rather than using in-year performance measures. This grant is allocated R1.176 billion over the MTEF, after fiscal consolidation cuts.

The Social Sector EPWP Incentive Grant for Provinces rewards provinces for creating jobs in the preceding year in home-based care, early childhood development, adult literacy and numeracy, community safety and security, and sports programmes. After fiscal consolidation cuts were implemented, this grant is allocated R986 million over the MTEF.

Social Development

A Substance Abuse Treatment grant provides for public substance abuse treatment facilities and R95 million is allocated over the 2015/16 MTEF, after which the grant will be incorporated into the PES.

Sport and Recreation

The MPSD grant aims to increase and sustain mass participation in sport and recreational activities in provinces, with greater emphasis on provincial and district academies. This grant is allocated R1.694 billion over the MTEF period. The grant is affected by the fiscal consolidation cuts.

Transport

The Provincial Roads Maintenance enables provinces to expand their maintenance activities, repair roads damaged by floods and rehabilitate roads that are heavily used in support of electricity production. The grant is reduced over the MTEF in anticipation of the R573 Moloto Road being transferred from Gauteng, Mpumalanga and Limpopo to SANRAL. After fiscal consolidation cuts were effected, the total allocation over the MTEF is R30.797 billion. This includes ring-fenced allocations of R1 billion over the MTEF for the repair of infrastructure damaged by floods.

The Public Transport Operations grant subsidises commuter bus services. The grant is allocated R15.563 billion over the MTEF period, after fiscal consolidation cuts were effected.

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

Local government is entitled to an equitable share of revenue raised nationally in terms of Section 227 of the Constitution. This share of national revenue is divided among the 278 municipalities through a formula using objective data.

National transfers, made up of conditional and unconditional grants, 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 revenue-raising powers, including property rates and service charges.

Transfers to local government

Over the MTEF, R313.700 billion will be transferred directly to local government and a further R31.900 billion has been allocated to indirect grants. Local government's direct share of the division of revenue in 2015/16 accounts for 9.1 per cent of the national government's non-interest expenditure.

Direct transfers to local government in 2015/16 comprises infrastructure conditional grants, including the Municipal Water Infrastructure grant, Municipal Infrastructure grant, Urban Settlements Development grant, among others, as well as capacity building conditional grants such as the Municipal Systems Improvement grant, Local Government Financial Management grant, etc.

The local government equitable share (LES)

The LES is an unconditional transfer that supplements the revenue that municipalities can raise themselves (including property rates and service charges). The LES provides funding for municipalities to deliver free basic services to poor households and subsidises the cost of administration and other core services for those municipalities that have the least potential to cover these costs from their own revenues.

A new formula for the LES was introduced in 2013/14, made up of five components:

$$\text{LES} = \text{BS} + (\text{I} + \text{CS}) \times \text{RA} \pm \text{C}$$

- Basic services component (BS), taking into account the cost of providing free basic water, sanitation, electricity and refuse removal services to households that fall below an affordability threshold.
- Institutional component (I), providing for the administration costs of providing basic services to households.
- Community services component (CS), catering for community services such as municipal health services, fire services, municipal roads, cemeteries, planning, storm water management, street lighting and parks.
- Revenue adjustment factor (RA), to account for the varying fiscal and revenue raising capacities of municipalities.
- Correction and stabilisation factor (C), to provide municipalities with predictable and stable equitable allocations.

The equitable share formula is currently being reviewed and areas of work include exploring factors that impact on costs, such as the land area served, settlement types, demand for fire services and municipal health services, population growth and the rising cost of free basic services, in particular bulk electricity and bulk water prices, etc.

4.2 Provincial receipts

4.2.1 Overall provincial position

Table 4.10 shows the actual and projected total revenue for the seven-year period, 2011/12 to 2017/18, while *Annexure 1.A* provides more detail.

National transfers to the province, which include equitable share and conditional grants, make up 97.1 per cent of provincial revenue in 2014/15, and is at the same level in 2017/18. The balance of the total provincial receipts is made up of provincial own revenue, and is at 2.9 per cent in 2014/15 and 2017/18.

The total provincial receipts projected over the MTEF are R102.130 billion, R107.459 billion and R113.490 billion, respectively. The share of national transfers increased from R76.242 billion in 2011/12 to R93.938 billion in 2014/15, increasing to R110.148 billion in 2017/18. The equitable share is the most significant portion of national transfers to the province at R82.254 billion, R86.885 billion and R91.430 billion over the MTEF.

Conditional grant funding provides a further R16.881 billion, R17.384 billion and R18.718 billion over the MTEF. The balance of the total receipts emanates from provincial own revenue. This grows from R2.995 billion to R3.342 billion over the MTEF.

Table 4.10 : Analysis of total receipts

	Audited Outcome			Adjusted Appropriation	Medium-term Estimates			Average Annual Growth	
	2011/12	2012/13	2013/14		2015/16	2016/17	2017/18	2011/12-2014/15	2014/15-2017/18
R thousand									
Transfers from national	76 241 558	82 590 160	88 230 571	93 938 177	99 134 621	104 269 522	110 147 510		
Equitable share	63 584 195	68 638 663	73 926 587	78 138 477	82 253 946	86 885 446	91 429 978		
Conditional grants	12 657 363	13 951 497	14 303 984	15 799 700	16 880 675	17 384 076	18 717 532		
Own revenue	2 726 959	2 642 481	2 772 246	2 783 644	2 995 146	3 189 356	3 342 373		
Total receipts	78 968 517	85 232 641	91 002 817	96 721 821	102 129 767	107 458 878	113 489 883		
% of total revenue									
Transfers from national	96.5	96.9	97.0	97.1	97.1	97.0	97.1		
Equitable share	80.5	80.5	81.2	80.8	80.5	80.9	80.6		
Conditional grants	16.0	16.4	15.7	16.3	16.5	16.2	16.5		
Own revenue	3.5	3.1	3.0	2.9	2.9	3.0	2.9		
Nominal growth (%)									
Transfers from national		8.3	6.8	6.5	5.5	5.2	5.6	7.2	5.4
Equitable share		7.9	7.7	5.7	5.3	5.6	5.2	7.1	5.4
Conditional grants		10.2	2.5	10.5	6.8	3.0	7.7	7.7	5.8
Own revenue		(3.1)	4.9	0.4	7.6	6.5	4.8	0.7	6.3
Total		7.9	6.8	6.3	5.6	5.2	5.6	7.0	5.5
Real growth (%)									
Transfers from national		4.4	1.1	0.8	0.1	(0.2)	0.3	2.1	0.1
Equitable share		4.0	1.9	0.1	(0.1)	0.2	(0.1)	2.0	0.0
Conditional grants		6.2	(3.0)	4.6	1.4	(2.3)	2.3	2.5	0.4
Own revenue		(6.6)	(0.7)	(4.9)	2.1	1.0	(0.5)	(4.1)	0.9
Total receipts		4.0	1.0	0.6	0.2	(0.2)	0.3	1.9	0.1

Table 4.10 shows the analysis of total provincial receipts in terms of percentage shares, as well as nominal and real average annual growth rates over the seven-year period. In real terms, total provincial revenue growth is projected to fall to a growth rate of 0.1 per cent from 2014/15 to 2017/18, which is far lower than 1.9 per cent experienced between 2011/12 and 2014/15. Provincial own revenue shows an increasing trend, while its real average annual growth reflects negative growth of 4.1 per cent between 2011/12 and 2014/15, and rises significantly to an average of 0.9 per cent from 2014/15 to 2017/18.

In nominal terms, total receipts grow at an average of 7 per cent between 2011/12 and 2014/15 and then decline to an average of 5.5 per cent between 2014/15 to 2017/18. Provincial own revenue, on the contrary, reflects an upward trend, with an annual nominal growth average of 0.7 per cent between 2011/12 and 2014/15, and increasing markedly to 6.3 per cent over the MTEF.

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

The equitable share allocation is based on demographic and economic statistics that attempt to capture the relative demand for public services. The largest portion of funds available to provinces is aimed at meeting Constitutional mandates, and at delivering a wide variety of public services. The 2011 Census data saw provinces such as Gauteng and Western Cape realising positive net migration, while KZN and Eastern Cape's population declined. Consequently, the lower national transfers as a result of the adjusted PES have a negative impact on service delivery. The province was severely impacted on by the implementation of fiscal consolidation, and is therefore also looking into new ways of generating own revenue in an attempt to mitigate the impact of the fiscal shock.

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 and some grants were merged.

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 illustrated in Table 4.10, KZN's conditional grant allocation has grown steadily since 2011/12. As a share of total revenue, the conditional grant allocation increases from 16 per cent in 2011/12 to 16.3 per cent in 2014/15 and a further increase to 16.5 per cent is realised in 2017/18, largely as a result of the Health Facility Revitalisation and Comprehensive HIV and AIDS grants. In real terms, the conditional grant allocation grew at an average annual rate of 2.5 per cent between 2011/12 and 2014/15, and falls to 0.4 per cent over the MTEF.

Table 4.11 summarises conditional grant transfers per vote and this is explained in the paragraphs after the table.

Table 4.11 : Summary of national conditional grant transfers by vote

R thousand	Audited Outcome			Main Appropriation	Adjusted Appropriation	Revised Estimate	Medium-term Estimates		
	2011/12	2012/13	2013/14	2014/15			2015/16	2016/17	2017/18
Vote 3 : Agriculture and Rural Development	233 935	262 968	287 036	296 760	296 760	296 760	308 525	305 377	324 991
Land Care Programme grant	9 244	16 242	18 746	10 854	10 854	10 854	10 666	11 157	11 812
Comprehensive Agricultural Support Programme grant	164 691	183 726	202 522	212 632	212 632	212 632	226 161	230 344	245 823
Ilima/Letsema Projects grant	60 000	63 000	65 768	69 093	69 093	69 093	69 402	63 876	67 356
EPWP Integrated Grant for Provinces	-	-	-	4 181	4 181	4 181	2 296	-	-
Vote 4 : Econ. Dev., Tourism and Environ. Affairs	8 852	10 708	550	16 827	16 827	16 827	8 162	-	-
EPWP Integrated Grant for Provinces	8 852	10 708	550	16 827	16 827	16 827	8 162	-	-
Vote 5 : Education	2 414 520	2 670 487	2 615 744	2 786 655	2 796 382	2 796 382	3 395 026	3 328 443	3 493 536
Education Infrastructure grant	1 175 956	1 413 001	1 306 421	1 385 781	1 385 781	1 385 781	1 978 683	1 857 648	1 950 530
HIV and AIDS (Life-Skills Education) grant	45 114	46 806	38 907	52 261	61 988	61 988	50 588	53 096	56 115
National School Nutrition Programme (NSNP) grant	1 144 368	1 151 644	1 206 190	1 237 534	1 237 534	1 237 534	1 287 034	1 355 247	1 423 009
Maths, Science and Technology grant	-	-	-	-	-	-	59 998	62 452	63 882
Technical Secondary Schools Recapitalisation grant	36 762	40 490	42 717	45 280	45 280	45 280	-	-	-
Dinaledi Schools grant	12 320	17 546	18 509	19 568	19 568	19 568	-	-	-
OSD for Education Sector Therapists grant	-	-	-	41 581	41 581	41 581	13 079	-	-
Social Sector EPWP Incentive Grant for Provinces	-	-	-	2 580	2 580	2 580	3 000	-	-
EPWP Integrated Grant for Provinces	-	1 000	3 000	2 070	2 070	2 070	2 644	-	-
Vote 7 : Health	4 435 205	5 023 849	5 429 296	6 228 886	6 428 886	6 228 886	6 903 719	7 264 366	7 985 087
Health Professions Training and Development grant	249 917	261 860	276 262	292 837	292 837	292 837	299 513	312 377	331 943
Health Facility Revitalisation grant	906 169	1 176 452	1 072 531	1 162 469	1 362 469	1 362 469	1 229 775	1 047 521	1 099 898
National Tertiary Services grant	1 201 831	1 323 114	1 415 731	1 496 427	1 496 427	1 496 427	1 530 246	1 596 286	1 696 266
Comprehensive HIV and AIDS grant	1 889 427	2 225 423	2 652 072	3 257 992	3 257 992	3 057 992	3 813 094	4 293 096	4 840 948
Forensic Pathology Services grant	161 550	-	-	-	-	-	-	-	-
Social Sector EPWP Incentive Grant for Provinces	25 775	-	-	2 581	2 581	2 581	13 000	-	-
EPWP Integrated Grant for Provinces	536	1 000	3 000	2 580	2 580	2 580	3 683	-	-
National Health Insurance grant	-	33 000	9 700	14 000	14 000	14 000	14 408	15 086	16 032
AFCON: Medical Services grant	-	3 000	-	-	-	-	-	-	-
Vote 8 : Human Settlements	2 801 547	2 915 297	3 335 584	3 273 045	3 273 045	3 273 045	3 242 055	3 414 957	3 632 106
Human Settlements Development grant	2 769 871	2 915 297	3 332 584	3 273 045	3 273 045	3 273 045	3 235 475	3 414 957	3 632 106
Housing Disaster Relief grant	31 140	-	-	-	-	-	-	-	-
EPWP Integrated Grant for Provinces	536	-	3 000	-	-	-	6 580	-	-
Vote 9 : Community Safety and Liaison	-	1 673	5 369	2 580	2 580	2 580	1 000	-	-
Social Sector EPWP Incentive Grant for Provinces	-	1 673	5 369	2 580	2 580	2 580	1 000	-	-
Vote 11 : Co-op. Governance and Traditional Affairs	-	-	-	3 471	3 471	3 471	4 119	-	-
EPWP Integrated Grant for Provinces	-	-	-	3 471	3 471	3 471	4 119	-	-
Vote 12 : Transport	2 157 272	2 373 740	2 464 340	2 752 384	2 752 384	2 752 384	2 759 623	2 815 406	3 008 345
Transport Disaster Management grant	29 736	-	-	-	-	-	-	-	-
Public Transport Operations grant	773 473	808 279	852 325	904 783	904 783	904 783	924 766	964 241	1 024 634
EPWP Integrated Grant for Provinces	117 415	64 290	88 487	59 443	59 443	59 443	55 602	-	-
Provincial Roads Maintenance grant	1 236 648	1 501 171	1 523 528	1 788 158	1 788 158	1 788 158	1 779 255	1 851 165	1 983 711
Vote 13 : Social Development	3 821	-	14 610	5 746	5 746	5 746	3 000	-	-
Social Sector EPWP Incentive Grant for Provinces	3 821	-	14 610	3 746	3 746	3 746	3 000	-	-
EPWP Integrated Grant for Provinces	-	-	-	2 000	2 000	2 000	-	-	-
Vote 14 : Public Works	465 546	552 608	3 000	3 168	3 168	3 168	3 057	-	-
Devolution of Property Rate Funds grant	463 585	551 100	-	-	-	-	-	-	-
EPWP Integrated Grant for Provinces	1 961	1 508	3 000	3 168	3 168	3 168	3 057	-	-
Vote 15 : Arts and Culture	48 971	48 619	63 695	124 856	124 856	124 856	159 696	164 273	176 737
Community Library Services grant	48 971	48 619	63 145	122 754	122 754	122 754	157 696	164 273	176 737
EPWP Integrated Grant for Provinces	-	-	550	2 102	2 102	2 102	2 000	-	-
Vote 16 : Sport and Recreation	87 694	91 548	84 760	95 595	95 595	95 595	92 693	91 254	96 730
Mass Participation and Sport Development grant	87 694	90 548	79 883	85 435	85 435	85 435	89 191	91 254	96 730
EPWP Integrated Grant for Provinces	-	1 000	550	2 102	2 102	2 102	2 000	-	-
Social Sector EPWP Incentive Grant for Provinces	-	-	4 327	8 058	8 058	8 058	1 502	-	-
Total	12 657 363	13 951 497	14 303 984	15 589 973	15 799 700	15 599 700	16 880 675	17 384 076	18 717 532

Relative to other provincial departments, DOH is the largest recipient of conditional grant funds. Although the Comprehensive HIV and AIDS grant increases over the MTEF, there is a planned reduction by NDOH in this grant of R280 million in 2014/15, to assist in funding pressures in NHLS. This grant

was also reduced over the 2015/16 MTEF to fund various NHLS functions moved from the provincial to the national sphere.

The Department of Education (DOE) is the second largest recipient of grant funding over the MTEF. This is largely due to the Education Infrastructure grant and the NSNP grant to address learning infrastructure and provide food to learners from highly impoverished communities, respectively.

DOHS is the third largest recipient of grant allocation. The growth was offset to some extent by the baseline cuts in the grant due to the data update resulting from the 2011 Census. The budget for the HSDG grows consistently over the 2015/16 MTEF at this stage. More detail in this regard is included in the Vote 8 chapter of the *EPRE*.

In the 2014/15 Adjusted Appropriation, DOT had an allocation of R2.752 billion and this increases to R3.008 billion in 2017/18. Further detail is found in Vote 12's chapter of the *EPRE*.

The EPWP Integrated Grant for Provinces is allocated to provincial departments in line with schedules to the DORA. Allocations are made to departments based on historical performance. The 2015/16 EPWP allocations are made to DOT at R55.602 million, DEDTEA at R8.162 million, DOHS at R6.580 million, COGTA at R4.119 million, DOH at R3.683 million, Department of Public Works (DOPW) at R3.057 million, DOE at R2.644 million, DARD at R2.296 million, DAC at R2 million and DOSR at R2 million.

4.2.4 Total provincial own receipts (own revenue)

Table 4.12 summarises provincial own revenue by economic classification.

The bulk of provincial own revenue is collected against *Tax receipts* which comprises of *Motor vehicle licences*, *Casino taxes*, *Horse racing taxes* and *Liquor licences*. The next major revenue category is *Sale of goods and services other than capital assets*, particularly Health patient fees, followed by *Interest, dividends and rent on land*, *Transactions in financial assets and liabilities*, *Fines, penalties and forfeits* and *Sale of capital assets*.

Table 4.12 : Summary of provincial own receipts

R thousand	Audited Outcome			Main	Adjusted	Revised	Medium-term Estimates		
	2011/12	2012/13	2013/14	Appropriation	Appropriation	Estimate	2015/16	2016/17	2017/18
					2014/15				
Tax receipts	1 637 846	1 771 278	1 889 687	1 998 720	1 998 720	2 005 850	2 149 313	2 293 713	2 400 822
Casino taxes	337 435	383 056	421 355	490 803	490 803	457 046	556 890	630 869	668 721
Horse racing taxes	68 422	64 674	66 899	81 902	81 902	74 562	91 337	101 859	107 971
Liquor licences	465	4 927	5 110	6 015	6 015	21 609	20 086	20 745	22 280
Motor vehicle licences	1 231 524	1 318 621	1 396 323	1 420 000	1 420 000	1 452 633	1 481 000	1 540 240	1 601 850
Sale of goods and services other than capital assets	383 949	405 979	447 676	420 744	420 744	423 632	449 170	475 371	499 826
Transfers received	459	1 060	-	-	-	-	-	-	-
Fines, penalties and forfeits	45 352	51 125	39 547	25 617	25 617	37 220	38 681	40 591	42 621
Interest, dividends and rent on land	303 685	274 118	262 853	267 419	267 419	293 775	284 874	303 375	318 554
Sale of capital assets	18 109	44 100	31 147	19 516	19 516	37 210	18 760	19 535	20 877
Transactions in financial assets and liabilities	337 559	94 821	101 336	51 628	51 628	78 375	54 348	56 770	59 673
Total receipts	2 726 959	2 642 481	2 772 246	2 783 644	2 783 644	2 876 062	2 995 146	3 189 356	3 342 373

Table 4.12 shows *Tax receipts* which exhibit significant growth between 2011/12 and 2017/18. In nominal terms, *Tax receipts* increase from R1.638 billion in 2011/12 to R2.006 billion in the 2014/15 Revised Estimate with the main revenue collection category being *Motor vehicle licences*. Over the MTEF, *Tax receipts* are projected to rise from R2.149 billion in 2015/16 to R2.401 billion in 2017/18.

Sale of goods and services other than capital assets escalates from R383.949 million in 2011/12 to R499.826 million in 2017/18. The projected over-collection in the 2014/15 Revised Estimate can be ascribed to DOT, largely 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, and the growth is attributable to inflationary increments.

Interest, dividends and rent on land fluctuates over the seven-year period. This revenue largely accrues from the interest earned from the Inter-Governmental Cash Co-ordination (IGCC) and Pay Master-General (PMG) accounts. The main determinants of the revenue accrued from this source are cash balances and the prevailing interest rates. The province has had a positive cash balance since May 2010 due to cost-cutting measures implemented by departments. Over the MTEF, revenue projections increase at a slow growth rate due to the impact that the Census data and fiscal consolidation cuts is anticipated to have on the province's cash balance.

Generally, the trend for *Transactions in financial assets and liabilities* collections is downward. Revenue has decreased from R337.559 million in 2011/12 to R59.673 million in 2017/18. The high collection in 2011/12 is due to once-off revenue collections resulting from funds paid over into the Provincial Revenue Fund in relation to housing projects which did not go ahead as planned in previous financial years. Further analysis for this category are included in the Vote 8 chapter of the *EPRE*. The nature of collections against this category makes it difficult to budget for it accurately, hence the budget over the MTEF is fairly conservative.

The following section is a detailed analysis of revenue per vote and is summarised in Table 4.13.

Table 4.13 : Summary of provincial own receipts by vote

R thousand	Audited Outcome			Main	Adjusted	Revised	Medium-term Estimates		
	2011/12	2012/13	2013/14	Appropriation	Appropriation	Estimate	2015/16	2016/17	2017/18
					2014/15				
1. Office of the Premier	959	922	906	588	588	891	536	573	612
2. Provincial Legislature	1 554	2 331	3 924	703	703	2 523	735	774	813
3. Agriculture and Rural Development	20 516	19 376	17 882	21 302	21 302	27 586	23 292	24 732	26 299
4. Economic Development, Tourism and Enviro Affairs	3 464	13 182	9 555	8 770	8 770	24 712	22 852	23 524	25 198
5. Education	89 105	85 812	107 494	73 199	73 199	73 199	81 245	87 684	92 392
6. Provincial Treasury	695 110	718 176	738 992	839 470	839 470	823 578	932 322	1 035 253	1 094 324
7. Health	207 998	238 489	270 747	246 161	246 161	246 161	257 958	271 630	285 211
8. Human Settlements	269 168	15 096	9 431	1 830	1 830	30 107	2 052	2 198	2 308
9. Community Safety and Liaison	70	75	79	85	85	85	92	97	101
10. The Royal Household (moved to OTP)	-	-	-	-	-	-	-	-	-
11. Co-operative Governance and Traditional Affairs	3 959	7 578	7 470	3 203	3 203	5 274	3 653	3 491	3 866
12. Transport	1 409 482	1 502 265	1 577 298	1 572 160	1 572 160	1 616 683	1 653 507	1 721 411	1 792 102
13. Social Development	16 417	13 270	6 238	6 931	6 931	7 442	7 372	7 841	8 233
14. Public Works	6 116	23 642	18 258	8 252	8 252	16 640	8 426	8 967	9 664
15. Arts and Culture	2 647	1 755	3 235	715	715	830	805	865	917
16. Sport and Recreation	394	512	737	275	275	351	300	317	332
Total provincial own receipts	2 726 959	2 642 481	2 772 246	2 783 644	2 783 644	2 876 062	2 995 146	3 189 356	3 342 373
Provincial Legislature receipts not surrendered to PRF	1 554	2 331	3 924	703	703	2 523	735	774	813
Total adjusted provincial own receipts	2 725 405	2 640 150	2 768 322	2 782 941	2 782 941	2 873 539	2 994 411	3 188 582	3 341 560

The most significant revenue contributors in the province are DOT, Provincial Treasury, DOH and DOE. Other departments remain small contributors even though, in nominal terms, their collections have exhibited growth.

Transport

DOT continues to be the main contributor to total provincial own revenue (mainly against *Motor vehicle licences*). The department's revenue rises from R1.409 billion in 2011/12 to R1.617 billion in the 2014/15 Revised Estimate. The increase over the seven-year period can be attributed to the growth in vehicle population and higher than anticipated application of new and the renewal of motor vehicle licences. Over the MTEF, total revenue increases, *albeit* at a slower rate.

Revenue generated from *Motor vehicle licences* increases from R1.232 billion in 2011/12 to R1.602 billion in 2017/18 (Table 4.12). The major reason for the abating growth in revenue is lower inflation of motor vehicle licence fees by the department as the province continues to lose revenue to cheaper provinces, such as Mpumalanga. The projected revenue growth can also be attributed to the initiatives of DOT to improve service delivery at the various registering authorities, for the registration and licensing of motor vehicles.

Presently, the variances between motor vehicle licence fees charged across all provinces in the various fee categories are significant. This has been discussed at national and provincial levels for quite some time, with the view of standardising fees across provinces (as is the case with the Health patient fee structure).

The rationale of uniform fees will be to avoid loss of revenue to cheaper provinces against an ever increasing cost (e.g. road maintenance costs) as those vehicles continue to use KZN's roads.

Provincial Treasury

The department's main sources of revenue are *Casino taxes* (in respect of the KZN Gaming and Betting Board (KZNGBB)) and *Interest, dividends and rent on land*. The department's revenue collection increases from R695.110 million in 2011/12 to R1.094 billion in 2017/18. *Casino taxes*, which are largely derived from Limited Payout Machines and Bingo gaming revenue, accelerated markedly from 2012/13 onward following the increase in tax rates which came into effect in November 2012. Growth over the 2015/16 MTEF can be ascribed to the expected developments in this industry.

Provincial Treasury generates a significant portion of own revenue through interest earned on positive cash balances in the IGCC and the PMG accounts, which is reflected against *Interest, dividends and rent on land*. The significant improvement, although fluctuating over the seven-year period, is due to the collective implementation of cost-cutting by provincial departments. The decline in revenue collected in 2013/14 was due to the Census data cuts and the 1, 2 and 3 per cent baseline reductions implemented by National Treasury. Over the MTEF, revenue projections increase at a slow growth rate due to the impact that the Census data and fiscal consolidation cuts is anticipated to have on the province's cash balance.

Health

The receipts of DOH rose from R207.998 million in 2011/12 to R246.161 million in the 2014/15 Revised Estimate. Over the MTEF, significant growth is expected from R257.958 million in 2015/16 to R285.211 million in 2017/18. DOH's largest proportion of revenue is from patient fees and boarding fees for staff accommodation.

The department is focusing on increasing efficiencies in patient billing and revenue collection. One of the major objectives is to eliminate leakages in the system, and to shorten patient payment intervals. Historically, patient fee collections have under-performed due to there being no concise strategy to enhance collections from medical aid schemes, Road Accident Fund (RAF) and other statutory accounts, such as SAPS and Correctional Services. More attention continues to be given 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. DOH needs to continue to focus on clearing, *inter alia*, all medical aid and RAF invoices that accumulate in the institutions. Revenue collection processes remain sub-optimal as a consequence of continued reliance on manual billing systems.

Education

The prime source of own revenue for the department is *Sale of goods and services other than capital assets*. This includes commission earned on payroll deductions such as insurance and garnishees, examination and remarking fees, as well as fees for the viewing of scripts, and housing and parking rentals for staff members. *Transactions in financial assets and liabilities* is also a major source of revenue for the department which consists mainly of debts owed to the department, as well as refunds relating to previous years' expenditure.

4.2.5 Donor funding and agency receipts

Table 4.14 indicates donor funding and agency receipts, per department, over the 2015/16 MTEF. More detail is provided in Table 1.G in the *Annexure* to this *OPRE*. Donor funding is not voted for, and is relatively small in value. This 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*, indicating how the donor funding and agency receipts have been spent over the seven-year period.

It is essential to monitor the quality and quantity of services being provided with regard to donor funding and agency receipts. To this extent, Provincial Treasury requires departments to report on donor funding and agency receipts on a quarterly basis. This is done mainly because, in some instances, departments commit themselves to projects and, when the donor funding ceases, these commitments continue and have to be funded through voted funds in order to reach completion.

Table 4.14 : Donor funding and agency receipts

R thousand	Audited Outcome			Main Appropriation	Adjusted Appropriation	Revised Estimate	Medium-term Estimates		
	2011/12	2012/13	2013/14	2014/15			2015/16	2016/17	2017/18
Donor Funding	19 346	26 768	30 874	73 860	72 544	79 766	53 410	45 650	-
Office of the Premier	9 066	24 079	24 079	26 829	26 829	34 553	12 894	6 450	-
Agriculture and Rural Development	1 315	1 805	2 291	2 984	2 984	2 482	-	-	-
Education	4 616	-	-	-	-	-	-	-	-
Provincial Treasury	-	-	-	41 600	41 600	41 600	39 200	39 200	-
Health	4 231	884	3 677	331	331	331	-	-	-
Co-operative Governance and Traditional Affairs	118	-	827	2 116	800	800	1 316	-	-
Agency Receipt	8 517	7 585	-	8 500	8 500	1 264	3 792	2 528	-
Transport	8 517	7 585	-	8 500	8 500	1 264	3 792	2 528	-
Total	27 863	34 353	30 874	82 360	81 044	81 030	57 202	48 178	-

4.2.5.1 Donor funding

The recipients of donor funding over the 2015/16 MTEF are OTP and Provincial Treasury amounting to R52.094 million in 2015/16 and declining to R45.650 million in 2016/17.

OTP receives funding for the National Skills Fund of R6.444 million in 2015/16. For the MERSETA, the department receives R6.450 million in 2015/16 and 2016/17, respectively. These amounts, through the Provincial Public Service Training Academy, will fund the following learning programmes:

- Learnerships in the construction sector.
- Automotive apprenticeships.
- Manufacturing and engineering apprenticeships and learnerships.
- NYS skills programmes implemented by the DOPW.

Provincial Treasury receives a total of R121.058 million from 2014/15 to 2016/17, from the European Union (EU) through the General Budget Support initiative for the funding of KZN Science Parks. Specifically, the department receives R39.200 million in 2015/16 and 2016/17, respectively. The main aim of the science parks is the commercialisation of innovative ideas through which products, processes, strategies and services are formulated to create job opportunities and to create business synergies.

4.2.5.2 Agency receipts

DOT receives funding from the South African National Roads Agency Limited (SANRAL), to cater for an extended overload control function on the national road network in KZN. In 2014/15, the department budgeted to receive R8.500 million against the Revised Estimate of R1.264 million. This reduction in funding is due to SANRAL indicating that only three weighbridges on the N3 corridor form part of the agreement, namely Westmead, Mkondeni and Midway. Also, in terms of a new contract, SANRAL will remunerate in respect of the number of vehicles weighed. This is in contrast to the previous contract where SANRAL paid for the salaries of the traffic officers undertaking the weighing and all applicable administrative costs. The decrease from R3.792 million in 2015/16 to R2.528 million in 2016/17 is attributed to the expiration of the current contract in November 2016. The department envisages signing a new contract with SANRAL, and hence no allocation has been budgeted for 2017/18.

5. PAYMENTS

5.1 Overall position

Total provincial payments increased from R77.654 billion in 2011/12 to an estimated R96.499 billion in 2014/15. This positive growth is set to continue over the 2015/16 MTEF, with the aggregated estimates of R101.961 billion in 2015/16 growing to R112.773 billion in 2017/18.

The additional funding over and above the existing (2014/15 MTEF) growth within the various departments' baselines caters for, among others:

- Carry-through of the 2014/15 Adjustments Estimate, such as the suspension and roll-over of funds for the Luwamba Wellness Centre, OSS war-rooms, Learner Transport programme, GIAMA, etc.
- Additional funding over the 2015/16 MTEF, for part of the carry-through of the 2014 wage agreement in Education and Health only. It must be noted that this funding comes from the provincial fiscus as National Treasury did not provide additional funding for the higher than anticipated 2014 wage agreement. Other departments had to reprioritise within their existing baselines to cover the full impact of this, whereas Health and Education had to reprioritise to cover 60 per cent of the carry-through of the wage agreement.
- The decentralisation of external bursaries budget from OTP after a decision was taken by Cabinet.

The 2015/16 MTEF is prepared against the backdrop of the nationally implemented fiscal consolidation which has resulted in cuts against the equitable share funding and conditional grant funding. In KZN, a decision was taken by Cabinet to absorb the fiscal consolidation cuts by reducing the Contingency Reserve to R750 million per year, and stopping the Strategic Cabinet Initiatives Fund, which released R100 million in each year. In addition, the government office precinct project was once again put on hold to release funding of R600 million in 2016/17. This allowed the province to leave the baselines of departments uncut and allow for service delivery to continue, while taking into account the provincial financial control measures and the cost-containment measures issued by National Treasury in 2013/14.

Departments were advised to freeze their spending on non-essential items at 2014/15 levels. This will be monitored through the In-Year Monitoring process. Also worth noting in the 2015/16 MTEF is the dissolution of the DRH, which now forms part of OTP in line with Presidential Proclamation 83 of 2014.

5.2 Payments by vote

Table 5.1 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 2014/15	Revised Estimate	Medium-term Estimates		
	2011/12	2012/13	2013/14				2015/16	2016/17	2017/18
1. Office of the Premier	524 129	697 795	721 074	751 370	745 112	745 112	743 214	746 934	784 281
2. Provincial Legislature	380 588	431 718	460 929	491 186	483 590	483 590	465 494	480 352	504 370
3. Agriculture and Rural Development	1 782 966	2 109 591	2 005 528	2 133 126	2 169 946	2 169 946	2 203 074	2 290 677	2 409 455
4. Economic Development, Tourism and Enviro Affairs	2 226 580	2 421 869	3 311 354	2 883 969	3 013 455	3 013 455	2 973 459	3 080 528	3 219 734
5. Education	32 809 703	34 556 731	37 156 042	38 918 092	39 066 103	39 092 741	42 142 355	44 210 091	46 488 066
6. Provincial Treasury	411 205	557 733	623 448	878 315	708 472	667 134	712 151	707 768	708 506
7. Health	24 791 118	27 390 533	29 531 410	30 914 196	31 119 465	30 919 465	32 981 786	34 741 665	36 873 548
8. Human Settlements	3 042 495	3 377 771	3 617 002	3 600 282	3 622 443	3 622 443	3 584 685	3 776 080	4 011 284
9. Community Safety and Liaison	145 239	135 892	171 922	181 295	179 692	179 692	187 069	198 470	200 285
10. The Royal Household (moved to OTP)	-	-	-	-	-	-	-	-	-
11. Co-operative Governance and Traditional Affairs	1 106 349	1 314 550	1 242 496	1 348 076	1 486 694	1 486 694	1 368 043	1 436 920	1 508 766
12. Transport	6 639 855	7 650 308	8 055 187	9 060 595	9 050 885	9 050 885	9 341 457	9 735 659	10 274 611
13. Social Development	1 934 257	1 985 386	2 329 906	2 497 952	2 489 760	2 489 760	2 630 481	2 767 560	2 905 938
14. Public Works	1 182 268	1 133 311	1 270 253	1 369 361	1 391 763	1 392 088	1 389 666	1 449 782	1 526 583
15. Arts and Culture	369 752	479 744	698 686	705 112	730 120	730 120	783 914	819 399	894 444
16. Sport and Recreation	307 836	367 751	414 968	456 379	455 571	455 571	454 389	440 571	463 512
Total	77 654 340	84 610 682	91 610 205	96 189 306	96 713 071	96 498 696	101 961 237	106 882 456	112 773 383

The trend analysis reveals that most departments' budgets are set to increase from the 2014/15 Main Appropriation to 2015/16 against the backdrop of the fiscal consolidation. However, it must be noted that allocations for some departments (OTP, Provincial Legislature, DEDTEA, DOHS and DOSR) reflect a decrease from the 2014/15 Adjusted Appropriation to 2015/16 due to once-off funding allocated during the 2014/15 Adjustments Estimate, such as funding for various events through the Strategic Cabinet Initiatives fund (which has no funding over the 2015/16 MTEF) and roll-overs. More detail of the payments and estimates is given under each vote's chapter in the *EPRE*.

The allocation over the 2015/16 MTEF reflects inflationary growth. The fiscal consolidation was implemented to enforce an expenditure ceiling for government. This resulted in National Treasury reducing the equitable share and conditional grant baselines over the MTEF, as previously mentioned. The fiscal consolidation implemented over the 2015/16 MTEF will not have an impact on service delivery in KZN, as departments' baselines were not reduced, as mentioned above. There will be pressure on service delivery, though, over the 2015/16 MTEF due to lack of additional funding for the carry-through of the 2014 wage agreement, which required departments to reprioritise from within their baselines.

The reduction in the Provincial Legislature in 2015/16 when compared to the 2014/15 Adjusted Appropriation relates to once-off additional funding allocated in respect of the Hansard production equipment and the once-off allocation for exit packages of Members of the Provincial Legislature (MPLs) whose tenure was affected by the general election. It must be noted that funding for the exit packages for MPLs was not fully utilised in 2014/15 and R9.500 million was suspended for re-allocation in 2015/16 for strengthening oversight and for IT infrastructure upgrade.

DEDTEA reflects a substantial reduction from the 2014/15 Adjusted Appropriation and Revised Estimate to 2015/16 due to various once-off additional funding for strategic events such as the Nelson Mandela Golf Tournament, Volvo European Golf Championship, etc. It must be noted that there will be no funding for strategic Cabinet initiatives as the fund was stopped to absorb the fiscal consolidation reductions over the 2015/16 MTEF. The department will have to fund the events from within its existing baseline or from strategic partnerships in terms of sponsorships with the private sector or other strategic partners.

DOE reflects a significant increase from the 2014/15 Adjusted Appropriation to 2015/16 due to additional funding (from previous MTEF processes) allocated for the various higher than budget wage agreements, re-grading of clerical staff, with carry-through costs over the MTEF, and additional funding (from the provincial fiscus) for personnel spending pressures relating to previous years' higher than budget wage agreements and shortfalls in funding for OSD for educators. 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 from 2015/16. In addition, the additional funding in the 2014/15 MTEF, for the carry-through of wage agreements, was higher from 2015/16, contributing to this high growth in 2015/16. It must be noted that, due to the critical nature of the department's mandate and the spending pressures, a large portion of any additional funding available for wage agreements is allocated to this department, while other departments have to reprioritise from within their existing baselines.

DOH reflects a steady increase over the 2015/16 MTEF. The department received some additional funding for the carry-through of previous wage agreements and the purchase of the St Aidan's Hospital (from the provincial fiscus). As with DOE, due to the critical nature of the department's mandate and the spending pressures, a large portion of any additional funding available for wage agreements is allocated to this department, while other departments have to reprioritise from within their existing baselines. The Comprehensive HIV and AIDS grant on the other hand was reduced slightly in respect of the NHLS function. The department's equitable share was also reduced in respect of the NHLS and the Port Health Services function shifts.

The Social Sector, comprising Education, Health and Social Development, reflects positive growth over the 2015/16 MTEF. Also contributing to the growth, to a larger extent, are higher than anticipated wage agreements, including the 2014 wage agreement, for which funding was allocated (to Education and Health only) by Provincial Treasury in the absence of funding from National Treasury.

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

Table 5.2 : Analysis of payments and estimates by major vote

	Audited Outcome			Adjusted Appropriation	Medium-term Estimates			Average Annual Growth	
	2011/12	2012/13	2013/14		2015/16	2016/17	2017/18	2011/12-2014/15	2014/15-2017/18
R thousand									
Education	32 809 703	34 556 731	37 156 042	39 066 103	42 142 355	44 210 091	46 488 066		
Health	24 791 118	27 390 533	29 531 410	31 119 465	32 981 786	34 741 665	36 873 548		
Social Development	1 934 257	1 985 386	2 329 906	2 489 760	2 630 481	2 767 560	2 905 938		
Other Functions	18 119 262	20 678 033	22 592 847	24 037 743	24 206 615	25 163 140	26 505 831		
Total expenditure	77 654 340	84 610 682	91 610 205	96 713 071	101 961 237	106 882 456	112 773 383		
% of total expenditure									
Education	42.3	40.8	40.6	40.4	41.3	41.4	41.2		
Health	31.9	32.4	32.2	32.2	32.3	32.5	32.7		
Social Development	2.5	2.3	2.5	2.6	2.6	2.6	2.6		
Other Functions	23.3	24.4	24.7	24.9	23.7	23.5	23.5		
Nominal growth (%)									
Education		5.3	7.5	5.1	7.9	4.9	5.2	6.0	6.0
Health		10.5	7.8	5.4	6.0	5.3	6.1	7.9	5.8
Social Development		2.6	17.4	6.9	5.7	5.2	5.0	8.8	5.3
Other Functions		14.1	9.3	6.4	0.7	4.0	5.3	9.9	3.3
Total expenditure		9.0	8.3	5.6	5.4	4.8	5.5	7.6	5.3
Real growth (%)									
Education		1.5	1.7	(0.4)	2.3	(0.5)	(0.1)	0.9	0.6
Health		6.4	2.0	(0.2)	0.6	(0.1)	0.8	2.7	0.4
Social Development		(1.1)	11.0	1.2	0.2	(0.2)	(0.3)	3.6	(0.1)
Other Functions		9.9	3.4	0.8	(4.5)	(1.4)	0.0	4.6	(2.0)
Total expenditure		5.0	2.4	(0.0)	0.0	(0.5)	0.2	2.4	(0.1)

As mentioned above, Social Sector spending reflects positive growth, in nominal terms, over the MTEF. The sector reflects steady average annual growth from 2011/12 to 2014/15 and also from 2014/15 to 2017/18 in nominal terms while, in real terms, there is low growth in the first period and negative growth for the latter period. The share of total spending fluctuates over the seven years, with 2011/12 being high at 76.7 per cent, reducing to 75.2 per cent in 2014/15 and staying at an average of 76.4 per cent over the 2015/16 MTEF. The share of total expenditure for Other Functions also fluctuates over the seven years, with 2011/12 being lower at 23.3 per cent, before increasing to 24.9 per cent in 2014/15 and stabilising at 23.5 per cent average over the 2015/16 MTEF.

DOE remains the highest spending provincial department, at 40.4 per cent in 2014/15 and increasing slightly to 41.3 per cent in 2015/16, and decreasing marginally to 41.2 per cent in 2017/18, attributable to the reduced allocation for the Education Infrastructure grant. DOE's budget increases by an average annual nominal (real) growth of 6 (0.9) per cent between 2011/12 and 2014/15, and 6 (0.6) per cent between 2014/15 and 2017/18. Although the baseline allocation for the department was cut by a substantial amount in 2015/16, relating to Census data baseline cuts, 2015/16 still reflects a significant increase due to additional allocations for national priorities such as the increase in the number of teachers in quintile 1 schools and the increase in the number of Grade R teachers (allocated over the 2013/14 MTEF, but with funds becoming available in 2015/16).

DOH remains the second highest spending provincial department, with a generally steady share of 31.9 per cent in 2011/12, increasing to 32.2 per cent in 2014/15 and increasing over the 2015/16 MTEF to 32.7 per cent in 2017/18. The budget of the department reflects a healthy average annual nominal (real) growth of 7.9 (2.7) per cent between 2011/12 and 2014/15, and a steady average annual growth of 5.8 (0.4) per cent between 2014/15 and 2017/18. The latter period reflects reduced growth due to the lower allocation for the Health Facility Revitalisation grant as a result of the outcome of the bidding process which resulted in lower allocations for 2016/17 and 2017/18 at this stage.

The Department of Social Development (DSD) reflects a steady share of total expenditure, at 2.5 per cent in 2011/12 due to implementation of various national priorities (discussed briefly below), reducing to 2.3 per cent in 2012/13, and remains steady at 2.6 per cent in 2014/15 and over the 2015/16 MTEF. The department enjoys healthy average nominal (real) growth of 8.8 (3.6) per cent between 2011/12 and 2014/15 due to additional funding for the absorption of social work graduates and support to the NGO sector. This growth declines to 5.3 (-0.1) per cent between 2014/15 and 2017/18. The department shows significant annual nominal (real) growth of 17.4 (11) per cent in 2013/14 due to increased spending for national priorities such as Child and Youth Care and Victim Empowerment. The growth shows a declining trend over the 2015/16 MTEF, with an average annual nominal (real) growth of 5 (-0.3) per cent in 2017/18.

Other Functions reflect higher average annual nominal (real) growth of 9.9 (4.6) between 2011/12 and 2014/15 when compared to 3.3 (-2) per cent between 2014/15 and 2017/18. The higher annual growth of 14.1 per cent in 2012/13 can be attributable to increased spending relating to once-off additional funding, allocated to various departments, especially DEDTEA for various strategic events, such as the Nelson Mandela Golf Tournament, North Sea Jazz Festival, Metro FM Awards, etc. Also contributing was increased spending relating to once-off additional funding to DARD for various programmes, such as the Makhathini development, control of rabies outbreak, etc. OTP also incurred increased spending relating to additional funding for various initiatives such as the hosting of the 2013 AFCON tournament, Youth Ambassadors programme, etc.

5.3 Payments by economic classification

5.3.1 Provincial summary of payments and estimates by economic classification

Table 5.3 presents a summary of payments and estimates by economic classification. Table 1.B in the *Annexure to the OPRE* provides more detail in this regard.

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		
	2011/12	2012/13	2013/14		2014/15		2015/16	2016/17	2017/18
Current payments	61 381 940	66 262 945	71 893 964	77 052 013	77 459 324	77 092 154	82 943 692	87 770 783	92 898 593
Compensation of employees	45 550 938	49 255 854	54 022 777	57 824 709	58 375 627	58 218 824	62 289 398	66 266 216	70 235 446
Goods and services	15 829 439	17 006 408	17 864 641	19 219 536	19 082 692	18 869 970	20 644 062	21 493 793	22 651 835
Interest and rent on land	1 563	683	6 547	7 768	1 005	3 360	10 232	10 774	11 313
Transfers and subsidies to:	9 072 353	9 749 034	11 420 033	10 884 317	11 309 878	11 553 157	11 049 595	11 368 459	11 955 060
Provinces and municipalities	1 074 755	1 204 335	1 139 927	1 225 106	1 228 356	1 290 360	1 161 263	1 073 821	1 059 049
Departmental agencies and accounts	1 549 676	1 824 193	1 847 649	1 892 288	1 921 034	1 924 206	2 042 536	2 168 148	2 265 481
Higher education institutions	-	57	501	-	250	266	-	-	-
Foreign governments and international organisations	173	233	221	198	198	255	207	217	228
Public corporations and private enterprises	1 160 670	1 212 552	1 394 552	1 243 730	1 616 316	1 611 595	1 403 882	1 407 125	1 481 531
Non-profit institutions	2 332 067	2 489 288	3 325 237	3 121 422	3 068 567	3 051 723	3 101 029	3 158 238	3 304 856
Households	2 955 012	3 018 376	3 711 947	3 401 573	3 475 157	3 674 752	3 340 678	3 560 910	3 843 915
Payments for capital assets	7 108 181	8 520 531	8 186 603	8 142 008	7 854 355	7 763 063	7 728 031	7 500 369	7 690 999
Buildings and other fixed structures	5 892 076	7 508 265	7 523 677	7 393 372	7 040 034	7 061 710	6 977 955	6 667 457	6 873 125
Machinery and equipment	1 159 410	953 270	629 908	730 902	792 551	678 851	729 732	813 373	799 948
Heritage assets	1 819	10 794	4 659	5 000	8 080	8 100	4 200	4 462	4 684
Specialised military assets	-	-	-	-	-	-	-	-	-
Biological assets	7 354	9 542	474	586	586	586	606	636	668
Land and sub-soil assets	26 455	7 018	-	-	-	7	-	-	-
Software and other intangible assets	21 067	31 642	27 885	12 148	13 104	13 809	15 538	14 441	12 574
Payments for financial assets	26 265	11 012	38 511	2 500	3 273	4 081	157 598	157 055	139 500
Total	77 588 739	84 543 522	91 539 110	96 080 838	96 626 830	96 412 455	101 878 916	106 796 666	112 684 153
Statutory payments (Members' remuneration)	65 601	67 160	71 095	108 468	86 241	86 241	82 321	85 790	89 230
Total economic classification (incl. stat. payment)	77 654 340	84 610 682	91 610 205	96 189 306	96 713 071	96 498 696	101 961 237	106 882 456	112 773 383

The category *Current payments* consumes the bulk of the total provincial spending, at an average of 82 per cent over the 2015/16 MTEF and is set to increase from R77.092 billion in the 2014/15 Revised Estimate to R92.899 billion in 2017/18. The largest portion of this category and the entire budget relates to *Compensation of employees*, which is set to increase from R58.219 billion in the 2014/15 Revised Estimate to R70.235 billion in 2017/18. The increase from the 2014/15 Revised Estimate to 2015/16 is attributable to the anticipated filling of critical vacant posts by various departments while taking into consideration the moratorium on the filling of non-critical vacant posts, and the inflationary wage adjustment. 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 a fluctuating trend between 2011/12 and 2017/18. A substantial portion of *Transfers and subsidies* is allocated against *Transfers and subsidies to: Non-profit institutions*, and a large portion thereof relates to transfers to public schools for norms and standards. Also included are transfers to public entities such as the Dube TradePort Corporation (DTPC) and EKZNW under DEDTEA. *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 from the 2014/15 Adjusted Appropriation to 2015/16 is due to the classification of funding for Small Town Rehabilitation,

Corridor Development, Massification and the LED programmes under COGTA as *Goods and services*. This funding will be reclassified as *Transfers and subsidies* once the department is satisfied of the municipalities' capacity to implement the projects.

Payments for capital assets reflects fluctuations over the seven-year period, growing from R7.108 billion in 2011/12 to R8.521 billion in 2012/13, declining from R7.854 billion in the 2014/15 Adjusted Appropriation to R7.728 billion in 2015/16 and to R7.691 billion in 2017/18 due to the lower allocation for the Education and Health infrastructure grants as a result of the bidding process for these infrastructure grants, as mentioned earlier. *Buildings and other fixed structures*, which consumes a large portion of the allocation, reflects no growth over the MTEF, indicative of the effect of the reduced allocations of the infrastructure grants and the reprioritisation of equitable share infrastructure budgets under DOE to fund personnel spending pressures. The allocation declines to R7.040 billion in the 2014/15 Adjusted Appropriation and declines further to R6.873 billion in 2017/18 due to the previously mentioned reprioritisation by DOE and lower allocations for the Education Infrastructure grant and the Health Facility Revitalisation grant.

The spending against the category *Payments for financial assets* reflects the first charge amounts (in line with Section 34(2) of the PFMA) in respect of unauthorised expenditure. Also included, although to a lesser extent, are the write-offs of irrecoverable debts by various departments.

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

Table 5.4 : Analysis of payments and estimates by economic classification

	Audited Outcome			Adjusted Appropriation 2014/15	Medium-term Estimates			Average Annual Growth	
	2011/12	2012/13	2013/14		2015/16	2016/17	2017/18	2011/12- 2014/15	2014/15- 2017/18
R thousand									
Current	61 447 541	66 330 105	71 965 059	77 545 565	83 026 013	87 856 573	92 987 823		
Transfers	9 072 353	9 749 034	11 420 033	11 309 878	11 049 595	11 368 459	11 955 060		
Capital	7 108 181	8 520 531	8 186 603	7 854 355	7 728 031	7 500 369	7 690 999		
Financial assets	26 265	11 012	38 511	3 273	157 598	157 055	139 500		
Compensation	45 616 539	49 323 014	54 093 872	58 461 868	62 371 719	66 352 006	70 324 676		
Non-compensation	32 037 801	35 287 668	37 516 334	38 251 203	39 589 518	40 530 450	42 448 707		
Non-compensation (excl. transfers)	22 965 448	25 538 634	26 096 301	26 941 325	28 539 923	29 161 991	30 493 647		
Non-compensation non-capital (NCNC)	24 929 620	26 767 137	29 329 731	30 396 848	31 861 487	33 030 081	34 757 708		
NCNC (excl. transfers)	15 857 267	17 018 103	17 909 699	19 086 970	20 811 892	21 661 622	22 802 648		
Total expenditure	77 654 340	84 610 682	91 610 205	96 713 071	101 961 237	106 882 456	112 773 383		
% of total expenditure									
Current	79.1	78.4	78.6	80.2	81.4	82.2	82.5		
Transfers	11.7	11.5	12.5	11.7	10.8	10.6	10.6		
Capital	9.2	10.1	8.9	8.1	7.6	7.0	6.8		
Financial assets	0.0	0.0	0.0	0.0	0.2	0.1	0.1		
Compensation	58.7	58.3	59.0	60.4	61.2	62.1	62.4		
Non-compensation	41.3	41.7	41.0	39.6	38.8	37.9	37.6		
Non-compensation (excl. transfers)	29.6	30.2	28.5	27.9	28.0	27.3	27.0		
Non-compensation non-capital (NCNC)	32.1	31.6	32.0	31.4	31.2	30.9	30.8		
NCNC (excl. transfers)	20.4	20.1	19.5	19.7	20.4	20.3	20.2		
Nominal growth (%)									
Current		7.9	8.5	7.8	7.1	5.8	5.8	8.1	6.2
Transfers		7.5	17.1	(1.0)	(2.3)	2.9	5.2	7.6	1.9
Capital		19.9	(3.9)	(4.1)	(1.6)	(2.9)	2.5	3.4	(0.7)
Financial assets		(58.1)	249.7	(91.5)	4 715.1	(0.3)	(11.2)	(50.1)	249.3
Compensation		8.1	9.7	8.1	6.7	6.4	6.0	8.6	6.4
Non-compensation		10.1	6.3	2.0	3.5	2.4	4.7	6.1	3.5
Non-compensation (excl. transfers)		11.2	2.2	3.2	5.9	2.2	4.6	5.5	4.2
Non-compensation non-capital (NCNC)		7.4	9.6	3.6	4.8	3.7	5.2	6.8	4.6
NCNC (excl. transfers)		7.3	5.2	6.6	9.0	4.1	5.3	6.4	6.1
Real growth (%)									
Current		4.0	2.6	2.0	1.6	0.4	0.5	2.9	0.8
Transfers		3.5	10.8	(6.2)	(7.3)	(2.4)	(0.1)	2.5	(3.3)
Capital		15.5	(9.1)	(9.1)	(6.6)	(7.9)	(2.6)	(1.6)	(5.8)
Financial assets		(59.6)	230.9	(92.0)	4 468.4	(5.5)	(15.6)	(52.4)	231.5
Compensation		4.2	3.8	2.3	1.2	0.9	0.7	3.4	0.9
Non-compensation		6.1	0.6	(3.4)	(1.8)	(2.9)	(0.5)	1.0	(1.7)
Non-compensation (excl. transfers)		7.1	(3.3)	(2.2)	0.5	(3.1)	(0.7)	0.4	(1.1)
Non-compensation non-capital (NCNC)		3.4	3.7	(1.9)	(0.6)	(1.6)	(0.1)	1.7	(0.8)
NCNC (excl. transfers)		3.4	(0.4)	0.9	3.5	(1.2)	(0.0)	1.3	0.7

Current expenditure is the largest, as a percentage of total expenditure, growing from 79.1 per cent in 2011/12 to 82.5 per cent in 2017/18. This category reflects average annual nominal (real) growth of

8.1 (2.9) per cent between 2011/12 and 2014/15 and declines to 6.2 (0.8) per cent between 2014/15 and 2017/18, attributable to the stable trend in *Compensation of employees* over the 2015/16 MTEF after some additional funding was provided for the 2014 wage agreement, for Education and Health.

The share of total expenditure for *Transfers* reflects a declining trend, from 11.7 per cent in 2011/12 to 10.6 per cent in 2017/18. This category reflects fluctuations in the annual nominal and real growth over the period, with high annual nominal (real) growth of 17.1 (10.8) per cent in 2013/14 due to the increase in the HSDG. The average nominal (real) growth decreases from 7.6 (2.5) per cent between 2011/12 and 2014/15 to 1.9 (-3.3) per cent between 2014/15 and 2017/18.

The expenditure trend for *Capital* reflects fluctuations, as does the share of total expenditure, with an increase to 10.1 per cent in 2012/13, before declining to 8.1 per cent in 2014/15 and further declining to 6.8 per cent in 2017/18. The decline in 2017/18 is attributable to the lower allocation of the infrastructure grants in line with the new process of bidding for infrastructure grant funding. This category reflects fluctuations in the annual nominal and real growth, with high annual nominal (real) growth of 19.9 (15.5) per cent in 2012/13 relating to the increase in infrastructure grants and also equitable share funding allocated mainly in respect of acceleration of Health infrastructure projects. This category, thereafter, reflects a declining trend with a negative annual nominal growth of 3.9 per cent in 2013/14 and a low annual nominal growth of 2.5 per cent in 2017/18, which is below inflation. The average annual nominal (real) growth decreases from 3.4 (-1.6) per cent between 2011/12 and 2014/15 to negative 0.7 (-5.8) per cent between 2014/15 and 2017/18.

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

The high average annual nominal (real) growth of 249.3 (231.5) per cent between 2014/15 and 2017/18 against *Financial assets* is due to the fact that several departments will be paying first charges in respect of unauthorised expenditure from the previous year, as per Section 34(2) of the PFMA.

Compensation's share of total expenditure shows an increase from 58.7 per cent in 2011/12 to 62.4 per cent in 2017/18. This category shows an average annual nominal (real) growth of 8.6 (3.4) per cent between 2011/12 and 2014/15 (resulting from additional funding for personnel spending pressures, especially under Education) declining to 6.4 (0.9) per cent between 2014/15 and 2017/18 (reflecting stable funding for personnel expenditure and lack of substantial additional funding over the 2015/16 MTEF resulting from the fiscal consolidation). *Non-compensation* shows a decline in the share of total expenditure from 41.3 per cent in 2011/12 to 37.6 per cent in 2017/18. This declining trend is indicative of the fact that *Compensation* continues to crowd out the allocation of resources toward service delivery spending. The lower allocations for the infrastructure grants in 2016/17, in line with the new bidding process, contribute to the low growth of 2.4 per cent in 2016/17. It must be noted that the province did not receive any additional funds for the above-budget 2014 wage agreement, and therefore used provincial cash resources to assist Education and Health due to the magnitude of the shortfalls. However, as previously mentioned, only 40 per cent of the shortfall was funded and these departments had to reprioritise from within their baselines to fund 60 per cent of the shortfall.

The share of total expenditure for *Non-compensation (excl. transfers)* reflects a fluctuating trend over the seven-year period, with an increase from 29.6 per cent in 2011/12 to 30.2 per cent in 2012/13, and decreasing to 28 per cent in 2015/16, before declining to 27 per cent in 2017/18.

The percentage share of *Non-compensation non-capital (NCNC)* decreases over the period from 32.1 per cent in 2011/12 to 30.8 per cent in 2017/18. The category *Non-compensation non-capital (excluding transfers)* reflects a fluctuating trend over the seven-year period.

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	
	2011/12	2012/13	2013/14		2015/16	2016/17	2017/18	2011/12-2014/15	2014/15-2017/18
R thousand									
Current	29 342 252	30 423 139	33 110 544	35 518 259	37 863 749	40 237 604	42 551 911		
Transfers	1 347 411	1 553 435	1 666 384	1 793 404	1 899 212	1 837 774	1 928 252		
Capital	2 120 040	2 580 157	2 379 114	1 754 440	2 347 502	2 102 821	1 976 010		
Financial assets	-	-	-	-	31 892	31 892	31 893		
Compensation	26 207 123	27 557 742	29 930 297	32 243 560	34 372 360	36 678 394	38 979 772		
Non-compensation	6 602 580	6 998 989	7 225 745	6 822 543	7 769 995	7 531 697	7 508 294		
Non-compensation (excl. transfers)	5 255 169	5 445 554	5 559 361	5 029 139	5 870 783	5 693 922	5 580 043		
Non-compensation non-capital (NCNC)	4 482 540	4 418 832	4 846 631	5 068 103	5 422 493	5 428 876	5 532 284		
NCNC (excl. transfers)	3 135 129	2 865 397	3 180 247	3 274 699	3 523 281	3 591 102	3 604 033		
Total expenditure	32 809 703	34 556 731	37 156 042	39 066 103	42 142 355	44 210 091	46 488 066		
% of total expenditure									
Current	89.4	88.0	89.1	90.9	89.8	91.0	91.5		
Transfers	4.1	4.5	4.5	4.6	4.5	4.2	4.1		
Capital	6.5	7.5	6.4	4.5	5.6	4.8	4.3		
Financial assets	-	-	-	-	0.1	0.1	0.1		
Compensation	79.9	79.7	80.6	82.5	81.6	83.0	83.8		
Non-compensation	20.1	20.3	19.4	17.5	18.4	17.0	16.2		
Non-compensation (excl. transfers)	16.0	15.8	15.0	12.9	13.9	12.9	12.0		
Non-compensation non-capital (NCNC)	13.7	12.8	13.0	13.0	12.9	12.3	11.9		
NCNC (excl. transfers)	9.6	8.3	8.6	8.4	8.4	8.1	7.8		
Nominal growth (%)									
Current		3.7	8.8	7.3	6.6	6.3	5.8	6.6	6.2
Transfers		15.3	7.3	7.6	5.9	(3.2)	4.9	10.0	2.4
Capital		21.7	(7.8)	(26.3)	33.8	(10.4)	(6.0)	(6.1)	4.0
Financial assets		-	-	-	-	-	0.0	-	-
Compensation		5.2	8.6	7.7	6.6	6.7	6.3	7.2	6.5
Non-compensation		6.0	3.2	(5.6)	13.9	(3.1)	(0.3)	1.1	3.2
Non-compensation (excl. transfers)		3.6	2.1	(9.5)	16.7	(3.0)	(2.0)	(1.5)	3.5
Non-compensation non-capital (NCNC)		(1.4)	9.7	4.6	7.0	0.1	1.9	4.2	3.0
NCNC (excl. transfers)		(8.6)	11.0	3.0	7.6	1.9	0.4	1.5	3.2
Real growth (%)									
Current		(0.1)	3.0	1.6	1.1	0.8	0.4	1.5	0.8
Transfers		11.1	1.5	1.9	0.5	(8.2)	(0.4)	4.7	(2.8)
Capital		17.2	(12.8)	(30.2)	26.9	(15.0)	(10.8)	(10.6)	(1.3)
Financial assets		(3.7)	(5.4)	(5.3)	(5.1)	(5.1)	(5.0)	-	-
Compensation		1.3	2.8	2.0	1.1	1.2	0.9	2.0	1.1
Non-compensation		2.1	(2.3)	(10.6)	8.1	(8.0)	(5.3)	(3.7)	(2.0)
Non-compensation (excl. transfers)		(0.2)	(3.4)	(14.3)	10.8	(8.0)	(6.9)	(6.2)	(1.7)
Non-compensation non-capital (NCNC)		(5.0)	3.8	(1.0)	1.5	(5.0)	(3.2)	(0.8)	(2.3)
NCNC (excl. transfers)		(11.9)	5.0	(2.5)	2.1	(3.3)	(4.7)	(3.4)	(2.0)

In the main, more than 89 per cent of DOE's budget is allocated under *Current*. The share of total expenditure for *Current* declined in 2012/13 to 88 per cent, as a result of financial controls effected against *Goods and services*. *Current* reflects minimal real growth of 0.8 per cent over the period 2014/15 to 2017/18, largely ascribed to the baseline cuts that were effected against the department over previous MTEFs, with carry-through. The department has focused on correcting the *Compensation of employees* baseline and has achieved real growth against this category, but has had to cut back on *Buildings and other fixed structures* to achieve this.

The share of total expenditure under *Transfers* remains fairly constant at around 4.1 to 4.6 per cent between 2011/12 and 2017/18, mainly due to the reduction relating to *Transfers and subsidies to: Non-profit institutions* allocations, which was due to the reprioritisation exercise undertaken to increase *Compensation of employees* to provide for the increased stipends payable to ECD practitioners, carry-through of various unfunded wage agreements, among others. *Transfers* shows negative real growth of 2.8 per cent from 2014/15 to 2017/18, which is mainly attributed to the anticipated revocation of S21 functions from schools that continue to not comply with the transfer requirements and those schools who opt to purchase LTSM *via* the agent employed by the department.

Capital as a share of total expenditure fluctuates between 2011/12 to 2014/15 and declines over the MTEF. In the 2014/15 Adjustments Estimate process, the department implemented enforced savings and reprioritisation of funds from *Buildings and other fixed structures* against the equitable share portion, in order to ease pressures against *Compensation of employees*. This reduction was carried through over the 2015/16 MTEF, and also contributed to the lower trends. Though the allocation for the Education Infrastructure grant was provided over the MTEF, the department reprioritised funds to *Compensation of employees* from the equitable share of this category explaining the lower allocation over the MTEF.

The amount against *Financial assets* over the MTEF are largely the installments of the first charge in terms of S34(2) of the PFMA.

Compensation comprises the highest proportion of DOE's budget. The share of total expenditure reflects an increasing trend from 79.9 per cent in 2011/12 to 83.8 per cent in 2017/18. The increase in the share of total expenditure in 2014/15 reflects how personnel is crowding out other spending areas, while infrastructure is compromised. The 2015/16 MTEF allocations include carry-through of previous wage agreements, however, the real growth percentage share is minimal at 1.1 per cent from 2014/15 to 2017/18. This growth does not make provision for the filling of new posts.

Non-compensation's share of total expenditure reflects a decline from 20.1 per cent in 2011/12 to 16.2 per cent in 2017/18. The decrease in the share of total expenditure is an indication that other spending categories are increasing at a faster rate. *Non-compensation* shows negative real growth of 2 per cent from 2014/15 to 2017/18, which is ascribed to the reduction in *Capital* relating to the reprioritisation to *Compensation of employees*, as explained earlier.

Non-compensation (excluding transfers) fluctuates over the seven years. The share of total expenditure declines from 16 per cent in 2011/12 to 12 per cent in 2017/18 and reflects negative real growth of 1.7 per cent between 2014/15 and 2017/18. This is attributed to a reduction of funds, with carry-through to cater for the shortfall in *Compensation of employees*.

NCNC which includes *Goods and services* and *Transfers and subsidies* reflects negative real growth of 2.3 per cent, and the share of total expenditure declines from 13.7 per cent to 11.9 per cent between 2011/12 and 2017/18. This decline is a result of anticipated revocation of S21 functions from schools that continue to not comply with the transfer requirements.

5.3.3 Analysis of payments and estimates by economic classification – Health

Table 5.6 below shows DOH's expenditure by economic classification. As was the case in previous years, the largest share of total expenditure is in respect of *Current* payments, where the percentage increases from 90.3 per cent in 2011/12 to 91.1 per cent in 2013/14. The share climbs to 93.7 per cent in 2017/18. The growing share is largely because the department has reduced funding for *Capital* due to the budget cuts resulting from the 2011 Census, as well as reprioritising funding away from *Capital* payments to *Maintenance and repair: Current*, thus boosting the share of *Current* payments to over 93 per cent. Furthermore, the Health Facility Revitalisation grant funding decreases in 2016/17 and 2017/18 due to the reforms that were made to the provincial infrastructure grant system that are intended to institutionalise proper planning for infrastructure. This is discussed in more detail in the Vote 7 chapter in Part 2 of the *EPRE*. 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 fairly stable level of just over 64 per cent over the 2015/16 MTEF.

Compensation shows a negative trend from 2014/15 to 2017/18, with an average annual real growth of negative 0.1 per cent. This means that the department has no room for additional appointments to grow services at this stage, largely due to the cuts in budget from the 2011 Census, as well as the fiscal consolidation announced by the national Minister of Finance in his 2014 MTBPS speech. This included no funding from national for the higher than budget 2014 wage agreement, of which only approximately 40 per cent has been funded from the provincial fiscus.

Although the share of *Transfers* fluctuates from 2011/12 to 2014/15, largely due to delays with regard to transfers to municipal clinics caused by problems in finalising SLAs with municipalities, the share stabilises at around 2 per cent over the 2015/16 MTEF. This is mainly 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 peak in 2013/14 and, to a lesser degree in 2014/15, is largely due to higher than expected medico-legal claims and an increase in the number of students in the Cuban Doctors' programme. The legal costs are once-off, hence the decrease in share over the MTEF.

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

	Audited Outcome			Adjusted Appropriation	Medium-term Estimates			Average Annual Growth	
	2011/12	2012/13	2013/14		2015/16	2016/17	2017/18	2011/12-2014/15	2014/15-2017/18
R thousand									
Current	22 374 653	24 746 845	26 890 291	28 780 978	30 780 575	32 579 143	34 548 177		
Transfers	515 845	486 764	740 159	694 193	648 156	681 322	711 308		
Capital	1 900 011	2 156 923	1 867 332	1 644 294	1 445 448	1 373 593	1 506 456		
Financial assets	609	1	33 629	-	107 607	107 607	107 607		
Compensation	15 118 307	16 886 345	18 676 776	20 211 032	21 138 481	22 383 173	23 592 758		
Non-compensation	9 672 811	10 504 188	10 854 635	10 908 433	11 843 305	12 358 492	13 280 790		
Non-compensation (excl. transfers)	9 156 966	10 017 424	10 114 476	10 214 240	11 195 149	11 677 170	12 569 482		
Non-compensation non-capital (NCNC)	7 772 800	8 347 264	8 987 303	9 264 139	10 397 857	10 984 899	11 774 334		
NCNC (excl. transfers)	7 256 955	7 860 501	8 247 145	8 569 946	9 749 701	10 303 577	11 063 026		
Total expenditure	24 791 118	27 390 533	29 531 410	31 119 465	32 981 786	34 741 665	36 873 548		
% of total expenditure									
Current	90.3	90.3	91.1	92.5	93.3	93.8	93.7		
Transfers	2.1	1.8	2.5	2.2	2.0	2.0	1.9		
Capital	7.7	7.9	6.3	5.3	4.4	4.0	4.1		
Financial assets	0.0	0.0	0.1	-	0.3	0.3	0.3		
Compensation	61.0	61.7	63.2	64.9	64.1	64.4	64.0		
Non-compensation	39.0	38.3	36.8	35.1	35.9	35.6	36.0		
Non-compensation (excl. transfers)	36.9	36.6	34.2	32.8	33.9	33.6	34.1		
Non-compensation non-capital (NCNC)	31.4	30.5	30.4	29.8	31.5	31.6	31.9		
NCNC (excl. transfers)	29.3	28.7	27.9	27.5	29.6	29.7	30.0		
Nominal growth (%)									
Current		10.6	8.7	7.0	6.9	5.8	6.0	8.8	6.3
Transfers		(5.6)	52.1	(6.2)	(6.6)	5.1	4.4	10.4	0.8
Capital		13.5	(13.4)	(11.9)	(12.1)	(5.0)	9.7	(4.7)	(2.9)
Financial assets		(99.8)	3 362 800.0	(100.0)	-	-	-	(100.0)	-
Compensation		11.7	10.6	8.2	4.6	5.9	5.4	10.2	5.3
Non-compensation		8.6	3.3	0.5	8.6	4.4	7.5	4.1	6.8
Non-compensation (excl. transfers)		9.4	1.0	1.0	9.6	4.3	7.6	3.7	7.2
Non-compensation non-capital (NCNC)		7.4	7.7	3.1	12.2	5.6	7.2	6.0	8.3
NCNC (excl. transfers)		8.3	4.9	3.9	13.8	5.7	7.4	5.7	8.9
Real growth (%)									
Current		6.6	2.8	1.4	1.5	0.4	0.7	3.5	0.9
Transfers		(9.1)	43.9	(11.2)	(11.4)	(0.3)	(0.9)	5.1	(4.3)
Capital		9.4	(18.1)	(16.6)	(16.6)	(9.8)	4.2	(9.3)	(7.8)
Financial assets		(99.8)	3 181 451.6	(100.0)	(5.1)	(5.1)	(5.0)	(100.0)	-
Compensation		7.6	4.6	2.5	(0.8)	0.5	0.1	4.9	(0.1)
Non-compensation		4.6	(2.2)	(4.8)	3.0	(1.0)	2.1	(0.9)	1.3
Non-compensation (excl. transfers)		5.4	(4.5)	(4.4)	4.0	(1.0)	2.2	(1.3)	1.7
Non-compensation non-capital (NCNC)		3.5	1.9	(2.4)	6.5	0.2	1.8	0.9	2.8
NCNC (excl. transfers)		4.4	(0.7)	(1.6)	7.9	0.3	2.0	0.6	3.3

The share of total expenditure on *Capital* decreases over the seven-year period, largely as per the reasons discussed under *Current* payments above. The negative real average annual growth in *Capital* from 2014/15 to 2017/18 is attributable to the previously mentioned baseline cuts, reprioritisation to *Current* payments (*Maintenance and repair: Current*), as well as the reforms that were made to the provincial infrastructure grant system.

The negative growth rates for *Transfers* from 2014/15 to 2017/18 relate to the previously mentioned once-off costs for legal claims in 2014/15, as well as only eThekweni Metro clinics remaining as transfers from the department.

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

Table 5.7 below shows DSD's expenditure by economic classification.

As a share of total expenditure, *Current* increases from 53.4 per cent in 2011/12 to 63.2 per cent in 2017/18. This category shows real average annual growth of 8.5 per cent between 2011/12 and 2014/15, decreasing to 0.9 per cent between 2014/15 and 2017/18. The high percentage growth between 2011/12 and 2014/15 is largely due to additional funding for the absorption of social work graduates, support to the NGO sector, and provision of shelters for victims of gender-based violence. The slight decrease in the share of *Current* payments to total budget from 63.4 per cent in 2015/16 to 63.2 per cent in 2017/18 relates to growth in *Transfers* mainly due to additional funding for support to the NGO sector, absorption of social work graduates, as well as provision of shelters for victims of gender-based violence, etc. *Transfers* reflect a negative real average annual growth of 2.2 per cent from 2011/12 to 2014/15 due to the removal of the portion of funds for gender-based violence to *Compensation of employees* for payment

of stipends to community care-givers (CCGs). Also, *Capital* reflects negative average annual real growth of 5 per cent from 2011/12 to 2014/15 due to the removal of additional funding for existing infrastructure development, which ended in 2013/14 in line with project requirements, accounting for the negative average annual real growth of 1 per cent from 2014/15 to 2017/18.

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

	Audited Outcome			Adjusted Appropriation	Medium-term Estimates			Average Annual Growth	
	2011/12	2012/13	2013/14	2014/15	2015/16	2016/17	2017/18	2011/12-2014/15	2014/15-2017/18
R thousand									
Current	1 033 142	1 200 137	1 371 129	1 529 301	1 668 481	1 748 116	1 835 519		
Transfers	732 326	591 367	753 308	793 841	780 616	838 121	881 409		
Capital	167 912	190 439	205 469	166 618	174 404	174 344	189 010		
Financial assets	877	3 443	-	-	6 980	6 979	-		
Compensation	692 531	848 598	1 015 767	1 152 521	1 282 962	1 343 338	1 410 504		
Non-compensation	1 241 726	1 136 787	1 314 139	1 337 239	1 347 519	1 424 222	1 495 434		
Non-compensation (excl. transfers)	509 400	545 420	560 831	543 398	566 903	586 101	614 025		
Non-compensation non-capital (NCNC)	1 240 849	1 133 344	1 314 139	1 337 239	1 340 539	1 417 243	1 495 434		
NCNC (excl. transfers)	508 523	541 977	560 831	543 398	559 923	579 122	614 025		
Total expenditure	1 934 257	1 985 386	2 329 906	2 489 760	2 630 481	2 767 560	2 905 938		
% of total expenditure									
Current	53.4	60.4	58.8	61.4	63.4	63.2	63.2		
Transfers	37.9	29.8	32.3	31.9	29.7	30.3	30.3		
Capital	8.7	9.6	8.8	6.7	6.6	6.3	6.5		
Financial assets	0.0	0.2	-	-	0.3	0.3	-		
Compensation	35.8	42.7	43.6	46.3	48.8	48.5	48.5		
Non-compensation	64.2	57.3	56.4	53.7	51.2	51.5	51.5		
Non-compensation (excl. transfers)	26.3	27.5	24.1	21.8	21.6	21.2	21.1		
Non-compensation non-capital (NCNC)	64.2	57.1	56.4	53.7	51.0	51.2	51.5		
NCNC (excl. transfers)	26.3	27.3	24.1	21.8	21.3	20.9	21.1		
Nominal growth (%)									
Current		16.2	14.2	11.5	9.1	4.8	5.0	14.0	6.3
Transfers		(19.2)	27.4	5.4	(1.7)	7.4	5.2	2.7	3.5
Capital		13.4	7.9	(18.9)	4.7	(0.0)	8.4	(0.3)	4.3
Financial assets		292.6	(100.0)	-	-	(0.0)	(100.0)	(100.0)	-
Compensation		22.5	19.7	13.5	11.3	4.7	5.0	18.5	7.0
Non-compensation		(8.5)	15.6	1.8	0.8	5.7	5.0	2.5	3.8
Non-compensation (excl. transfers)		7.1	2.8	(3.1)	4.3	3.4	4.8	2.2	4.2
Non-compensation non-capital (NCNC)		(8.7)	16.0	1.8	0.2	5.7	5.5	2.5	3.8
NCNC (excl. transfers)		6.6	3.5	(3.1)	3.0	3.4	6.0	2.2	4.2
Real growth (%)									
Current		11.9	8.1	5.6	3.5	(0.6)	(0.3)	8.5	0.9
Transfers		(22.2)	20.5	(0.2)	(6.7)	1.9	(0.1)	(2.2)	(1.7)
Capital		9.3	2.1	(23.2)	(0.7)	(5.2)	3.0	(5.0)	(1.0)
Financial assets		278.2	(100.0)	(5.3)	(5.1)	(5.1)	(100.0)	(100.0)	-
Compensation		18.0	13.2	7.4	5.6	(0.7)	(0.3)	12.8	1.5
Non-compensation		(11.8)	9.4	(3.6)	(4.4)	0.3	(0.3)	(2.4)	(1.5)
Non-compensation (excl. transfers)		3.2	(2.7)	(8.2)	(1.0)	(1.9)	(0.5)	(2.7)	(1.1)
Non-compensation non-capital (NCNC)		(12.0)	9.7	(3.6)	(4.9)	0.3	0.2	(2.4)	(1.5)
NCNC (excl. transfers)		2.7	(2.1)	(8.2)	(2.2)	(1.9)	0.7	(2.7)	(1.1)

The share of total expenditure on *Transfers* decreases from 37.9 per cent in 2011/12 to 29.8 per cent in 2012/13, and increases to 32.3 per cent in 2013/14 dropping to 30.3 per cent in 2017/18. The reason for the fluctuating trend is the strict application of Section 38(1)(j) of the PFMA, which largely affected Early Childhood Development (ECD) and partial care. The downward trend from 2015/16 to 2017/18 is ascribed to the previously mentioned shifting of funds to *Compensation of employees*. *Transfers* experiences negative real average annual growth of 2.2 per cent from 2011/12 to 2014/15 and negative growth of 1.7 per cent from 2014/15 to 2017/18.

Capital spending as a percentage of total expenditure decreased from 8.7 per cent in 2011/12 to 6.5 per cent in 2017/18, due to the removal of the additional funding for existing infrastructure development, as well as the portion of the *Isibindi* model which was erroneously allocated against this category. The category shows an increase in 2013/14 due to the payment of carry-through invoices from 2011/12 for infrastructure projects. The average annual real growth reflects negative growth of 5 per cent from 2011/12 to 2014/15, due to reasons mentioned.

Compensation of employees shows a positive trend from 2014/15 to 2017/18, with an average annual real growth of 1.5 per cent. Although additional funding was received regarding the absorption of social work graduates, it was insufficient for all the carry-through costs. The growth will allow the department to negate the spending pressures it experienced against this category in 2014/15.

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

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

Table 5.8 : Analysis of expenditure summary by classification - Other

	Audited Outcome			Adjusted Appropriation	Medium-term Estimates			Average Annual Growth	
	2011/12	2012/13	2013/14		2015/16	2016/17	2017/18	2011/12-2014/15	2014/15-2017/18
R thousand									
Current	8 697 494	9 959 985	10 593 095	11 717 027	12 713 208	13 291 710	14 052 216		
Transfers	6 476 771	7 117 468	8 260 182	8 028 440	7 721 611	8 011 242	8 434 091		
Capital	2 920 218	3 593 012	3 734 688	4 289 003	3 760 677	3 849 611	4 019 523		
Financial assets	24 779	7 568	4 882	3 273	11 119	10 577	-		
Compensation	3 598 578	4 030 329	4 471 032	4 854 755	5 577 916	5 947 101	6 341 642		
Non-compensation	14 520 684	16 647 704	18 121 815	19 182 988	18 628 699	19 216 039	20 164 189		
Non-compensation (excl. transfers)	8 043 913	9 530 236	9 861 633	11 154 548	10 907 088	11 204 798	11 730 097		
Non-compensation non-capital (NCNC)	14 495 905	16 640 136	18 116 933	19 179 715	18 617 580	19 205 462	20 164 189		
NCNC (excl. transfers)	8 019 134	9 522 668	9 856 751	11 151 275	10 895 969	11 194 221	11 730 097		
Total expenditure	18 119 262	20 678 033	22 592 847	24 037 743	24 206 615	25 163 140	26 505 831		
% of total expenditure									
Current	48.0	48.2	46.9	48.7	52.5	52.8	53.0		
Transfers	35.7	34.4	36.6	33.4	31.9	31.8	31.8		
Capital	16.1	17.4	16.5	17.8	15.5	15.3	15.2		
Financial assets	0.1	0.0	0.0	0.0	0.0	0.0	-		
Compensation	19.9	19.5	19.8	20.2	23.0	23.6	23.9		
Non-compensation	80.1	80.5	80.2	79.8	77.0	76.4	76.1		
Non-compensation (excl. transfers)	44.4	46.1	43.6	46.4	45.1	44.5	44.3		
Non-compensation non-capital (NCNC)	80.0	80.5	80.2	79.8	76.9	76.3	76.1		
NCNC (excl. transfers)	44.3	46.1	43.6	46.4	45.0	44.5	44.3		
Nominal growth (%)									
Current		14.5	6.4	10.6	8.5	4.6	5.7	10.4	6.2
Transfers		9.9	16.1	(2.8)	(3.8)	3.8	5.3	7.4	1.7
Capital		23.0	3.9	14.8	(12.3)	2.4	4.4	13.7	(2.1)
Financial assets		(69.5)	(35.5)	(33.0)	239.7	(4.9)	(100.0)	(49.1)	(100.0)
Compensation		12.0	10.9	8.6	14.9	6.6	6.6	10.5	9.3
Non-compensation		14.6	8.9	5.9	(2.9)	3.2	4.9	9.7	1.7
Non-compensation (excl. transfers)		18.5	3.5	13.1	(2.2)	2.7	4.7	11.5	1.7
Non-compensation non-capital (NCNC)		14.8	8.9	5.9	(2.9)	3.2	5.0	9.8	1.7
NCNC (excl. transfers)		18.7	3.5	13.1	(2.3)	2.7	4.8	11.6	1.7
Real growth (%)									
Current		10.3	0.6	4.7	2.9	(0.8)	0.4	5.2	0.8
Transfers		5.9	9.8	(8.0)	(8.7)	(1.6)	(0.0)	2.3	(3.5)
Capital		18.5	(1.7)	8.8	(16.8)	(2.9)	(0.8)	8.2	(7.1)
Financial assets		(70.6)	(39.0)	(36.5)	222.3	(9.7)	(100.0)	(51.5)	(100.0)
Compensation		7.9	5.0	2.8	9.0	1.2	1.3	5.2	3.7
Non-compensation		10.5	3.0	0.2	(7.9)	(2.1)	(0.3)	4.5	(3.5)
Non-compensation (excl. transfers)		14.1	(2.1)	7.1	(7.2)	(2.5)	(0.6)	6.2	(3.5)
Non-compensation non-capital (NCNC)		10.6	3.0	0.3	(7.9)	(2.1)	(0.3)	4.5	(3.5)
NCNC (excl. transfers)		14.4	(2.1)	7.1	(7.3)	(2.5)	(0.5)	6.3	(3.5)

The share of *Current* payments to total budget is set to increase from 48 per cent in 2011/12, to 53 per cent in 2017/18. The decrease in growth from 2012/13 to 2013/14 can be attributed to the continuation of cost-cutting which reduced spending related to *Goods and services*. The minimal growth over the 2015/16 MTEF is linked to the moratorium on the filling of non-critical posts, as well as financial controls being implemented against *Goods and services*. Also contributing to this low growth is the fact that the Strategic Cabinet Initiatives fund falls away from 2015/16 onward, due to fiscal consolidation. This also explains the average annual real growth rate of 0.8 per cent against this category.

Transfers is expected to decrease from 35.7 per cent in 2011/12 to 31.8 per cent in 2017/18, largely due to the reduction in transfers to public entities such as DTPC and KZN Liquor Authority (KZNLA) under DEDTEA. Over the MTEF, the KZNLA receives lower amounts for its operational costs compared to 2014/15 as that year included significant once-off additional funding. This lower amount is linked to the liquor licence revenue collected by the entity which is allocated back to it to fund its operational costs. The transfers to DTPC were reduced to fund other projects/events, such as World Routes 2015 and the implementation of Industrial Economic Hubs. This accounts for the negative real growth of 3.5 per cent from 2014/15 to 2017/18, with the share of total expenditure decreasing from 33.4 per cent in 2014/15 to 31.8 per cent in 2017/18.

Capital payments reflect negative average annual real growth of 7.1 per cent from 2014/15 to 2017/18, with the share of total expenditure declining from 16.1 per cent in 2011/12 to 15.2 per cent in 2017/18,

mainly due to the increase in 2015/16 under DAC which includes the EPWP Integrated Grant for Provinces, the construction of new art centres in Howick and Clermont, and also provides for the construction of the Arts and Culture Academy, and the completion of renovations to RS Skinner campsite and Ladysmith art centre. Furthermore, the department will continue with the construction of libraries such as Imbali, Charlestown, Bilanyoni, Bruntville and Ingwavuma. The bulk of the 2015/16 MTEF allocations under OTP are for the construction of a new Training Academy, with construction anticipated to commence in 2015/16, the completion of existing projects such as the Ingwavuma palace project relating to the Royal Household, as well as renovations to administration buildings. The department reprioritised funds for the Ingwavuma palace project from within its baseline.

The erratic trend against *Financial assets* was due to the implementation of the first charge against some departments' votes, in line with Section 34(2) of the PFMA. The category also provides for various losses that were written off.

5.4 Payments and estimates by functional area

Table 5.9 shows the summary of payments and estimates by policy area, details of which are shown in Table 1.F(a) and (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 2011/12 to 2017/18, despite the Census-based baseline cuts which commenced in the 2013/14 MTEF, and the National Treasury fiscal consolidation cuts on the equitable share and conditional grant allocations of provinces for 2015/16 and 2016/17.

Table 5.9 : Summary of payments and estimates by functional area

R thousand	Audited Outcome			Main Appropriation	Adjusted Appropriation	Revised Estimate	Medium-term Estimates		
	2011/12	2012/13	2013/14	2014/15			2015/16	2016/17	2017/18
General Public Services	3 849 266	4 440 876	4 637 463	5 005 829	5 121 370	5 082 661	5 060 856	5 235 909	5 467 525
Public Order and Safety	145 239	135 892	171 922	181 295	179 692	179 692	187 069	198 470	200 285
Economic Affairs	9 627 936	10 985 088	12 151 587	12 875 622	12 896 576	12 895 577	13 170 368	13 675 159	14 399 416
Environmental Protection	718 412	814 595	823 604	937 029	934 535	934 535	923 847	973 673	1 022 355
Housing and Community Amenities	3 042 495	3 377 771	3 617 002	3 600 282	3 622 443	3 622 443	3 584 685	3 776 080	4 011 284
Health	23 915 072	26 468 226	28 515 048	29 843 298	30 048 600	29 852 158	31 908 347	33 587 095	35 660 749
Recreation, Culture and Religion	691 423	862 212	1 128 224	1 181 183	1 205 301	1 205 301	1 258 155	1 278 849	1 377 615
Education	33 745 380	35 554 307	38 248 902	40 082 894	40 230 872	40 248 898	43 254 247	45 407 158	47 746 587
Social Protection	1 919 117	1 971 715	2 316 453	2 481 874	2 473 682	2 477 431	2 613 663	2 750 063	2 887 567
Total	77 654 340	84 610 682	91 610 205	96 189 306	96 713 071	96 498 696	101 961 237	106 882 456	112 773 383

As reflected in Table 5.9, the highest expenditure is on *Education*, and is anticipated to grow from R43.254 billion in 2015/16 to R47.747 billion in 2017/18. 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, the increase in the number of Grade R teachers in order to reach the target for the universalisation of Grade R, the increase in LTSM, the expansion of no fee schools, the reduction of the L:E ratio, etc. The growth is also attributed to the increase in funding to the department to deal with personnel spending pressures, re-grading of clerical staff, re-grading of posts for security guards from level 1, 2 to 3 as per DPSA PSCBC Resolution 3 of 2009, carry-through of various wage agreements and the OSD for Education therapists.

The second largest expenditure is on *Health*, and is expected to increase from R31.908 billion in 2015/16 to R35.661 billion in 2017/18. 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, the re-grading of clerical staff, the purchase of St Aidan's Hospital, as well as the inclusion of various national priorities, such as the extension of the TB (GeneXpert) system, the roll-out of the HPV vaccine commencing in 2016/17, among others.

Economic Affairs comprises DOT, DARD, DEDTEA and a portion of Provincial Treasury. This category shows an increasing trend over the seven-year period. This can be attributed to DOT's road maintenance

and construction projects, and learner transport services, as well as the provision of sheds for DARD's tractors in districts, livestock identification, and irrigation equipment for the Makhathini irrigation scheme. Also contributing to the increase are the carry-through costs under DEDTEA relating to KZN Sharks Board (KZNSB) for the Maritime Institute of Sectoral, Occupational Excellence (MISOE) operational costs, Trade and Investment KwaZulu-Natal (TIK) for the Technical Assistance Fund (TAF) and marketing. The increase is also due to the carry-through of previous wage agreements, and additional funding under Provincial Treasury for projects such as the Infrastructure Delivery Improvement Programme (IDIP) Technical Assistants (TAs), Operation Pay-on-Time, Operation Clean Audit, e-Procurement Tool, floor repairs to the Inkosi Albert Luthuli Central Hospital (IALCH), as well as various once-off projects, such as special audits, forensic investigations, contract management, a light industrial park at Bhongweni, among others.

The category *General Public Services* includes the Legislature and administrative departments such as Provincial Treasury, OTP, COGTA, DOPW, and portion of DOT and DARD. This category shows steady growth over the period under review, mainly due to the Integrity Management unit and the proclamation to combine Vote 10: The Royal Household with Vote 1: OTP, with the budget of DRH now added to Vote 1's budget (OTP), and the carry-through of the learner transport services (DOT), as well as various projects relating to the Small Town Rehabilitation, Massification and Corridor Development programmes that will be undertaken by COGTA, among others.

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 growth is largely a result of additional funding allocated in respect of the HSDG for the informal settlements upgrade in rapidly urbanising mining towns to support the implementation of the Strategic Infrastructure Projects (SIPs) identified by the Presidential Infrastructure Co-ordinating Committee (PICC).

The growth against *Social Protection* (DSD) can mainly be attributed to the funding allocated for national priorities such as support to the NGO sector, carry-through costs for absorbed social work graduates, provision of victim of gender-based violence services, among others, as well as inflationary increments.

Environmental Protection falls under DEDTEA and includes nature conservation. The public entity EKZNW under DEDTEA received additional funding for protected area expansion, in line with the SA Protected Area Expansion Strategy which aims to safeguard land for present and future socio-economic needs of the people. The entity also received additional funds for road maintenance, aimed at improving the condition of the roads in its reserves, and funds for the Rhino Security Intervention plan. The slight drop in the 2014/15 Adjusted Appropriation can be ascribed to a reduction for the development of the Bhambatha Lodge, due to delays in the implementation of projects. The transfers to this entity show inflationary growth over the 2015/16 MTEF, and cater for operational costs, infrastructure maintenance for EKZNW, for the Ntsikeni and May Lodge, and the development of the Bhambatha Lodge.

Recreation, Culture and Religion falls under DOSR and DAC and the growth from 2012/13 onward was mainly due to the substantial additional allocation relating to the provincialisation of public libraries and museums in the province (DAC), and the MPSD grant comprising of school sport, community mass participation and club development, as well as the once-off funding for the construction of a sports development centre in Durban (DOSR), among others. The 2015/16 MTEF mainly includes carry-through funds from DEDTEA in respect of the movement of the KZN Music House to DAC as a result of a directive from the Premier.

The category *Public Order and Safety* (Department of Community Safety and Liaison (DCSL)) reflects steady growth over the period, with the exception of 2012/13. The department substantially under-spent in that year due to non-filling of vacant posts pending the finalisation of the organisational structure, delays in the roll-out of the decentralisation strategy, and the discontinuation of the call-centre, which was a pilot study, whereby volunteers were linked, via two-way radios, to a central point under the Voluntary Social Crime Prevention Programme (VSCPP). Also, the leasing of district offices did not go ahead pending the finalisation of the new organogram, and delays in the acquiring process, as well as

discontinuation of the call-centre accounted for the low spending. The significant increase in 2013/14 was largely due to increased demand for crime awareness campaigns, and payment to SAPS for increased visible policing over the festive season. Projects which fall under crime awareness include, among others, victim empowerment, drug abuse, resolving political conflicts, etc. There was also a significant increase in *Capital* expenditure emanating from the purchase of motor vehicles to cater for the roll-out of the decentralisation strategy and the implementation of the new organisational structure. The growth can be ascribed to the establishment of community safety structures, the implementation of the new structure to roll-out the Civilian Secretariat for Police Services Act, and the implementation of the new organisational structure, in line with the decentralisation strategy which supports the implementation of the Civilian Secretariat for Police Services Act, as well as inflationary related increases.

5.5 Infrastructure

5.5.1 Infrastructure management

Infrastructure Delivery Management System (IDMS): According to the IMF, “When public investment in infrastructure is inefficient, higher levels of spending may simply lead to larger budget deficits, without increasing the quantity or quality of roads, schools, and other public assets that can help support economic growth.” For effective and efficient infrastructure delivery, the province will be introducing IDMS in all departments that implement infrastructure. IDMS is a government management system for planning, budgeting, procurement, delivery, maintenance, operation, monitoring and evaluation of infrastructure. It will assist departments to improve their capacity to deliver infrastructure.

Currently, IDMS is being institutionalised in the DOH, DOE, DOPW and Provincial Treasury. This is in support of Goal 4 of the PGDP which speaks of strategic infrastructure and states: “Strategic infrastructure provides for the social and economic growth and development needs of KZN.” For the province to realise its contribution and impact of infrastructure delivery toward economic development, an integrated delivery model needs to be institutionalised. IDMS supports infrastructure delivery in the province as this will contribute toward job creation.

Investments for infrastructure development: Infrastructure is a driving force for economic growth according to many experts, therefore, resources should be invested to support the development of infrastructure. The province, as part of developing the country, may have to keep the momentum of developing and maintaining its infrastructure going, despite the fiscal consolidation currently affecting the whole country. If overlooked, it may have a negative impact on the economic and social infrastructure which will affect service delivery in the long-run.

The institutionalisation of IDMS started in 2012. Capacitation of departments has been its main focus. A decision was taken to work toward DOPW being the implementing agent of choice. DOPW was then given a period of time to relook at its skills base with the intention of building capacity to deliver quality infrastructure on time for its clients. To gain other departments’ confidence, DOPW has to be sufficiently capacitated and be able to render the services expected by its clients. Sector departments are also being capacitated in terms of planning and monitoring their infrastructure portfolio. IDMS reviews are done annually as per DORA, and findings are used to recommend improvements and to indicate progress.

Maintenance of immovable assets owned by the province: Provincial government in general has focused on the infrastructure backlogs since the dawn of democracy. This was done to promote access throughout the province for socio-economic reasons. For optimum life span of a facility, maintenance and rehabilitation is required. Currently, there is a need to address the polarity of backlog/building new structures and maintenance by a slight shifting in focus in trying to balance the two. General consensus among experts concludes that 4 per cent of a building’s replacement value spent on maintenance is adequate to keep the structure in its new state. A provincial maintenance strategy is being looked at in trying to balance building new structures and maintaining what government already owns. It will be prudent to prioritise maintenance and place more emphasis on having all government immovable assets in a usable state.

5.5.2 Trends in infrastructure payments and estimates

It is indisputable that investment in infrastructure contributes to the economic development and growth of a country and hence, KZN has made infrastructure one of its key priorities. For a better standard of living and improved service delivery, adequate infrastructure is needed. Infrastructure does not only contribute to economic growth, but also improves people's lives. By the same token, inadequate and unreliable infrastructure has a negative impact on the economic development of a country. It is for this reason that the construction and maintenance of infrastructure is a priority in the province to enhance job creation, which is at the heart of government's social and economic development programmes.

Government has realised that there is a need for major public infrastructure investment to stimulate and sustain growth and development, both in urban and rural areas. KZN has positively contributed toward the national vision of poverty eradication, reducing income inequality and creating employment through infrastructure development.

Transport infrastructure facilitates economic growth by providing the required network to link various nodes of economic activity. The success of economic activities is therefore dependent on transport infrastructure. The construction and maintenance of roads by DOT will enhance the provincial contribution toward the economic development of this country. Without transport infrastructure, KZN will not achieve the growth levels that are both expected and required. Social infrastructure, including education and health facilities, has a direct impact on the quality of life of the citizens, hence investment in these two sectors is essential. KZN has made substantial progress in recent years in contributing toward addressing poverty through investment in the provision of essential public infrastructure such as schools, roads, health facilities, etc.

Table 5.10 provides the summary of infrastructure payments and estimates from 2011/12 to 2017/18. Table 1.D in the *Annexure to OPRE* provides more detail in this regard.

The payments and estimates are categorised as *Existing infrastructure assets*, *New infrastructure assets: Capital*, and *Infrastructure transfers*. The category *Existing infrastructure assets* is divided into three sub-categories, namely *Maintenance and repair: Current*, *Upgrades and additions: Capital* and *Refurbishment and rehabilitation: Capital*.

Table 5.10 indicates that there has been an increase in the infrastructure allocations for the period under review, with the budget growing from R9.731 billion in 2011/12 to R12.196 billion in 2017/18. This increase indicates the commitment to infrastructure development by the province. The growth is in spite of reprioritisation from this category by DOE to fund *Compensation of employees*, and in spite of the reduction in conditional grant funding. The development of infrastructure has been informed by the reduction of infrastructure backlogs across the province, thus positively contributing to economic growth.

Table 5.10 : Summary of infrastructure payments and estimates by category

R thousand	Audited Outcome			Main Appropriation	Adjusted Appropriation	Revised Estimate	Medium-term Estimates		
	2011/12	2012/13	2013/14				2015/16	2016/17	2017/18
Existing infrastructure assets	6 926 285	8 741 114	9 049 888	9 334 246	8 323 913	8 717 931	9 396 153	9 328 802	9 509 109
Maintenance and repair: Current	2 945 393	3 413 945	3 290 201	4 203 727	3 621 627	3 574 156	4 194 686	4 321 595	4 531 495
Upgrades and additions: Capital	2 517 630	3 815 037	4 088 800	3 340 802	3 348 122	3 662 166	2 949 034	2 677 979	2 830 379
Refurbishment and rehabilitation: Capital	1 463 262	1 512 132	1 670 887	1 789 716	1 354 163	1 481 608	2 252 433	2 329 228	2 147 235
New infrastructure assets: Capital	2 218 856	2 408 248	1 864 353	2 322 663	2 397 558	2 001 678	1 773 278	1 670 250	1 905 512
Infrastructure transfers	585 685	615 401	668 611	826 067	642 391	642 391	890 127	805 346	781 288
Infrastructure transfers: Current	11 559	4 950	3 322	54 181	3 300	3 300	1 650	1 650	1 650
Infrastructure transfers: Capital	574 126	610 451	665 289	771 886	639 091	639 091	888 477	803 696	779 638
Infrastructure: Payments for financial assets	-	-	-	-	-	-	-	-	-
Infrastructure: Leases	-	-	-	-	-	-	-	-	-
Total	9 730 826	11 764 763	11 582 852	12 482 976	11 363 862	11 362 000	12 059 557	11 804 398	12 195 909
Capital infrastructure	6 773 874	8 345 868	8 289 329	8 225 067	7 738 934	7 784 543	7 863 221	7 481 153	7 662 764
Current infrastructure	2 956 952	3 418 895	3 293 523	4 257 908	3 624 927	3 577 456	4 196 336	4 323 245	4 533 145

The bulk of the infrastructure funding is reflected against *Existing infrastructure assets*, through *Maintenance and repair: Current*, *Upgrades and additions: Capital* and *Refurbishment and rehabilitation: Capital*. The proportion of funding allocated to *Existing infrastructure assets* has

substantially increased from R6.926 billion in 2011/12 to R9.509 billion in 2017/18 indicating a shift in focus to maintaining assets before deterioration requires a more expensive intervention.

The reduction in the infrastructure budget in 2016/17 relates to the Education Infrastructure grant and the Hospital Facility Revitalisation grant declining in the outer two years due to reforms that were made to the provincial infrastructure grant system that are intended to institutionalise proper planning for infrastructure. Provinces were informed in 2012/13 by National Treasury that they will be required to bid for the infrastructure allocation two years in advance and financial incentives will be built into these grants for provinces that implement best practices. The grant is provided with funding in 2016/17 and 2017/18 due to concerns expressed by provinces over the difficulty in planning ahead without knowing allocations for the two outer years. The “incentive” allocations for the two outer years remain unallocated at National Treasury and will be accessible to provinces when the next round of planning documents are submitted for the 2016/17 MTEF. In this regard, both Education and Health received an increase in 2015/16 in this grant as the required planning documents were submitted. The reduction in the 2014/15 Adjusted Appropriation also relates to DOE implementing enforced savings and reprioritisation of funds against the equitable share portion in order to ease pressures in *Compensation of employees*.

Table 5.11 shows an increase in the provincial allocations for infrastructure from R9.731 billion in 2011/12 to R12.196 billion in 2017/18. This positive growth shows government’s commitment to infrastructure development and the related economic growth of the province.

Table 5.11 : Summary of infrastructure payments and estimates by vote

R thousand	Audited Outcome			Main	Adjusted	Revised	Medium-term Estimates		
	2011/12	2012/13	2013/14	Appropriation	Appropriation 2014/15	Estimate	2015/16	2016/17	2017/18
1. Office of the Premier	4 057	16 271	24 272	16 760	24 560	24 560	19 629	19 299	20 264
2. Provincial Legislature	1 514	4 796	11 338	4 685	4 685	5 552	4 900	4 990	5 110
3. Agriculture and Rural Development	118 607	176 722	162 293	164 886	147 586	147 586	140 756	148 405	154 358
4. Economic Dev, Tourism and Enviro Affairs	470 529	415 613	559 655	655 747	540 747	540 775	660 015	652 876	685 519
5. Education	2 196 793	2 716 925	2 553 784	2 722 349	1 862 349	1 862 926	2 504 035	2 250 229	2 155 155
6. Provincial Treasury	31 264	28 012	21 085	13 500	31 883	31 883	10 062	-	-
7. Health	1 795 794	2 349 724	1 976 758	1 541 776	1 632 855	1 656 641	1 504 206	1 362 221	1 427 682
8. Human Settlements	11 022	116 009	47 183	202 756	108 720	108 720	160 900	110 820	53 869
9. Community Safety and Liaison	-	-	312	-	-	-	-	-	-
10. The Royal Household (moved to OTP)	-	-	-	-	-	-	-	-	-
11. Co-operative Governance and Traditional Affairs	22 625	24 225	39 069	59 903	85 152	80 152	78 231	63 596	68 374
12. Transport	4 763 652	5 567 450	5 805 930	6 706 878	6 552 451	6 533 844	6 550 069	6 816 127	7 228 189
13. Social Development	179 977	173 546	203 739	122 312	135 133	135 218	152 938	153 715	167 346
14. Public Works	51 593	87 999	84 143	87 034	109 106	105 508	77 373	72 618	70 625
15. Arts and Culture	52 490	53 636	42 825	94 012	70 257	70 257	118 479	105 452	113 748
16. Sport and Recreation	30 909	33 835	50 466	90 378	58 378	58 378	77 964	44 050	45 670
Total	9 730 826	11 764 763	11 582 852	12 482 976	11 363 862	11 362 000	12 059 557	11 804 398	12 195 909

Most departments contribute to the positive growth in the infrastructure allocations shown in Table 5.11, especially departments such as DOT, DOE, DOH and DEDTEA. DOT’s infrastructure investments continue to increase due to the demand in the construction of new, and maintenance of existing roads. In 2015/16, the department will continue with construction and maintenance projects which include Main Road P234, Main Road P104, Main Road P1-1(M13), Main Road P496, Main Road P230, and Main Road P68. The details of these projects are included in the Vote 12 chapter in the *EPRE*.

DEDTEA has invested in the construction of DTP and the RBIDZ. DTP is a multi-nodal development of the air logistics industry. DTP includes a cargo terminal, Trade Zone, KSIA, Dube City, among others. The RBIDZ includes major projects which will be implemented in line with its 50-year Master Plan, and includes negotiations with Transnet regarding a container terminal, as well as several potential tenants to establish manufacturing plants in the RBIDZ.

DOH’s infrastructure includes focusing on the revitalisation of hospitals, nursing colleges, community health centres and clinics. The hospital revitalisation programme includes major hospitals, including Dr. Pixley ka Seme and King Dinuzulu Hospitals. Health’s baseline for infrastructure shows a substantial increase from 2011/12 to 2013/14, resulting from a focused drive by the department to improve its physical facilities and medical equipment to an acceptable level. Thereafter, the trend decreases due to the Census-based baseline cuts and fiscal consolidation reductions in conditional grants.

DOE's infrastructure expenditure has experienced growth, and this relates to renovations of existing assets, repairs due to storm damage, as well as the construction of new school facilities. The strong growth from 2012/13 corresponds with the increase in demand, particularly in respect of the roll-out of Grade R, building of special schools, and non-school buildings. The decrease in the 2014/15 Adjusted Appropriation relates to vigorous reprioritisation and enforced savings conducted by the department in order to fund the pressures against *Compensation of employees*. However, the reduction of R860 million from the equitable share portion of the infrastructure budget has had a negative impact on the roll-out of the infrastructure programme. The negative growth from 2016/17 to 2017/18 corresponds to the decrease in the equitable share portion of the infrastructure budget due to reprioritisation to ease pressures against *Compensation of employees*, as well as the reduction in the conditional grant funding. It should be noted that various projects were stopped including upgrades and additions, and new infrastructure.

5.5.3 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 office precinct project in 2009/10, which was aimed at reducing the shortage of office space in Pietermaritzburg for departments' head offices. In June 2013, the province took a decision to resuscitate the project after it had previously been put on hold, and mandated both DOPW and Provincial Treasury to update the feasibility study. The update of the feasibility study was completed by the end of June 2013. In preparation for Treasury Approval 1 (TA1) and taking into account the fiscal position of the country, the province had to assess various funding options in order to obtain optimum value for money for the project. This process has currently been put on hold in light of the fiscal consolidation cuts announced that have affected the provincial budget.

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 NDOH in April 2009. The objective of the project is to establish a framework for a PPP in financing, designing, constructing and operating suitable hospital facilities for the delivery of health services. NDOH took a decision to go to the procurement process stage for all five pilot hospitals. It was indicated that National Treasury has given an exemption in relation to the feasibility study and TA1. However, it is expected and desired that the feasibility study will be finalised before the Request for Proposals (RFP) is issued.

Education's schools and office project

DOE is experiencing a substantial infrastructure backlog for both schools and related administrative and support spaces and facilities. The DOE appointed transaction advisors to assist in investigating the feasibility and affordability of the different procurement options to determine which will provide the best technical, financial and legal solution in delivering in terms of these backlogs in the shortest and most equitable way, including the option of a PPP. The feasibility study, as per the original schedule, is in its final stages and will determine the different possible and viable PPP solutions to the infrastructure backlog facing the department.

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. The feasibility study report is complete, but there are challenges with the report and associated factors which have led to project delays and slow progress. It is expected that the challenges will be addressed in 2015/16 and possibly proceed to procurement phase thereafter.

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-year basis. The municipality is in the process of finalising its third five-year review plan.

Inkosi Albert Luthuli Central Hospital (IALCH)

DOH entered into a PPP transaction in terms of which a 15-year concession contract in respect of the IALCH was signed in December 2001 between DOH and Impilo Consortium (Pty) Ltd. Financial closure occurred in February 2002, with the hospital opening its doors on 28 June 2002. The project is now in its thirteenth year and the department has appointed specialist consultants to undertake the final works as required by Section 18.5 of the contract between the parties and is also in the process of appointing TAs to undertake a contract review and an assessment into the compliance of all parties in preparation for the exit strategy.

KZN Legislature

This project entails the design, finance, and construction of a new Legislature complex comprising of offices, assembly areas, auditoriums, meeting places, health care facilities, dining facilities, parking, etc., together with other related ancillary works. The project includes the operation and maintenance of all of the facilities, including soft and hard facilities management service. The project was once suspended due to the financial crisis the province was in at the time. It was subsequently revived and the previous TAs were reappointed. A deviation motivation was approved and is awaiting the finalisation of the contract before the work of the TAs can commence. It was therefore suggested that an update of the project be undertaken and the progress made be assessed for the Legislature to ascertain their views on the project. Although this project could also be affected by the period of fiscal consolidation, it was agreed that there are some aspects of the project which need to be finalised to ensure that, by the time it is reintroduced, there would be no need for revising the information. The negotiations between the TAs and Provincial Treasury are currently under way in this regard.

5.6 Transfers

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

Table 5.12 shows the summary of provincial transfers to public entities by department, which are discussed in the paragraphs before and after the table below. Transfers to public entities reflect a fluctuating trend from 2011/12 to 2013/14, largely attributable to various once-off allocations, as well as reprioritisation by the transferring departments in line with strategic priorities and spending trends. These are discussed in greater detail in each department's chapter.

From 2011/12, transfers to public entities reflect a fluctuating trend, with a slight decline in 2015/16. A period of fiscal consolidation makes a government look at areas of possible savings, in order to protect spending in areas that are of strategic importance to the province. Provincial Treasury will therefore do an in-depth analysis of all transfers made by provincial departments to their various public entities. A first draft document in this regard has already been prepared and will serve before Cabinet shortly. This document proposes various significant cuts in the transfers made to public entities. These cuts will be given effect to in the 2015/16 Adjustments Estimate.

Vote 1: Office of the Premier

- Amafa aKwaZulu-Natali (Amafa) is responsible for administering heritage conservation and supporting cultural tourism in the province. An additional R3.059 million was allocated in 2014/15 to enable Amafa to apply for World Heritage status in respect of the Emakhosini Valley, to upgrade its research and education facilities, as well as various heritage sites and to also purchase support equipment. In addition, Amafa received R3.136 million in the 2014/15 Adjusted Appropriation in respect of surplus funds which were surrendered by Amafa to the Provincial Revenue Fund in 2012/13. These funds are allocated back to Amafa in 2014/15 to roll-out new projects.
- The Royal Household Trust (RHT) was established in 2010/11. In 2011/12, according to a Cabinet resolution, the RHT received seed funding of R5 million for its establishment costs. It was envisaged that the RHT would assume its full functions from 2014/15, hence the substantial increase in the

2014/15 Main Appropriation. However, in the 2014/15 Adjusted Appropriation, an amount of R7.050 million was withheld as the former DRH continued to pay salaries for staff who were performing functions on behalf of RHT, pending negotiations with organised labour. The amounts over the 2015/16 MTEF provide for operational and staffing costs, as well as maintenance of the Royal palaces and farming activities.

Table 5.12 : Summary of provincial transfers to public entities by transferring department

R thousand	Audited Outcome			Main	Adjusted	Revised	Medium-term Estimates		
	2011/12	2012/13	2013/14	Appropriation	Appropriation	Estimate	2015/16	2016/17	2017/18
Vote 1 : Office of the Premier	35 357	36 960	44 395	54 406	50 492	50 492	58 392	59 572	62 551
Amafa aKwaZulu-Natali	24 057	26 460	29 095	32 013	35 149	35 149	34 977	34 916	36 662
Royal Household Trust	11 300	10 500	15 300	22 393	15 343	15 343	23 415	24 656	25 889
Vote 3 : Agriculture and Rural Dev.	173 442	209 133	147 759	167 226	171 587	171 587	173 625	181 580	190 949
Agri-business Development Agency	126 761	140 734	101 152	106 410	106 410	106 410	123 119	128 397	134 948
Ithala Development Finance Corporation	-	-	-	-	4 361	4 361	-	-	-
Mjindi Farming (Pty) Ltd	46 681	68 399	46 607	60 816	60 816	60 816	50 506	53 183	56 001
Vote 4 : Economic Dev, Tourism and Enviro. Affairs	1 472 508	1 548 734	1 768 060	1 860 301	1 848 704	1 848 704	1 810 980	1 853 923	1 925 128
Dube TradePort Corporation	448 334	392 308	575 402	630 375	515 375	515 375	593 609	625 071	656 325
Ezemvelo KwaZulu-Natal Wildlife	492 287	549 893	588 522	662 395	660 395	660 395	651 319	686 325	720 416
Bhambatha lodge, Ingodini Border Caves	970	-	-	4 500	2 500	2 500	4 500	4 500	4 500
Subsidy from Vote 4	491 317	549 893	588 522	657 895	657 895	657 895	646 819	681 825	715 916
Ithala Development Finance Corporation	280 000	249 500	300 000	185 000	279 600	279 600	149 700	148 000	148 000
Enterprise Development Fund	180 000	189 500	185 000	148 000	148 000	148 000	148 000	148 000	148 000
Ithala Share Capital and Turnaround strategy	-	-	105 000	-	105 000	105 000	-	-	-
Ndumo Regeneration Programme	-	-	10 000	-	25 800	25 800	-	-	-
Drakensberg Cable Car - EIA	-	-	-	-	800	800	1 700	-	-
Growth Fund	100 000	60 000	-	-	-	-	-	-	-
Small Business Development Agency	-	-	-	37 000	-	-	-	-	-
KwaZulu-Natal Liquor Authority	-	55 699	43 920	77 282	77 282	77 282	67 008	70 166	72 403
KwaZulu-Natal Tourism Authority	89 381	118 292	99 983	103 628	109 297	109 297	101 512	106 203	111 813
KwaZulu-Natal Sharks Board	41 334	55 371	59 985	56 109	57 109	57 109	56 678	59 364	56 032
Richards Bay Industrial Development Zone	59 636	62 618	25 164	68 170	68 170	68 170	110 947	74 707	78 442
Trade and Investment KwaZulu-Natal	61 536	65 053	75 084	77 342	81 476	81 476	80 207	84 087	81 697
Vote 6 : Provincial Treasury	17 337	35 775	41 881	39 276	39 276	39 276	32 532	34 255	35 968
KwaZulu-Natal Gaming and Betting Board	17 337	35 775	41 881	39 276	39 276	39 276	32 532	34 255	35 968
Vote 8 : Human Settlements	-	134 477	-	20 000	-	932	-	-	-
National Housing Finance Corporation	-	-	-	20 000	-	-	-	-	-
Social Housing Regulatory Authority	-	134 477	-	-	-	932	-	-	-
Vote 11 : COGTA	1 700	1 000	-	18 850	18 850	18 850	-	-	-
Agri-business Development Agency	1 700	-	-	18 850	18 850	18 850	-	-	-
KwaZulu-Natal Tourism Authority	-	1 000	-	-	-	-	-	-	-
Vote 15 : Arts and Culture	6 401	6 721	7 057	7 445	7 445	7 445	7 787	8 176	8 585
The Playhouse Company	6 401	6 721	7 057	7 445	7 445	7 445	7 787	8 176	8 585
Total	1 706 745	1 972 800	2 009 152	2 167 504	2 136 354	2 137 286	2 083 316	2 137 506	2 223 181

Vote 3: Agriculture and Rural Development

- The Agri-business Development Agency (ADA) was established to support land reform farmers in KZN. The allocation in 2011/12 includes a large number of projects implemented by ADA on behalf of the department. The increase from 2013/14 onward is as a result of the inclusion of project costs, as well as the full administrative and operational costs in the allocation.
- The department transferred R4.361 million to Ithala in the 2014/15 Adjusted Appropriation to assist Ntingwe Tea Estate in respect of three months' wages.
- Mjindi is mandated to provide farming support to farmers in the Makhathini area. In 2012/13, the entity received additional once-off funding toward repairs to the irrigation scheme. The once-off increase in 2014/15 provides for the purchase of irrigation equipment. The allocation over the 2015/16 MTEF is for the operational costs and maintenance of existing infrastructure.

Vote 4: Economic Development, Tourism and Environmental Affairs

- DTPC is a public entity established for the strategic planning, establishment, design, construction, operation, management and control of DTP. The 2012/13 allocation was reduced by R40 million 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 further decrease in the 2014/15 Adjusted Appropriation and over the MTEF can be ascribed to reprioritisation undertaken by the department due to the entity's positive cash balance.

- EKZNW directs the management of biodiversity conservation within KZN, including protected areas. The 2012/13 year included specific funding for protected area expansion and road maintenance (increasing substantially from 2013/14 onward) and the Rhino Security Intervention plan. In 2014/15, the budget provides for a once-off additional transfer relating to the suspension of unspent, uncommitted road maintenance funds from 2013/14, explaining the decrease in 2015/16.

There is also an allocation of R4.500 million per year from 2014/15 to 2017/18, which is a provision for continuation of projects such as the Ntsikeni and May Lodge in the Ntsikeni Reserve (R2.500 million), as well as the development of Bhambatha Lodge (R2 million). The decrease in the 2014/15 Adjusted Appropriation can be ascribed to a reduction of R2 million for the development of the Bhambatha Lodge, due to delays in the implementation of projects.

- The department transfers funds to Ithala on a project-specific basis and Ithala then oversees the financing and control of the projects, as well as the recovery of the loans. The allocation from 2011/12 to 2012/13 included the Enterprise Development and Growth Funds. The latter became a stand-alone entity from 2013/14 onward, and the transfers from 2013/14 are therefore excluded from this table, as the KZN Growth Fund Trust is still in the process of being registered as a public entity. The Enterprise Development Fund, which combined the funding streams of the former Co-operatives and SMMEs funds, declined in 2012/13 due to savings in the Growth Fund which were reprioritised to cater for the KZN Convention Bureau Bid Fund and TAFI, Tourism *Indaba* and MISOE.

Significant transfers to Ithala over the seven-year period include the following:

- In 2013/14 and the 2014/15 Adjusted Appropriation, Ithala received once-off funding in respect of Ithala share capital, to assist it with the bank's capital adequacy ratio, as well as for the Ndumo Regeneration programme, whereby the entity is commissioned to champion this integrated multi-purpose and multi-sectoral project to revitalise the Ndumo area. Funds were also allocated towards Ithala's turnaround strategy.
- In 2014/15 and 2015/16, the allocation to Ithala includes once-off funding for conducting the Environmental Impact Assessment (EIA) in respect of the Drakensberg cable car.
- The allocation over the 2015/16 MTEF provides for the Enterprise Development Fund, as mentioned above, and this allocation remains constant over the MTEF.
- KZNLA was established in 2012/13 to issue liquor licences and administer the collection of liquor licence fees. The high allocation in 2012/13 can be ascribed to the once-off additional funding provided for its establishment costs. Further once-off additional funding for the entity's operational costs was allocated in 2014/15, including the carry-through allocation for the procurement of an IT system. From 2015/16 onward, the entity's budget is supplemented through revenue generated from liquor licences.
- Tourism KwaZulu-Natal (TKZN) is responsible directly and indirectly for the development, promotion and marketing of tourism into and within KZN. In 2012/13, TKZN received additional funding to host the Tourism *Indaba*, East 3 Route and KZN is Summer campaign, which is a marketing strategy to increase tourism in KZN. In addition, funding was received for the entity's SAP and VIP pay-roll system. In the 2014/15 Adjusted Appropriation, the entity's allocation was increased to cater for the costs incurred through the participation in the 2014 Carnival International De Victoria in the Seychelles, for promotion and marketing the East 3 Route and for organising the KZN is Summer campaign. Over the MTEF, transfers to TKZN are reduced by R18 million in respect of the East 3 Route, which will now be implemented by the department and not by the entity.
- The core function of the KZNSB is the protection of bathers against shark attacks. The transfer to KZNSB reflects an increasing trend from 2011/12 to 2013/14 due to once-off additional funding in respect of critical roof repairs at the entity's headquarters and the purchase and installation of a biometric access control system. In addition, the entity received funding to investigate more environmentally friendly shark repellent technology and to fill critical vacancies in its SCM unit, as well as project funding for MISOE. In the 2014/15 Adjusted Appropriation, KZNSB received a

once-off amount of R1 million for hosting the Sharks International Conference in June 2014. The reduction in 2017/18 can be ascribed to additional funding for MISOE falling away.

- RBIDZ is a Schedule 3D public entity established to undertake the development of industrial land in the Richards Bay area. The substantial decrease in 2013/14 is attributed to the reduction of transfers to the entity due to the entity's positive cash balance and funds were reprioritised by the department to projects such as the Co-operatives Incubator programme and the Ndumo Regeneration programme. The significant growth in 2015/16 is ascribed to once-off additional transfers for infrastructure relating to the entity's Master Plan, explaining the significant decrease in 2016/17.
- 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 2011/12 to 2012/13. The increase in 2013/14 relates to once-off additional funding for the Makhaya Arts and Culture Development, and for investment seminars to be conducted by the entity. The entity received an additional allocation from 2014/15 to 2016/17 to cater for TAF and marketing, hence the decrease in 2017/18. In the 2014/15 Adjusted Appropriation, an additional amount of R1.250 million was earmarked for the TAF renewable energy project.

Vote 6: Provincial Treasury

- 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. The increase in 2012/13 can be ascribed to additional funding in respect of the merger of the horse racing regulator into KZNGBB. In 2013/14, there was once-off additional funding of R4.450 million for a new IT system. The decrease from 2014/15 to 2015/16 is attributed to the fiscal consolidation exercise undertaken by Provincial Treasury in terms of which potential areas of savings were identified, such as board fees, subsistence and travel and consultant costs, among others. Hence transfers to the entity were decreased over the 2015/16 MTEF.

Vote 8: Human Settlements

- The allocation to the National Housing Finance Corporation (NHFC) was withdrawn from the 2014/15 Main to Adjusted Appropriation, due to challenges that were experienced with the identified pilot projects which did not meet the policy requirements. There is no allocation to the NHFC over the 2015/16 MTEF.
- The expenditure in 2012/13 relates to transfers made to Social Housing Regulatory Authority (SHRA) for the implementation of the social housing programme. The non-allocation to SHRA from 2013/14 is a result of the fact that the entity has not yet fully spent the allocation that was transferred to them in 2012/13.

Vote 11: Co-operative Governance and Traditional Affairs

- The department 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 amount in 2014/15 is for the implementation of the Uthukela *Amakhosi* Programme and the Msinga *Asisukume* Co-operative, due to capacity constraints in the municipalities.
- The once-off amount reflected in 2012/13 relates to a transfer to TKZN for the erection of tourism signage in municipalities.

Vote 15: Arts and Culture

- The Playhouse Company is a cultural institution promulgated under the Cultural Institutions Act, No. 119 of 1998. Its primary mandate is to develop and promote artistic works that are representative of the diverse South African artistic and cultural heritage. The department entered into an agreement with the entity based on projects which The Playhouse Company embarked on and which are linked to the mandate of the department. The increase over the 2015/16 MTEF is due to inflationary increments.

5.6.2 Transfers to other entities

Table 5.13 below shows the summary of departmental transfers to other entities, other than public entities, by vote. Details of these are provided within each department's chapter in the *EPRE*. *Transfers to other entities* increases from R3.238 billion in 2011/12 to R4.706 billion in 2017/18.

Table 5.13 : Summary of departmental transfers to other entities by Vote

R thousand	Audited Outcome			Main Appropriation	Adjusted Appropriation	Revised Estimate	Medium-term Estimates		
	2011/12	2012/13	2013/14	2014/15			2015/16	2016/17	2017/18
1. Office of the Premier	12 000	8 030	-	-	4 226	4 226	-	-	-
2. Provincial Legislature	-	-	-	-	-	-	-	-	-
3. Agriculture and Rural Development	5 785	12 870	8 878	4 436	12 486	12 486	4 303	4 556	4 825
4. Economic Dev, Tourism and Enviro Affairs	45 426	58 495	750 831	172 408	311 684	311 684	214 923	254 746	260 823
5. Education	1 219 386	1 458 236	1 556 294	1 769 706	1 730 559	1 696 413	1 823 043	1 757 569	1 844 034
6. Provincial Treasury	-	-	-	-	1 000	1 000	3 150	3 150	3 150
7. Health	273 487	277 586	256 751	250 647	230 638	225 153	215 100	227 412	235 953
8. Human Settlements	185 566	185 091	167 940	-	148 530	148 530	168 980	198 500	209 878
9. Community Safety and Liaison	289	-	-	-	-	-	-	-	-
10. The Royal Household (moved to OTP)	-	-	-	-	-	-	-	-	-
11. Co-operative Governance and Traditional Affairs	-	658	-	-	254	254	-	-	-
12. Transport	773 473	808 877	915 867	910 783	1 002 829	1 002 829	1 063 000	1 125 452	1 192 975
13. Social Development	691 989	587 278	729 779	816 511	771 233	789 258	756 768	812 206	854 198
14. Public Works	-	-	-	-	-	-	-	-	-
15. Arts and Culture	21 901	29 105	33 450	28 879	61 359	61 359	47 478	48 011	49 907
16. Sport and Recreation	8 600	22 560	35 911	36 881	52 539	52 539	45 126	48 116	50 694
Total	3 237 902	3 448 786	4 455 701	3 990 251	4 327 337	4 305 731	4 341 871	4 479 718	4 706 437

Vote 1: Office of the Premier

In 2011/12 and 2012/13, amounts of R12 million and R8 million, respectively, were transferred to the LIV Orphanage to assist the orphanage with building a holistic village.

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

In the 2014/15 Adjusted Appropriation, an amount of R4.226 million was allocated toward the construction of the Denis Hurley Centre in Durban.

Vote 3: Agriculture and Rural Development

Transfers were made to the SA Sugarcane Research Institute to assist small-scale farmers affected by drought. The department also entered into a two-year partnership with the Pmb SPCA, relating to the KZN Outreach programme and a one-year partnership with the Animal Anti-Cruelty League (AACL) in 2014/15 for the same KZN Outreach programme.

Transfers were also made relating to the soil conversation subsidy and toward Agricultural Show Societies (which are aimed at showcasing the latest developments in agriculture), People's Bio Oil (Pty) Ltd and the Zakhe Agricultural College.

Vote 4: Economic Development, Tourism and Environmental Affairs

Over the 2015/16 MTEF, the department transfers funds to various entities, namely the KZN Growth Fund Trust, Small Business Development Agency (SBDA), KZN Film Commission, Clothing Textile, Moses Kotane Institute, Ugu ICT incubator, Tourism Enterprise Partnership, WESSA and SAAMBR.

The KZN Growth Fund Trust was established to lend funds to commercially viable projects. In 2013/14, the Growth Fund was restructured, and the KZN Growth Fund Trust established. Prior to the KZN Growth Fund Trust, the funding was routed via Ithala. In the 2014/15 Adjusted Appropriation, a net amount of R40 million was reduced from the KZN Growth Fund Trust allocation and these funds were utilised to provide for the SBDA establishment costs, for the Growth Fund restructuring feasibility study, an independent Ithala repositioning analysis report, as well as a study into the rationalisation of the department's public entities. The allocation to this entity remains constant over the 2015/16 MTEF.

In 2014/15, transfers to various entities were made relating to the department funding partnerships and for major events, the details of which are provided in Vote 4's chapter in Part 2 of the *EPRE*. The increase in

the 2014/15 Adjusted Appropriation includes a number of once-off transfers in respect of Africa Bike Week, SA Women's Golf Tournament, Nelson Mandela Golf Tournament, among others.

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 decrease in the 2014/15 Adjusted Appropriation relates to the reprioritisation of funds to cater for the purchases for Non Section 21 schools, including purchases of furniture for the care centres in full service schools. The 2014/15 Revised Estimate reflects projected under-expenditure due to the anticipated non-transfer to schools that do not meet the requirements.

The 2015/16 allocation is inclusive of a 2.5 per cent increase in the per capita funding for public ordinary schools which is below the norms and standards due to the budget constraints experienced by the department.

Transfers to public special schools increase over the seven-year period which indicates the extent to which the department is focusing on learners with special needs.

Vote 6: Provincial Treasury

From the 2014/15 Adjusted Appropriation onward, Provincial Treasury transfers funds with regard to the Financial Literacy Project (FLP). This project was initiated by the MEC for Finance with the aim of educating the citizens of KZN about using their money wisely and also on various aspects such as encouraging savings and financial discipline.

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 years relates mainly to the inclusion/exclusion of entities, as well as to the implementation of OSD for doctors in certain institutions which qualify.

The decrease in 2013/14 is a result of a reduction in transfer to McCord Hospital following its takeover by the province, as well as delays in signing SLAs for various NGOs. The further decrease in 2014/15 is due to the transfers budgeted for McCord Hospital, which were no longer required following the negotiations and takeover by the state. In addition, the funding for the development and refurbishment of the KZN Children's Hospital Trust in the eThekweni Metro ceases, due to the completion of the contract.

Over the MTEF, the baseline growth is for inflationary purposes only. The amounts over the MTEF are funds awaiting recommendations upon receipt of requests for additional or new funding from the districts (for NGOs).

Vote 8: Human Settlements

The department is funding the KZN Housing Fund. These allocations were previously made from all categories within the Vote, but following an A-G finding and in compliance with Generally Recognised Accounting Standards (GRAP) requirements, payments are now reflected against *Transfers to other entities*, as corrected in the 2104/15 Adjusted Appropriation (hence there is no budget allocation in the 2014/15 Main Appropriation). The historical data prior to 2014/15 has been restated for comparative purposes.

Vote 9: Community Safety and Liaison

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 department transferred funds relating to the KZN Top Business Portfolio with regard to the update of promotional DVDs to showcase successful growth in the province, to the *Sakhisizwe* Management Agency for the heritage month celebration, as well as to the South African Planning Institute (SAPI) in respect of the Planning Africa Conference (which promotes information sharing and/or continuous professional development in the planning arena).

Vote 12: Transport

The transfers under this vote relate to the PTOG for the payment of bus subsidies to bus operators.

As of 2013/14, transfers are also made toward the *Vukuzakhe* Emerging Contractors Association (VECA), who monitor the *Vukuzakhe* emerging contractors for compliance to norms and standards.

Vote 13: Social Development

The transfers under this vote relate mainly to funding given to various NPOs, NGOs and Faith-based Organisations (FBOs).

The reduction in the 2014/15 Adjusted Appropriation relates to the unsatisfactory performance by the implementing agent – i.e. the National Development Agency, hence the department shifted funds to *Goods and services* in order to appoint a consultant for the implementation of the programmes.

The growth over the 2015/16 MTEF is attributable to additional national priority funding relating to the improvement of the quality of services provided by NGOs and their financial sustainability, youth development, provision of shelters for victims of gender-based violence. In addition, the department intends increasing tariffs to NPOs by 6 per cent over the 2015/16 MTEF.

Vote 15: Arts and Culture

The transfers under this vote relate mainly to arts and culture support, museum subsidies, community art centres, 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.
- *Community art centres:* The department funds community art centres, which contribute to the development and training of artists.
- *Arts and culture support:* This funding is provided to various organisations to assist with providing a platform for emerging artists.
- *Arts councils:* Funding is provided to properly constituted arts, culture and craft organisations that develop and preserve arts and culture in the province.
- *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.

5.6.3 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 5.14. Details are given in the *Annexure to OPRE* (Tables 1E and 1.H (i), (ii) and (iii)), and in the detailed departmental information in the *EPRE*.

Table 5.14 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 transferred to any municipality.

Table 5.14 : Summary of provincial transfers to local government by category

R thousand	Audited Outcome			Main	Adjusted	Revised	Medium-term Estimates		
	2011/12	2012/13	2013/14	Appropriation	Appropriation 2014/15	Estimate	2015/16	2016/17	2017/18
Category A	350 695	384 547	499 868	648 506	534 335	560 462	634 799	591 192	559 857
Category B	498 657	570 899	567 836	447 878	644 482	679 557	505 403	448 728	469 333
Category C	184 016	258 741	75 791	116 874	34 074	35 074	6 265	6 711	2 007
Unallocated	-	132	24	1 050	1 050	1 018	1 293	12 930	12 941
Total	1 033 368	1 214 319	1 143 519	1 214 308	1 213 941	1 276 111	1 147 760	1 059 561	1 044 138

The total provincial transfers to local government reflect a fluctuating trend 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 as 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 eThekweni Metro. As indicated in Table 5.14, the transfers to the Metro show a fluctuating trend, and relate to various transfers from DOPW, DAC, COGTA, DOH, DOSR and DOHS in respect of the following:

- Payments of property rates, the Community Library Services grant to assist at local level with the costs of cyber cadets and the acquisition of library material, and the Corridor Development programme.
- The subsidy for primary health care for services provided by local authorities/municipal clinics, the maintenance of R293 hostels, the EEDBS, the provincialisation of libraries and museums, as well as funding for the continuation of the mega-library.
- The increase in 2015/16 is a result of a once-off allocation in respect of the CRU programme, as well as the once-off allocation in respect of the construction of a sports development centre in Durban, in terms of which funds were suspended to 2015/16 due to challenges experienced by the Metro regarding site identification.

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. Departments transfer funds to these municipalities for the following, among others:

- Corridor Development, Massification and the Small Town Rehabilitation programmes.
- To assist clinics with pressures in the treatment of HIV and AIDS, the extension of hours of services and increased neonatal services (in 2011/12 to 2014/15 only).
- The provision for transfers in respect of museums and building of libraries and the provincialisation of public libraries and museums and the payment of property rates.
- The operational support for *Thusong* Service Centres (TSCs) and Community Service Centres (CSCs), the development of a light industrial park at Bhongweni, and CRUs.

Category C (district municipality) refers to municipalities that have municipal executive and legislative authority in an area that includes more than one local municipality. These transfers provide for:

- Corridor development, Massification and the Small Town Rehabilitation programmes.
- Disaster Management.

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 amounts in the 2014/15 Main Appropriation are in respect of the Greenest Municipality Competition undertaken by DEDTEA's Environmental Affairs component. The transfer in 2015/16 is in respect of anticipated donations to be made by Provincial Treasury to municipalities for school uniforms as part of OSS, Greenest Municipality Competition, as well as property rates. The amounts in 2016/17 and 2017/18 are mainly in respect of the construction of sport facilities and the upkeep of sport facilities constructed by DOSR, as well as the Greenest Municipality Competition.

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

Table 5.15 presents a summary of provincial transfers to local government by vote and grant type from 2011/12 to 2017/18. It should be noted that a detailed analysis of these transfers to local government is provided in the individual votes in the *EPRE*. The main transfers are summarised below the table:

Table 5.15 : 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		
	2011/12	2012/13	2013/14	2014/15			2015/16	2016/17	2017/18
Vote 1 : Office of the Premier	-	-	15 000	-	-	-	-	-	-
2013 AFCON Tournament	-	-	15 000	-	-	-	-	-	-
Vote 4 : Economic Dev., Tourism and Enviro. Affairs	900	4 244	11 176	1 500	5 685	5 685	2 250	1 000	1 000
Joint Project Funding	-	2 953	2 414	-	-	-	-	-	-
SMME Fair and Exhibition	-	-	-	-	992	992	-	-	-
Inyoni craft centre	-	-	-	-	-	-	-	-	-
Beaches Rehabilitation	-	-	3 400	-	900	900	1 000	-	-
Dundee July event	-	-	479	500	500	500	250	-	-
Sakhisizwe Manag. Agency	-	981	-	-	-	-	-	-	-
Richards Bay Breakfast	-	310	100	-	-	-	-	-	-
Drakensberg Cable Car	-	-	4 183	-	1 793	1 793	-	-	-
Tourism Route Strategy	-	-	-	-	500	500	-	-	-
Greenest Munic. Comp	900	-	600	1 000	1 000	1 000	1 000	1 000	1 000
Vote 6 : Provincial Treasury	31 264	28 012	21 970	13 500	32 098	32 055	10 295	220	231
Donations	-	-	885	-	215	172	233	220	231
Pietermaritzburg airport	17 790	574	16 186	-	-	-	-	-	-
Prince Mangosuthu Buthelezi airport	10 015	19 661	596	-	-	-	-	-	-
Richards Bay airport	3 459	7 777	-	-	-	-	-	-	-
Margate airport	-	-	2 009	-	-	-	-	-	-
Shayamoya eco-complex	-	-	615	-	13 062	13 062	2 062	-	-
Development of light industrial park	-	-	1 679	8 000	13 321	13 321	8 000	-	-
Msunduzi electricity-related dev	-	-	-	5 500	5 500	5 500	-	-	-
Vote 7 : Health	86 040	22 893	74 736	132 600	152 609	180 115	105 000	111 048	115 000
Subsidy: Municipal clinics	86 040	22 893	74 736	132 600	152 609	180 115	105 000	111 048	115 000
Vote 8 : Human Settlements	-	115 000	40 384	102 070	44 261	57 468	148 400	110 820	53 869
Accreditation of municipalities	-	-	40 384	36 689	44 261	57 468	48 400	50 820	53 869
CRU programme	-	115 000	-	-	-	-	100 000	60 000	-
Municipal rates and taxes	-	-	-	14 500	-	-	-	-	-
Maintenance of R293 hostels	-	-	-	50 881	-	-	-	-	-
Vote 11 : COGTA	348 161	444 444	232 074	155 877	249 160	256 160	61 656	4 800	-
Pounds Act	-	-	-	-	1 000	1 000	-	-	-
Public Part. Citizen Satisf. Survey	-	2 260	1 500	-	-	-	-	-	-
Municipal Excellence awards	-	3 000	2 000	-	5 000	5 000	-	-	-
Schemes Support programme	-	-	-	2 705	2 705	2 705	-	-	-
Corridor Development	96 447	111 300	82 843	58 500	60 000	60 000	-	-	-
Small Town Rehabilitation programme	74 220	125 545	77 654	26 300	85 000	85 000	-	-	-
Construction of TSCs and CSCs	6 000	-	-	-	-	5 000	7 500	-	-
Operational Support for TSCs	5 000	1 600	250	5 250	5 250	5 250	-	-	-
Massification programme	102 033	145 800	54 827	31 372	79 455	79 455	49 956	-	-
uMhlathuze Water	-	-	-	21 000	-	-	-	-	-
Disaster Management	3 000	17 740	8 000	5 000	5 000	7 000	-	-	-
Community participation in IDPs	-	2 000	2 000	-	-	-	-	-	-
Development Planning and Shared Services	5 461	2 000	2 000	4 750	4 750	4 750	4 200	4 800	-
Sustainable Living Exhibition	-	-	1 000	1 000	1 000	1 000	-	-	-
Various	56 000	33 199	-	-	-	-	-	-	-
Vote 13 : Social Development	-	35 000	-	-	-	-	-	-	-
ECD infrastructure development	-	35 000	-	-	-	-	-	-	-
Vote 14 : Public Works	492 767	395 743	466 799	484 955	484 955	499 455	507 062	533 931	561 873
Property rates	492 767	395 743	466 799	484 955	484 955	499 455	507 062	533 931	561 873
Vote 15 : Arts and Culture	56 012	150 383	259 915	271 606	222 973	222 973	271 447	286 092	300 515
Museum subsidies	7 168	10 049	9 593	10 634	8 181	8 181	7 935	8 382	8 825
Provincialisation of libraries	31 110	116 004	225 111	234 360	198 182	198 182	212 586	225 691	238 519
Community Libr Services grant	17 334	22 769	23 572	24 883	14 881	14 881	49 111	50 108	51 164
Art Centre (Operational costs)	400	1 561	1 639	1 729	1 729	1 729	1 815	1 911	2 007
Vote 16 : Sport and Recreation	18 224	18 600	21 465	52 200	22 200	22 200	41 650	11 650	11 650
Infrastructure	14 924	13 650	18 165	48 900	18 900	18 900	40 000	10 000	10 000
Maintenance grant	3 300	4 950	3 300	3 300	3 300	3 300	1 650	1 650	1 650
Total	1 033 368	1 214 319	1 143 519	1 214 308	1 213 941	1 276 111	1 147 760	1 059 561	1 044 138

- The significant transfers under DEDTEA included Joint Project Funding, the revitalisation of Alkantstrand Beach (uMhlathuze) and rehabilitation of South Port Beach (Hibiscus Coast), as well as the Drakensberg cable car. Also included are transfers toward the SMME Fair and Exhibition, the Greenest Municipality Competition and the Dundee July (horse racing event).
- The transfers under Provincial Treasury are mainly in respect of various upgrades of airports, i.e. the Pietermaritzburg, Richards Bay, Prince Mangosuthu Buthelezi and Margate airports. In addition, funds were transferred in respect of the development of a light industrial park in Bhongweni, as well

as the Shayamoya eco-complex. There is also a once-off allocation in 2014/15 in respect of Msunduzi electricity-related developments.

- 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. The increases from 2013/14 onward are largely due to the commitment to assist clinics with pressures in the treatment of HIV and AIDS, the extension of hours of services, as well as to cater for an increase in neonatal services. The increase in the 2014/15 Revised Estimate mainly relates to the department's decision to provide additional funding to meet the health funding requirements of the clinics in the Metro. The 2015/16 MTEF provides only for transfers to eThekweni.
- The transfers under DOHS relate mainly to the maintenance of R293 hostels in eThekweni, the CRU programme and the payment of arrear rates and taxes. Provision is also made for the accreditation of municipalities, as well as municipal rates and taxes.
- The significant transfers made by COGTA relate to Umzimkulu Support, as well as projects such as Corridor Development, Massification, Small Town Rehabilitation, among others.
- The transfer under DSD 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 under DAC reflect provision made to municipalities for museum subsidies, provincialisation of public libraries, Community Library Services grant and the operational costs of the art centres, among others.
- The transfers under DOSR are mainly in respect of the construction of sport facilities, and reflect a varying trend over the seven-year period.

5.7 Personnel numbers and costs

Table 5.16 provides personnel numbers, by vote, as well as the total personnel costs for KZN.

The personnel numbers of OTP do not include youth ambassadors from 2014/15 onward due to the department's decision not to continue with the Youth Ambassadors programme, which accounts for the decrease in personnel numbers. However, the permanent personnel numbers increase as a result of the organisational increase of the department, as well as the amalgamation of Vote 1 and 10.

Table 5.16 : Summary of personnel numbers and costs by vote

Personnel numbers	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	As at 31 March 2017	As at 31 March 2018
1. Office of the Premier	1 870	3 457	2 401	471	522	586	655
2. Provincial Legislature	216	259	253	223	223	225	227
3. Agriculture and Rural Development	3 854	3 449	3 370	3 796	3 719	3 719	3 719
4. Economic Development, Tourism and Enviro Affairs	518	567	627	687	726	745	759
5. Education	106 454	105 071	107 433	107 433	107 433	107 433	107 433
6. Provincial Treasury	421	525	569	532	580	580	580
7. Health	77 627	74 726	84 606	83 192	83 192	83 192	83 192
8. Human Settlements	740	734	772	764	874	889	889
9. Community Safety and Liaison	121	126	143	184	220	220	220
10. The Royal Household (moved to OTP)	-	-	-	-	-	-	-
11. Co-operative Governance and Traditional Affairs	1 332	1 482	1 659	1 664	1 716	1 706	1 706
12. Transport	4 154	4 023	3 880	4 675	4 761	4 761	4 761
13. Social Development	3 108	6 082	7 421	9 250	10 396	10 505	10 505
14. Public Works	2 078	2 062	2 060	1 982	2 034	2 093	2 093
15. Arts and Culture	458	465	527	623	642	642	642
16. Sport and Recreation	1 932	1 586	1 493	1 371	1 318	431	431
Total	204 883	204 614	217 214	216 847	218 356	217 727	217 812
Total personnel cost (R thousand)	45 550 938	49 255 854	54 022 777	58 375 627	62 289 398	66 266 216	70 235 446
Unit cost (R thousand)	222	241	249	269	285	304	322

DARD reviewed its organisational structure following the new mandate of the department, whereby functions of environmental affairs and conservation were removed, and rural development was added. Personnel numbers from 2015/16 onward are based on the proposed organisational structure that is expected to be finalised before 1 April 2015.

With respect to DOE, the budget reprioritisation which started in 2014/15 yielded some results in terms of ensuring that the *Compensation of employees* budget fully funds the employees on the establishment. This means that the department may be able to fill positions as they become vacant during the year.

DOH's high staff number in March 2012/13 is largely due to the department placing student nurses and CCGs on the pay-roll.

DOT's personnel numbers increase over the period under review. The review of the organisational structure was completed in February 2012, and critical vacant posts are being filled over the MTEF, in line with the moratorium on the filling of non-critical posts.

The personnel numbers of DSD show a substantial increase over the seven-year period, attributable to the revision of the departmental structure in an attempt to cope with policy changes such as the implementation of the district management model to improve service delivery. The increase also relates to the absorption of social work graduates.

For DOSR, the total personnel numbers decrease from 31 March 2012 to 31 March 2015 mainly as a result of resignations, as well as the decrease in volunteers employed as a result of NDOSR's directive to minimise the use of volunteers by training teachers. The contract term of most contract workers ends in October 2015, hence the decrease reflected against contract workers from 2016/17 onward.

5.8 Information on training

Table 5.17 below provides a summary of the amounts spent by department on training.

DOH caters for medical interns, nurses, emergency medical rescue and ambulance personnel and skills development for all occupational categories. The department has several training programmes aimed at developing and retaining skills. These include training at Nursing Colleges, the Cuban Doctors' programme, as well as registrar training programmes in respect of specialist medical training.

Table 5.17 : Summary of provincial payments and estimates on training by vote

R thousand	Audited Outcome			Main Appropriation	Adjusted Appropriation	Revised Estimate	Medium-term Estimates		
	2011/12	2012/13	2013/14	2014/15			2015/16	2016/17	2017/18
1. Office of the Premier	953	28 548	3 125	6 821	5 916	5 916	7 791	7 401	7 772
2. Provincial Legislature	3 362	3 576	4 484	3 937	3 937	3 647	5 084	3 964	4 163
3. Agriculture and Rural Development	13 584	11 939	10 430	17 541	17 415	17 415	14 742	15 183	16 093
4. Economic Development, Tourism and Enviro Affairs	15 116	15 174	2 258	4 942	4 957	4 622	3 917	4 126	4 341
5. Education	53 548	71 976	53 837	163 502	163 502	106 981	189 579	201 492	214 655
6. Provincial Treasury	2 085	1 572	2 022	2 545	2 545	2 639	2 564	2 621	2 756
7. Health	860 457	901 968	1 012 752	1 051 400	1 051 400	1 051 400	1 104 853	1 163 410	1 221 581
8. Human Settlements	249	437	861	2 877	1 433	1 429	3 390	3 566	3 792
9. Community Safety and Liaison	2 674	884	12 385	4 820	5 830	5 855	4 520	4 613	4 732
10. The Royal Household (moved to OTP)	-	-	-	-	-	-	-	-	-
11. Co-operative Governance and Traditional Affairs	882	1 783	1 300	1 835	1 568	1 628	2 600	2 700	2 800
12. Transport	6 448	8 151	8 296	7 638	6 342	5 387	6 660	6 660	6 660
13. Social Development	3 999	4 344	2 653	7 118	10 118	3 249	7 098	8 300	8 715
14. Public Works	2 766	4 788	3 868	8 376	4 932	3 663	6 465	6 840	7 191
15. Arts and Culture	864	890	2 256	1 000	1 016	1 016	3 404	3 907	4 214
16. Sport and Recreation	6 419	3 442	3 204	4 928	4 428	4 428	7 043	8 352	8 553
Total	973 406	1 059 472	1 123 731	1 289 280	1 285 339	1 219 275	1 369 710	1 443 135	1 518 017

With regard to DEDTEA, the bulk of the training budget caters for external bursaries for the Post-graduate Diploma and Masters in LED courses, and Diplomas in Co-operative Management.

DOE's training costs fluctuate and this is attributable to continued implementation of financial controls. The peak in 2012/13 is due to the training offered as a result of the changes in the curriculum. The steady

increase over the 2015/16 MTEF will address the educators' skills gaps and improve the quality of education, through the availability of the in-service training centre.

DOT's costs on training relate to the Traffic Training College and the Technical Training Centre. The training is also in respect of *Zimbabwe* contractors relating to maintenance of the provincial roads, and learnerships and mentorship for the *Vukuzakhe* projects.

Spending on training against DOSR relates to training provided to the hub co-ordinators in respect of the various clusters in the MPSD grant. The spending in 2012/13 is due to NDOSR's directive to train teachers as implementers of the programme. The increase over the MTEF relates to the training that will be conducted to capacitate educators to being coaches, as well as the department's employees as part of the implementation of the new organisational structure.

Table 5.18 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 5.18 : Information on training

	Audited Outcome			Main Appropriation	Adjusted Appropriation	Revised Estimate	Medium-term Estimates		
	2011/12	2012/13	2013/14	2014/15			2015/16	2016/17	2017/18
Number of staff	204 883	204 614	217 214	217 544	216 847	216 847	218 356	217 727	217 812
Number of personnel trained	22 694	33 878	21 116	128 161	128 136	52 025	57 588	60 867	65 342
of which									
Male	7 762	10 622	7 611	47 142	47 142	25 953	27 576	29 622	31 533
Female	14 932	23 256	13 505	81 019	80 994	26 072	30 012	31 245	33 809
Number of training opportunities	19 021	18 581	17 888	54 456	54 464	53 828	66 394	67 046	69 824
of which									
Tertiary	1 970	2 126	2 370	4 782	4 780	4 799	5 273	5 307	5 562
Workshops	3 911	3 760	3 613	4 756	4 751	4 721	4 896	5 427	5 535
Seminars	286	418	371	506	503	496	667	701	745
Other	12 854	12 277	11 534	44 412	44 430	43 812	55 558	55 611	57 982
Number of bursaries offered	1 780	1 601	2 405	17 950	17 927	17 921	8 632	9 764	10 904
Number of interns appointed	986	1 108	873	1 330	1 327	1 300	1 214	1 280	1 364
Number of learnerships appointed	526	290	522	468	466	465	556	557	581
Number of days spent on training	8 282	8 655	8 425	8 463	8 488	8 249	8 519	8 960	9 275

6. MEASURING PERFORMANCE IN GOVERNMENT

Both the national and provincial government continue to place 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, remains 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 National Treasury fulfills 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, with 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 2015/16 are applicable to DOE, DOH, DSD, Provincial Treasury, Provincial Legislature, OTP, DARD, DOHS, DCSL, DEDTEA, COGTA, DOSR, DAC, DOPW and DOT. The budget and programme structures for these remain unchanged, except for the Rural Development part of DARD, as well as DOE and DCSL. Note that the only department with no current uniform budget and programme structure, namely DRH is, as per Presidential proclamation, no longer a department, but merged with OTP. Note also that OTP, Provincial Treasury and DOPW do not fully comply with the uniform budget and programme structure at this stage, and discussions with National Treasury in this regard are ongoing.

Formats for Strategic Plans (SPs) and Annual Performance Plans (APPs) were previously issued annually and prescribed by National Treasury. This has now changed, with the National Department of Performance Monitoring and Evaluation (DPME) taking on this responsibility. For the 2015/16 MTEF, the guidelines promulgated by National Treasury remain in effect until DPME promulgate amended guidelines. 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 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 (e.g. the NDP and PGDP), and this should specifically be reflected in the APPs. The focus is on activity-based costing, as a link is provided between budget and performance targets. In addition, from 2014/15 in KZN, the preparation of SPs and APPs was done in alignment with the PGDP, and the co-ordination of this alignment has been a joint responsibility between the Provincial Planning Commission, the OTP and Provincial Treasury, with the OTP assuming full responsibility from 2015/16.

The DOE, DOH, DSD, DARD, DOT, DOPW, DCSL, and DOSR report on standardised sector-specific performance measures for 2015/16. 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 2015/16 in DOE, DOH, DSD, DCSL, DEDT, DARD, DOT, DOSR and DOPW.

The Provincial Legislature, Provincial Treasury, OTP, DOHS, COGTA and DAC will not report on customised performance measures in 2015/16 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.

DPME is now the lead department in this regard. 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, DPME, National Treasury, OTPs 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. From 2013/14, the QPR data for DOH, DSD and DARD is published in a national gazette quarterly. The QPR data for the remaining sectors is currently published quarterly by Provincial Treasury on its website, and this will be done by OTP from 2015/16.

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. Since then, the A-G has provided an opinion on non-financial, as well as financial records for each department and public entity as part of the annual audit process, and this will be continued in the 2014/15 audit. 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 are encouraged to revisit all their measures (even sectoral measures) to ensure that they comply, in order to avoid negative audit opinions going forward.

Another area that was found to be weak was the amount of technical support provided by oversight departments such as Provincial Treasury and OTP. This was addressed with additional workshops for strategic planning and monitoring and evaluation staff within departments and public entities. From 2015/16 onward, this function will fall under OTP with a new component dedicated to co-ordinating the planning and monitoring functions within the province, supported by Provincial Treasury.

ANNEXURE – OVERVIEW OF PROVINCIAL REVENUE AND EXPENDITURE

Table 1.A : Details of provincial own receipts

R thousand	Audited Outcome			Main	Adjusted	Revised	Medium-term Estimates		
	2011/12	2012/13	2013/14	Appropriation	Appropriation	Estimate	2015/16	2016/17	2017/18
					2014/15				
Tax receipts	1 637 846	1 771 278	1 889 687	1 998 720	1 998 720	2 005 850	2 149 313	2 293 713	2 400 822
Casino taxes	337 435	383 056	421 355	490 803	490 803	457 046	556 890	630 869	668 721
Horse racing taxes	68 422	64 674	66 899	81 902	81 902	74 562	91 337	101 859	107 971
Liquor licences	465	4 927	5 110	6 015	6 015	21 609	20 086	20 745	22 280
Motor vehicle licences	1 231 524	1 318 621	1 396 323	1 420 000	1 420 000	1 452 633	1 481 000	1 540 240	1 601 850
Sale of goods and services other than capital asset	383 949	405 979	447 676	420 744	420 744	423 632	449 170	475 371	499 826
Sale of goods and services produced by dept. (excl. capital assets)	382 888	405 407	447 021	419 881	419 881	422 729	448 298	474 455	498 865
Sales by market establishments	31 217	38 608	25 944	32 702	32 702	40 996	42 402	44 425	46 608
Administrative fees	37 967	41 144	54 954	50 562	50 562	159 790	169 623	180 945	190 406
Other sales	313 704	325 655	366 123	336 617	336 617	221 943	236 273	249 086	261 851
<i>of which</i>									
<i>Health patient fees</i>	105 083	117 991	149 838	127 338	127 338	127 704	135 515	142 855	150 207
<i>Other</i>	10 734	11 828	1 864	12 965	12 965	12 963	13 446	14 158	14 871
Sale of scrap, waste, arms and other used current goods (excluding capital assets)	1 061	572	655	863	863	903	872	916	962
Transfers received from:	459	1 060	-	-	-	-	-	-	-
Other governmental units	409	1 000	-	-	-	-	-	-	-
Universities and technikons	-	-	-	-	-	-	-	-	-
Foreign governments	-	-	-	-	-	-	-	-	-
International organisations	-	-	-	-	-	-	-	-	-
Public corporations and private enterprises	50	60	-	-	-	-	-	-	-
Households and non-profit institutions	-	-	-	-	-	-	-	-	-
Fines, penalties and forfeits	45 352	51 125	39 547	25 617	25 617	37 220	38 681	40 591	42 621
Interest, dividends and rent on land	303 685	274 118	262 853	267 419	267 419	293 775	284 874	303 375	318 554
Interest	303 163	273 738	262 546	267 157	267 157	293 570	284 650	303 138	318 299
Dividends	354	293	202	164	164	23	28	28	31
Rent on land	168	87	105	98	98	182	196	208	225
Sale of capital assets	18 109	44 100	31 147	19 516	19 516	37 210	18 760	19 535	20 877
Land and subsoil assets	-	18 109	9 607	10 000	10 000	10 000	10 000	10 530	11 057
Other capital assets	18 109	25 991	21 540	9 516	9 516	27 210	8 760	9 005	9 821
Transactions in financial assets and liabilities	337 559	94 821	101 336	51 628	51 628	78 375	54 348	56 770	59 673
Total	2 726 959	2 642 481	2 772 246	2 783 644	2 783 644	2 876 062	2 995 146	3 189 356	3 342 373

Overview of Provincial Revenue and Expenditure

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

R thousand	Audited Outcome			Main	Adjusted	Revised	Medium-term Estimates		
	2011/12	2012/13	2013/14	Appropriation	Appropriation 2014/15	Estimate	2015/16	2016/17	2017/18
Current payments	61 381 940	66 262 945	71 893 964	77 052 013	77 459 324	77 092 154	82 943 692	87 770 783	92 898 593
Compensation of employees	45 550 938	49 255 854	54 022 777	57 824 709	58 375 627	58 218 824	62 289 398	66 266 216	70 235 446
Salaries and wages	37 791 252	42 569 040	44 901 210	47 653 099	48 018 366	54 656 453	51 296 855	54 645 133	58 034 278
Social contributions	7 759 686	6 686 814	9 121 567	10 171 610	10 357 261	3 562 371	10 992 543	11 621 083	12 201 168
Goods and services	15 829 439	17 006 408	17 864 641	19 219 536	19 082 692	18 869 970	20 644 062	21 493 793	22 651 835
Administrative fees	36 732	26 012	35 330	19 961	20 973	42 857	36 067	37 051	40 008
Advertising	144 136	148 083	194 433	145 725	132 353	117 953	148 168	151 750	158 929
Minor assets	218 283	271 041	110 120	221 863	222 366	208 514	162 502	177 167	190 574
Audit cost: External	67 671	62 982	87 220	73 670	84 985	84 326	74 917	79 064	82 488
Bursaries: Employees	28 886	38 447	73 031	24 684	24 181	49 060	123 431	139 495	155 629
Catering: Departmental activities	134 306	133 734	146 986	148 302	174 375	146 685	134 913	136 032	139 163
Communication (G&S)	264 739	292 635	309 156	265 803	289 952	303 852	279 174	290 768	298 958
Computer services	435 359	474 738	546 928	551 267	565 400	495 793	612 455	657 250	708 309
Cons & prof serv: Business and advisory services	586 961	734 212	864 071	1 049 134	936 860	965 422	1 084 483	1 160 895	1 200 698
Cons & prof serv: Infras and planning	102 596	179 161	226 676	307 950	283 044	272 638	222 435	227 445	216 892
Cons & prof serv: Laboratory services	568 743	539 951	587 884	709 811	709 525	625 276	939 611	1 083 697	1 161 722
Cons & prof serv: Scientific and tech services	-	-	-	-	-	9 660	-	-	-
Cons & prof serv: Legal costs	64 045	49 258	70 116	51 610	53 980	60 852	65 364	54 969	56 813
Contractors	1 696 006	1 698 979	1 938 528	2 491 419	2 112 404	1 999 033	2 325 152	2 387 317	2 539 264
Agency and support / outsourced services	2 376 101	2 288 759	2 425 637	2 389 011	2 461 313	2 720 296	2 514 595	2 580 343	2 772 427
Entertainment	2 374	819	2 567	4 676	4 097	1 993	2 875	3 707	3 898
Fleet services (incl. govt motor transport)	210 170	382 111	356 477	382 690	414 827	478 880	493 045	514 725	530 346
Housing	36	-	8 006	50	70	50	36	38	40
Inventory: Clothing material and accessories	-	-	14 496	2 152	10 019	20 904	24 752	25 487	26 462
Inventory: Farming supplies	-	-	147 592	79 589	142 078	142 280	145 897	129 389	133 328
Inventory: Food and food supplies	143 299	121 000	119 026	198 476	200 155	131 048	135 454	141 489	148 188
Inventory: Fuel, oil and gas	271 608	260 325	308 392	250 836	189 387	159 655	167 949	175 672	183 618
Inventory: Learner and teacher support material	605 263	490 941	492 090	723 296	761 719	484 444	656 920	562 680	524 627
Inventory: Materials and supplies	63 113	109 679	118 571	90 435	136 705	127 682	156 365	157 214	156 138
Inventory: Medical supplies	1 207 823	1 285 569	1 340 288	1 349 894	1 362 973	1 400 185	1 558 744	1 582 721	1 688 890
Inventory: Medicine	1 879 789	2 363 384	2 542 498	2 736 619	2 748 685	2 586 885	3 013 270	3 349 524	3 586 886
Medisas inventory interface	-	-	-	-	-	3	-	-	-
Inventory: Other supplies	-	60 697	53 308	1 500	2 676	30 106	185 289	189 930	197 237
Consumable supplies	550 902	528 892	313 124	521 594	393 739	393 944	425 957	428 867	439 233
Consumable: Stationery, printing and office supplies	247 558	252 421	227 587	262 780	255 136	231 222	239 808	212 181	207 465
Operating leases	334 086	635 960	391 359	410 193	463 214	451 902	510 659	489 611	515 318
Property payments	1 565 658	1 655 274	1 828 463	1 511 742	1 651 954	1 845 150	1 825 902	1 975 660	2 006 584
Transport provided: Departmental activity	140 224	184 102	268 130	317 195	335 821	352 142	416 674	430 066	451 499
Travel and subsistence	764 342	762 310	829 306	705 892	708 729	806 052	828 751	779 733	799 802
Training and development	117 349	190 545	123 043	274 744	357 707	216 122	245 952	323 708	395 513
Operating payments	228 064	200 170	162 762	195 043	199 437	213 312	293 760	280 615	297 136
Venues and facilities	224 528	199 173	201 397	151 721	198 937	205 157	137 157	152 121	155 596
Rental and hiring	548 690	385 044	400 044	598 209	472 916	489 035	455 579	425 412	482 157
Interest and rent on land	1 563	683	6 547	7 768	1 005	3 360	10 232	10 774	11 313
Interest	1 509	626	6 148	7 768	1 005	3 318	10 232	10 774	11 313
Rent on land	54	57	399	-	-	42	-	-	-
Transfers and subsidies to	9 072 353	9 749 034	11 420 033	10 884 317	11 309 878	11 553 157	11 049 595	11 368 459	11 955 060
Provinces and municipalities	1 074 755	1 204 335	1 139 927	1 225 106	1 228 356	1 290 360	1 161 263	1 073 821	1 059 049
Provinces	6 377	10 016	11 408	10 798	14 415	14 245	13 503	14 260	14 911
Provincial Revenue Funds	-	-	-	-	-	-	-	-	-
Provincial agencies and funds	6 377	10 016	11 408	10 798	14 415	14 245	13 503	14 260	14 911
Municipalities	1 068 378	1 194 319	1 128 519	1 214 308	1 213 941	1 276 115	1 147 760	1 059 561	1 044 138
Municipalities	1 033 368	1 175 075	1 117 233	1 213 808	1 210 033	1 272 246	1 146 277	1 059 341	1 043 907
Municipal agencies and funds	35 010	19 244	11 286	500	3 908	3 869	1 483	220	231
Departmental agencies and accounts	1 549 676	1 824 193	1 847 649	1 892 288	1 921 034	1 924 206	2 042 536	2 168 148	2 265 481
Social security funds	512	1	7	134	134	30	101	102	75
Entities receiving funds	1 549 164	1 824 192	1 847 642	1 892 154	1 920 900	1 924 176	2 042 435	2 168 046	2 265 406
Higher education institutions	-	57	501	-	250	266	-	-	-
Foreign governments and international organisations	173	233	221	198	198	255	207	217	228
Public corporations and private enterprises	1 160 670	1 212 552	1 394 552	1 243 730	1 616 316	1 611 595	1 403 882	1 407 125	1 481 531
Public corporations	1 101 034	1 127 946	1 281 717	1 174 535	1 391 181	1 386 511	1 279 609	1 331 191	1 401 801
Subsidies on production	773 473	808 877	914 416	904 783	996 829	996 829	1 058 000	1 121 452	1 188 775
Other transfers	327 561	319 069	367 301	269 752	394 352	389 682	221 609	209 739	213 026
Private enterprises	59 636	84 606	112 835	69 195	225 135	225 084	124 273	75 934	79 730
Subsidies on production	-	-	-	-	-	-	-	-	-
Other transfers	59 636	84 606	112 835	69 195	225 135	225 084	124 273	75 934	79 730
Non-profit institutions	2 332 067	2 489 288	3 325 237	3 121 422	3 068 567	3 051 723	3 101 029	3 158 238	3 304 856
Households	2 955 012	3 018 376	3 711 947	3 401 573	3 475 157	3 674 752	3 340 678	3 560 910	3 843 915
Social benefits	217 390	200 405	249 579	167 783	190 399	286 472	209 324	216 529	227 435
Other transfers to households	2 737 622	2 817 971	3 462 368	3 233 790	3 284 758	3 388 280	3 131 354	3 344 381	3 616 480
Payments for capital assets	7 108 181	8 520 531	8 186 603	8 142 008	7 854 355	7 763 063	7 728 031	7 500 369	7 690 999
Buildings and other fixed structures	5 892 076	7 508 265	7 523 677	7 393 372	7 040 034	7 061 710	6 977 955	6 667 457	6 873 125
Buildings	3 403 658	4 443 817	4 255 783	4 213 458	3 382 754	3 352 207	3 843 545	3 411 226	3 454 728
Other fixed structures	2 488 418	3 064 448	3 267 894	3 179 914	3 657 280	3 709 503	3 134 410	3 256 231	3 418 397
Machinery and equipment	1 159 410	953 270	629 908	730 902	792 551	678 851	729 732	813 373	799 948
Transport equipment	339 298	341 188	237 599	309 582	318 801	289 543	375 424	382 314	364 907
Other machinery and equipment	820 112	612 082	392 309	421 320	473 750	389 308	354 308	431 059	435 041
Heritage assets	1 819	10 794	4 659	5 000	8 080	8 100	4 200	4 462	4 684
Specialised military assets	-	-	-	-	-	-	-	-	-
Biological assets	7 354	9 542	474	586	586	586	606	636	668
Land and sub-soil assets	26 455	7 018	-	-	-	7	-	-	-
Software and other intangible assets	21 067	31 642	27 885	12 148	13 104	13 809	15 538	14 441	12 574
Payments for financial assets	26 265	11 012	38 511	2 500	3 273	4 081	157 598	157 055	139 500
Total	77 588 739	84 543 522	91 539 110	96 080 838	96 626 830	96 412 455	101 876 916	106 796 666	112 684 153
Statutory payments	65 601	67 160	71 095	108 468	86 241	86 241	82 321	85 790	89 230
Total (including statutory payments)	77 654 340	84 610 682	91 610 205	96 189 306	96 713 071	96 498 696	101 961 237	106 882 456	112 773 383
Unauth. Exp. (1st charge) not available for spending	(13 070)	(1 800)	(2 500)	(2 500)	(2 500)	(2 500)	(157 598)	(157 055)	(139 501)
Baseline available for spending after 1st charge	77 641 270	84 608 882	91 607 705	96 186 806	96 710 571	96 496 196	101 803 639	106 725 401	112 633 882

Table 1.C : Information relating to conditional grants

Vote and Grant	2011/12				2012/13				2013/14				Revised estimate 2014/15	Revised estimate 2015/16	Medium-term estimates 2017/18	
	Adjusted appropriation	Actual transfer	Audited expenditure	Adjusted appropriation	Actual transfer	Audited expenditure	Adjusted appropriation	Actual transfer	Audited expenditure	Adjusted appropriation	2014/15	2015/16	2016/17	2017/18		
R thousand																
Vote 3 : Agriculture and Rural Development	234 411	233 935	242 022	267 735	262 968	272 480	287 036	287 036	264 586	319 760	296 760	319 760	308 525	305 377	324 991	
Land Care Programme grant	9 720	9 244	9 015	21 009	16 242	16 046	18 746	18 746	18 746	10 854	10 854	10 854	10 666	11 157	11 812	
Comprehensive Agricultural Support Programme grant	164 691	164 691	164 691	183 726	183 726	183 726	202 522	202 522	202 522	212 632	212 632	212 632	226 161	230 344	245 823	
IlimalaLemsa Projects grant	60 000	60 000	60 000	63 000	63 000	63 000	65 768	65 768	42 768	92 093	69 093	92 093	67 356	63 876	67 356	
EPWP Integrated Grant for Provinces	-	-	8 316	-	-	9 708	-	-	550	4 181	4 181	4 181	2 296	-	-	
Vote 4 : Economic Development, Tourism and Enviro Affairs	8 862	8 862	8 316	10 708	10 708	10 708	1 550	1 550	550	16 827	16 827	16 827	8 162	-	-	
EPWP Integrated Grant for Provinces	8 862	8 862	8 316	10 708	10 708	10 708	1 550	1 550	550	16 827	16 827	16 827	8 162	-	-	
Vote 5 : Education	2 444 033	2 414 520	2 175 520	2 768 122	2 670 487	2 609 393	2 772 852	2 615 744	2 665 918	2 842 071	2 796 382	3 053 116	3 395 026	3 328 443	3 493 536	
Education Infrastructure grant	1 176 966	1 175 966	1 175 966	1 413 001	1 413 001	1 423 000	1 306 421	1 306 421	1 306 421	1 385 781	1 385 781	1 385 781	1 978 683	1 857 648	1 950 530	
HIV and AIDS (Life-Skills Education) grant	45 114	45 114	45 114	46 806	46 806	49 954	48 534	38 907	19 348	81 547	61 988	81 547	50 588	53 066	56 115	
National School Nutrition Programme (NSNP) grant	1 172 082	1 144 368	1 144 368	1 247 477	1 161 644	1 085 489	1 299 705	1 206 190	1 283 939	1 253 300	1 237 534	1 462 576	1 287 034	1 355 247	1 423 009	
FET College Sector grant	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Maths, Science and Technology grant	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Technical Secondary Schools Recapitalisation grant	38 563	36 762	36 762	42 291	40 490	32 976	46 583	42 717	39 030	52 833	45 280	54 656	59 998	62 462	63 882	
Dinaledi Schools grant	12 200	12 320	12 320	17 547	17 546	17 079	18 509	18 509	15 840	21 458	19 568	21 458	-	-	-	
OSD for Education Sector Therapists grant	-	-	-	-	-	-	-	-	-	41 581	41 581	41 581	13 079	-	-	
Social Sector EPWP Incentive Grant for Provinces	-	-	-	-	-	-	-	-	-	2 580	2 580	2 580	3 000	-	-	
EPWP Integrated Grant for Provinces	-	-	-	-	-	-	-	-	-	2 937	2 070	2 937	2 644	-	-	
Vote 7 : Health	4 517 043	4 435 205	4 453 690	5 023 849	5 023 849	5 006 698	5 479 296	5 429 296	5 340 051	6 434 734	6 428 886	6 234 719	6 903 719	7 264 366	7 985 087	
Health Professions Training and Development grant	249 917	249 917	249 917	267 860	261 860	261 860	276 262	276 262	276 262	292 837	292 837	292 837	299 513	312 377	331 942	
Health Facility Revitalisation grant	970 722	906 169	906 169	1 176 452	1 176 452	1 176 514	1 072 531	1 072 531	1 072 529	1 362 469	1 362 469	1 362 469	1 229 775	1 047 521	1 099 898	
National Tertiary Services grant	1 201 831	1 201 831	1 201 831	1 323 114	1 323 114	1 323 114	1 415 731	1 415 731	1 415 731	1 496 427	1 496 427	1 496 427	1 530 246	1 596 266	1 696 266	
Comprehensive HIV and AIDS grant	1 907 312	1 889 427	1 907 312	2 225 423	2 225 423	2 225 423	2 652 072	2 652 072	2 661 997	3 257 992	3 257 992	3 057 992	3 813 094	4 293 066	4 840 949	
Forensic Pathology Services grant	161 560	161 560	161 560	-	-	-	-	-	-	-	-	-	-	-	-	
Social Sector EPWP Incentive Grant for Provinces	25 775	25 775	25 775	-	-	-	-	-	-	2 581	2 581	2 581	13 000	-	-	
EPWP Integrated Grant for Provinces	536	536	536	1 000	1 000	1 000	3 000	3 000	3 000	2 580	2 580	2 580	3 683	-	-	
National Health Insurance grant	-	-	-	33 000	33 000	17 115	9 700	9 700	15 520	19 848	14 000	19 848	14 408	15 066	16 032	
AFCON: Medical Services grant	-	-	-	3 000	3 000	1 672	-	-	-	-	-	-	-	-	-	
Vote 8 : Human Settlements	2 801 547	2 801 547	2 715 215	2 915 297	2 915 297	3 105 048	3 335 584	3 335 584	3 303 243	3 273 045	3 273 045	3 273 045	3 242 055	3 414 957	3 632 106	
Human Settlements Development grant	2 769 871	2 769 871	2 712 854	2 915 297	2 915 297	3 077 411	3 332 584	3 332 584	3 309 243	3 273 045	3 273 045	3 273 045	3 235 475	3 414 957	3 632 106	
Housing Disaster Relief grant	31 140	31 140	2 361	-	-	27 637	-	-	-	-	-	-	-	-	-	
EPWP Integrated Grant for Provinces	536	536	-	-	-	-	3 000	3 000	3 000	-	-	-	6 580	-	-	
Vote 9 : Community Safety and Liaison	-	-	-	1 673	1 673	792	5 369	5 369	3 758	2 580	2 580	2 580	1 000	-	-	
Social Sector EPWP Incentive Grant for Provinces	-	-	-	1 673	1 673	792	5 369	5 369	3 758	2 580	2 580	2 580	1 000	-	-	
Vote 11: Coop. Governance and Traditional Affairs	-	-	-	-	-	-	-	-	-	3 471	3 471	3 471	4 119	-	-	
EPWP Integrated Grant for Provinces	-	-	-	-	-	-	-	-	-	3 471	3 471	3 471	4 119	-	-	
Vote 12 : Transport	2 157 272	2 157 272	2 157 272	2 373 740	2 373 740	2 394 259	2 464 340	2 464 340	2 526 431	2 752 384	2 752 384	2 844 430	2 759 623	2 815 406	3 008 345	
Transport/Disaster Management grant	29 726	29 726	29 726	-	-	-	-	-	-	-	-	-	-	-	-	
Public Transport Operations grant	773 473	773 473	773 473	808 279	808 279	808 877	852 325	852 325	914 416	904 783	904 783	996 829	924 766	964 241	1 024 634	
EPWP Integrated Grant for Provinces	117 415	117 415	117 415	64 290	64 290	84 211	88 487	88 487	88 487	59 443	59 443	59 443	55 602	-	-	
Provincial Roads Maintenance grant	1 236 648	1 236 648	1 236 648	1 501 171	1 501 171	1 501 171	1 523 528	1 523 528	1 788 158	1 779 258	1 788 158	1 788 158	1 779 258	1 851 165	1 983 711	
Vote 13 : Social Development	4 494	3 821	3 821	674	-	674	14 610	14 610	14 610	5 746	5 746	5 746	3 000	-	-	
Social Sector EPWP Incentive Grant for Provinces	4 494	3 821	3 821	674	-	674	14 610	14 610	14 610	5 746	5 746	5 746	3 000	-	-	
EPWP Integrated Grant for Provinces	-	-	-	-	-	-	-	-	-	2 000	2 000	2 000	3 000	-	-	
Vote 14 : Public Works	507 941	465 546	494 163	552 608	552 608	407 735	3 000	3 000	3 000	3 168	3 168	3 168	3 057	-	-	
Devolution of Property Rate Funds Grant	505 880	463 585	489 480	551 700	551 700	402 443	-	-	-	-	-	-	-	-	-	
EPWP Integrated Grant for Provinces	1 961	1 961	-	1 508	1 508	5 252	3 000	3 000	3 000	3 168	3 168	3 168	3 057	-	-	
Vote 15 : Arts and Culture	48 971	48 971	49 444	49 166	48 619	49 180	63 695	63 695	64 472	124 856	124 856	124 856	159 696	164 273	176 737	
Community Library Services grant	48 971	48 971	49 444	48 619	48 619	48 633	63 145	63 145	63 145	122 754	122 754	122 754	157 696	164 273	176 737	
EPWP Integrated Grant for Provinces	-	-	-	547	-	547	550	550	1 032	2 102	2 102	2 102	2 000	-	-	
Vote 16 : Sport and Recreation	87 694	87 694	87 694	91 122	91 548	91 548	84 760	84 760	84 760	95 595	95 595	95 595	92 693	91 254	96 730	
Mass Participation and Sport Development grant	87 694	87 694	87 694	91 122	90 548	90 548	79 883	79 883	79 883	85 435	85 435	85 435	89 191	91 254	96 730	
EPWP Integrated Grant for Provinces	-	-	-	-	1 000	1 000	550	550	550	2 102	2 102	2 102	2 000	-	-	
Social Sector EPWP Incentive Grant for Provinces	-	-	-	-	-	-	4 327	4 327	4 327	8 058	8 058	8 058	1 502	-	-	
Total conditional grants	12 812 160	12 657 363	12 685 557	14 054 694	13 951 497	13 948 515	14 412 092	14 308 984	14 372 379	15 874 163	15 799 700	15 977 328	16 880 675	17 384 076	18 717 532	

Table 1.D : Summary of provincial infrastructure payments and estimates by category and Vote

R thousand	Audited Outcome			Main appropriation	Adjusted appropriation	Revised estimate	Medium-term estimates		
	2011/12	2012/13	2013/14	2014/15			2015/16	2016/17	2017/18
Maintenance and repair: Current									
Vote 1: Office of the Premier	1 530	3 528	-	-	-	-	-	-	-
Vote 2: Provincial Legislature	1 376	1 943	7 157	3 872	3 872	3 872	4 050	4 095	4 170
Vote 3: Agriculture and Rural Development	13 725	21 639	22 829	24 199	24 199	24 199	25 312	26 654	28 067
Vote 4: Economic Dev, Tourism and Enviro Affairs	-	-	-	-	-	-	-	-	-
Vote 5: Education	100 346	253 554	194 530	149 412	149 412	137 221	214 383	229 299	232 900
Vote 6: Provincial Treasury	-	-	-	-	-	-	-	-	-
Vote 7: Health	423 950	439 636	325 401	232 193	303 190	353 223	363 758	337 441	287 006
Vote 8: Human Settlements	-	-	-	10 051	-	-	-	-	-
Vote 9: Community Safety and Liaison	-	-	-	-	-	-	-	-	-
Vote 10: Royal Household (moved to OTP)	-	-	-	-	-	-	-	-	-
Vote 11: COGTA	-	-	-	-	-	-	-	-	-
Vote 12: Transport	2 388 729	2 666 236	2 709 259	3 759 593	3 114 089	3 028 287	3 564 126	3 699 845	3 956 093
Vote 13: Social Development	5 068	16 139	21 655	16 307	16 307	16 307	17 057	17 961	18 859
Vote 14: Public Works	8 924	11 113	9 370	8 100	10 558	11 047	6 000	6 300	4 400
Vote 15: Arts and Culture	-	-	-	-	-	-	-	-	-
Vote 16: Sport and Recreation	1 745	157	-	-	-	-	-	-	-
Sub-total: Maintenance and repair: Current	2 945 393	3 413 945	3 290 201	4 203 727	3 621 627	3 574 156	4 194 686	4 321 595	4 531 495
Upgrades and additions: Capital									
Vote 1: Office of the Premier	-	-	-	-	-	-	-	-	-
Vote 2: Provincial Legislature	138	2 853	4 181	813	813	1 680	850	895	940
Vote 3: Agriculture and Rural Development	-	-	-	-	-	-	-	-	-
Vote 4: Economic Dev, Tourism and Enviro Affairs	-	-	-	-	-	-	-	-	-
Vote 5: Education	703 834	987 291	1 297 566	795 334	235 334	495 334	854 838	680 490	713 336
Vote 6: Provincial Treasury	-	-	-	-	-	-	-	-	-
Vote 7: Health	399 883	1 015 627	840 089	758 765	709 245	684 533	402 569	205 937	224 412
Vote 8: Human Settlements	-	-	-	-	-	-	-	-	-
Vote 9: Community Safety and Liaison	-	-	-	-	-	-	-	-	-
Vote 10: Royal Household (moved to OTP)	-	-	-	-	-	-	-	-	-
Vote 11: COGTA	-	-	-	-	-	-	-	-	-
Vote 12: Transport	1 390 547	1 738 910	1 846 882	1 704 282	2 326 145	2 403 061	1 635 559	1 727 288	1 813 652
Vote 13: Social Development	10 115	8 861	37 327	12 878	12 878	12 878	13 781	14 746	15 483
Vote 14: Public Works	11 691	52 057	51 467	52 930	52 533	53 506	31 937	35 623	42 856
Vote 15: Arts and Culture	1 422	9 438	11 288	15 800	11 174	11 174	9 500	13 000	19 700
Vote 16: Sport and Recreation	-	-	-	-	-	-	-	-	-
Sub-total: Upgrading and additions: Capital	2 517 630	3 815 037	4 088 800	3 340 802	3 348 122	3 662 166	2 949 034	2 677 979	2 830 379
Refurbishment and rehabilitation: Capital									
Vote 1: Office of the Premier	2 527	12 743	24 272	1 063	9 560	9 560	4 666	3 543	2 916
Vote 2: Provincial Legislature	-	-	-	-	-	-	-	-	-
Vote 3: Agriculture and Rural Development	53 070	59 978	65 272	81 206	70 406	70 406	75 413	72 290	75 164
Vote 4: Economic Dev, Tourism and Enviro Affairs	-	-	-	-	-	-	-	-	-
Vote 5: Education	668 822	444 754	412 699	588 772	288 772	354 934	982 776	953 322	802 514
Vote 6: Provincial Treasury	-	-	-	-	-	-	-	-	-
Vote 7: Health	105 042	220 027	315 337	168 795	261 000	273 454	158 958	237 980	154 830
Vote 8: Human Settlements	-	-	-	40 465	-	-	-	-	-
Vote 9: Community Safety and Liaison	-	-	-	-	-	-	-	-	-
Vote 10: Royal Household (moved to OTP)	-	-	-	-	-	-	-	-	-
Vote 11: COGTA	12 843	5 955	13 560	12 173	8 490	8 490	11 431	21 596	22 674
Vote 12: Transport	592 325	736 296	798 697	886 660	686 865	729 254	981 867	1 000 946	1 050 993
Vote 13: Social Development	7 178	15 974	16 873	-	12 821	12 821	20 000	23 000	22 932
Vote 14: Public Works	11 372	11 442	19 012	10 582	11 623	18 063	16 043	16 551	15 212
Vote 15: Arts and Culture	10 083	4 963	5 165	-	4 626	4 626	1 279	-	-
Vote 16: Sport and Recreation	-	-	-	-	-	-	-	-	-
Sub-total: Refurbishment and rehabilitation: Capital	1 463 262	1 512 132	1 670 887	1 789 716	1 354 163	1 481 608	2 252 433	2 329 228	2 147 235

Table 1.D : Summary of provincial infrastructure payments and estimates by category and Vote (continued)

R thousand	Audited Outcome			Main appropriation	Adjusted appropriation	Revised estimate	Medium-term estimates		
	2011/12	2012/13	2013/14	2014/15			2015/16	2016/17	2017/18
New infrastructure assets: Capital									
Vote 1: Office of the Premier	-	-	-	15 697	15 000	15 000	14 963	15 756	17 348
Vote 2: Provincial Legislature	-	-	-	-	-	-	-	-	-
Vote 3: Agriculture and Rural Development	43 553	95 105	68 192	59 481	50 981	50 981	40 031	49 461	51 127
Vote 4: Economic Dev, Tourism and Enviro Affairs	-	-	-	-	-	28	-	-	-
Vote 5: Education	723 791	1 031 326	648 989	1 188 830	1 188 830	875 436	452 038	387 118	406 405
Vote 6: Provincial Treasury	-	-	-	-	-	-	-	-	-
Vote 7: Health	856 919	654 434	475 909	382 023	359 420	345 431	578 921	580 863	761 434
Vote 8: Human Settlements	11 022	1 009	6 799	64 670	64 459	64 459	12 500	-	-
Vote 9: Community Safety and Liaison	-	-	312	-	-	-	-	-	-
Vote 10: Royal Household (moved to OTP)	-	-	-	-	-	-	-	-	-
Vote 11: COGTA	3 782	18 270	25 509	47 730	76 662	71 662	66 800	42 000	45 700
Vote 12: Transport	392 051	426 008	451 092	356 343	425 352	373 242	368 517	388 048	407 451
Vote 13: Social Development	122 616	132 572	127 884	93 127	93 127	93 212	102 100	98 008	110 072
Vote 14: Public Works	19 606	13 387	4 294	15 422	34 392	22 892	23 393	14 144	8 157
Vote 15: Arts and Culture	34 576	21 059	26 372	61 162	53 157	53 157	77 700	62 452	63 798
Vote 16: Sport and Recreation	10 940	15 078	29 001	38 178	36 178	36 178	36 314	32 400	34 020
Sub-total: New infrastructure assets: Capital	2 218 856	2 408 248	1 864 353	2 322 663	2 397 558	2 001 678	1 773 278	1 670 250	1 905 512
Infrastructure transfers: Current									
Vote 1: Office of the Premier	-	-	-	-	-	-	-	-	-
Vote 2: Provincial Legislature	-	-	-	-	-	-	-	-	-
Vote 3: Agriculture and Rural Development	8 259	-	-	-	-	-	-	-	-
Vote 4: Economic Dev, Tourism and Enviro Affairs	-	-	-	-	-	-	-	-	-
Vote 5: Education	-	-	-	-	-	-	-	-	-
Vote 6: Provincial Treasury	-	-	-	-	-	-	-	-	-
Vote 7: Health	-	-	22	-	-	-	-	-	-
Vote 8: Human Settlements	-	-	-	50 881	-	-	-	-	-
Vote 9: Community Safety and Liaison	-	-	-	-	-	-	-	-	-
Vote 10: Royal Household (moved to OTP)	-	-	-	-	-	-	-	-	-
Vote 11: Co-operative Governance and Traditional Affa	-	-	-	-	-	-	-	-	-
Vote 12: Transport	-	-	-	-	-	-	-	-	-
Vote 13: Social Development	-	-	-	-	-	-	-	-	-
Vote 14: Public Works	-	-	-	-	-	-	-	-	-
Vote 15: Arts and Culture	-	-	-	-	-	-	-	-	-
Vote 16: Sport and Recreation	3 300	4 950	3 300	3 300	3 300	3 300	1 650	1 650	1 650
Sub-total: Infrastructure transfers: Current	11 559	4 950	3 322	54 181	3 300	3 300	1 650	1 650	1 650
Infrastructure transfers: Capital									
Vote 1: Office of the Premier	-	-	-	-	-	-	-	-	-
Vote 2: Provincial Legislature	-	-	-	-	-	-	-	-	-
Vote 3: Agriculture and Rural Development	-	-	6 000	-	2 000	2 000	-	-	-
Vote 4: Economic Dev, Tourism and Enviro Affairs	470 529	415 613	559 655	655 747	540 747	540 747	660 015	652 876	685 519
Vote 5: Education	-	-	-	-	-	-	-	-	-
Vote 6: Provincial Treasury	31 264	28 012	21 085	13 500	31 883	31 883	10 062	-	-
Vote 7: Health	10 000	20 000	20 000	-	-	-	-	-	-
Vote 8: Human Settlements	-	115 000	40 384	36 689	44 261	44 261	148 400	110 820	53 869
Vote 9: Community Safety and Liaison	-	-	-	-	-	-	-	-	-
Vote 10: Royal Household (moved to OTP)	-	-	-	-	-	-	-	-	-
Vote 11: COGTA	6 000	-	-	-	-	-	-	-	-
Vote 12: Transport	-	-	-	-	-	-	-	-	-
Vote 13: Social Development	35 000	-	-	-	-	-	-	-	-
Vote 14: Public Works	-	-	-	-	-	-	-	-	-
Vote 15: Arts and Culture	6 409	18 176	-	17 050	1 300	1 300	30 000	30 000	30 250
Vote 16: Sport and Recreation	14 924	13 650	18 165	48 900	18 900	18 900	40 000	10 000	10 000
Sub-total: Infrastructure transfers: Capital	574 126	610 451	665 289	771 886	639 091	639 091	888 477	803 696	779 638
Total	9 730 826	11 764 763	11 582 852	12 482 976	11 363 862	11 362 000	12 059 557	11 804 398	12 195 909

Table 1.E : Summary of transfers to municipalities

R thousand	Audited Outcome			Main	Adjusted	Revised	Medium-term Estimates		
	2011/12	2012/13	2013/14	Appropriation	Appropriation	Estimate	2015/16	2016/17	2017/18
				2014/15					
A KZN2000 eThekweni	350 695	384 547	499 868	648 506	534 335	560 462	634 799	591 192	559 857
Total: Ugu Municipalities	43 261	52 507	62 312	40 966	43 261	35 608	52 921	41 140	42 071
B KZN211 Vulamehlo	2 365	2 114	2 076	1 472	1 472	4	9 714	1 748	1 783
B KZN212 Umdoni	13 289	5 387	5 025	5 052	5 002	5 881	6 315	6 604	6 894
B KZN213 Umzumbe	2 580	1 932	2 752	4 350	7 825	6 228	11 894	3 819	3 895
B KZN214 uMuziwabantu	3 693	8 228	11 515	2 983	2 983	815	5 067	5 322	5 589
B KZN215 Ezingolweni	438	1 209	2 566	932	1 806	1 688	962	1 007	1 054
B KZN216 Hibiscus Coast	11 291	20 207	16 447	12 867	19 863	16 682	18 719	22 240	22 856
C DC21 Ugu District Municipality	9 605	13 430	21 931	13 310	4 310	4 310	250	400	-
Total: uMgungundlovu Municipalities	134 385	145 812	197 392	162 062	163 594	175 000	122 641	129 552	135 704
B KZN221 uMshwathi	9 100	5 978	7 303	11 022	11 022	86 578	17 560	18 607	19 715
B KZN222 uMngeni	10 468	12 529	25 001	14 493	29 423	22 351	10 492	11 027	11 578
B KZN223 Mpofana	2 746	1 373	1 259	1 961	1 813	1 012	1 199	1 260	1 319
B KZN224 Impendle	11 818	6 044	10 661	826	826	666	986	1 037	1 089
B KZN225 Msunduzi	72 844	92 390	117 208	99 799	111 664	51 562	89 697	94 815	99 497
B KZN226 Mkhambathini	2 161	977	1 244	1 493	1 478	5 081	1 374	1 426	1 479
B KZN227 Richmond	221	2 610	9 820	3 114	1 014	1 396	1 083	980	1 027
C DC22 uMgungundlovu District Municipality	25 027	23 911	24 896	29 354	6 354	6 354	250	400	-
Total: Uthukela Municipalities	82 180	97 607	66 339	39 499	52 388	64 148	52 582	57 312	58 697
B KZN232 Emnambithi/Ladysmith	36 352	34 194	36 018	20 589	21 769	22 435	23 704	26 180	27 408
B KZN233 Indaka	1 696	1 313	1 815	2 277	1 981	2 186	2 473	2 547	2 623
B KZN234 Umtshezi	13 769	15 821	14 470	6 742	9 837	18 241	16 117	16 932	17 781
B KZN235 Okhahlamba	4 672	14 452	12 076	2 021	16 531	17 425	6 116	6 424	6 748
B KZN236 Imbabazane	1 631	2 093	1 960	2 020	2 020	3 611	3 922	4 029	4 137
C DC23 Uthukela District Municipality	24 060	29 734	-	5 850	250	250	250	1 200	-
Total: Umzinyathi Municipalities	51 431	46 537	33 071	37 345	45 729	49 222	60 154	35 425	36 444
B KZN241 Endumeni	10 923	9 811	12 401	13 055	13 159	11 930	21 214	11 862	12 538
B KZN242 Nquthu	13 987	9 593	10 832	8 896	13 409	14 400	18 459	10 717	10 979
B KZN244 Msinga	7 339	4 241	4 271	3 442	3 442	5 311	5 413	5 546	5 682
B KZN245 Umvoti	6 650	6 487	5 088	4 402	9 469	11 331	14 568	6 900	7 245
C DC24 Umzinyathi District Municipality	12 532	16 405	479	7 550	6 250	6 250	500	400	-
Total: Amajuba Municipalities	26 586	79 205	19 719	29 977	59 604	64 168	24 039	24 769	25 269
B KZN252 Newcastle	20 216	31 159	14 119	15 225	20 127	20 883	15 450	15 848	16 405
B KZN253 eMahlangueni	1 720	2 340	3 855	2 043	3 768	4 863	3 603	3 546	3 640
B KZN254 Dannhauser	1 235	26 787	1 745	1 709	34 709	37 422	4 736	4 975	5 224
C DC25 Amajuba District Municipality	3 415	18 919	-	11 000	1 000	1 000	250	400	-
Total: Zululand Municipalities	73 686	95 943	50 865	42 264	56 600	73 641	46 070	48 373	51 616
B KZN261 eDumbe	4 375	5 331	3 370	5 427	12 427	10 052	4 352	4 321	4 441
B KZN262 uPhongolo	7 017	15 438	7 909	4 405	9 924	11 352	4 655	4 792	4 929
B KZN263 Abaqulusi	15 982	21 161	20 178	10 101	16 928	20 793	9 595	10 085	10 591
B KZN265 Nongoma	604	3 976	4 310	3 811	3 811	6 452	5 973	6 274	6 588
B KZN266 Ulundi	12 623	9 684	12 863	11 541	11 531	23 013	19 430	20 590	23 060
C DC26 Zululand District Municipality	33 085	40 353	2 235	6 979	1 979	1 979	2 065	2 311	2 007
Total: Umkhanyakude Municipalities	38 729	88 135	26 827	20 200	20 305	33 161	31 452	31 896	32 670
B KZN271 Umhlabyalingana	6 986	8 392	10 403	8 096	7 697	12 930	11 838	12 435	13 056
B KZN272 Jozini	3 314	8 255	4 934	2 984	3 110	7 343	6 562	6 726	6 893
B KZN273 The Big Five False Bay	2 945	1 797	2 547	1 620	1 620	2 510	2 777	2 855	2 934
B KZN274 Hlabisa	2 683	2 549	3 163	1 950	2 601	1 940	4 147	4 263	4 380
B KZN275 Mtubatuba	4 396	3 694	4 780	5 300	5 027	7 188	5 028	5 217	5 407
C DC27 Umkhanyakude District Municipality	18 405	63 448	1 000	250	250	1 250	1 100	400	-
Total: uThungulu Municipalities	82 212	95 458	85 293	98 101	68 688	65 446	39 596	41 178	42 551
B KZN281 Mbonambi	7 837	3 602	3 832	6 522	6 516	5 516	1 243	1 291	1 341
B KZN282 uMhlathuze	19 242	51 164	42 622	64 146	44 343	34 760	19 234	20 167	21 127
B KZN283 Ntambanana	1 915	4 049	3 509	3 426	2 886	2 880	1 713	1 618	1 674
B KZN284 Umlalazi	13 603	6 182	6 128	7 661	7 297	9 624	7 310	7 438	7 711
B KZN285 Mthonjaneni	17 427	18 019	2 864	3 161	3 161	3 118	3 348	3 439	3 531
B KZN286 Nkandla	12 342	3 542	4 588	2 485	2 485	7 548	6 498	6 825	7 167
C DC28 uThungulu District Municipality	9 846	8 900	21 750	10 700	2 000	2 000	250	400	-
Total: Ilembe Municipalities	69 117	60 874	41 322	55 682	69 573	63 041	36 374	28 092	28 422
B KZN291 Mandeni	11 459	8 707	19 238	4 583	5 183	4 551	10 842	2 825	2 961
B KZN292 KwaDukuza	16 080	23 449	11 899	11 850	22 716	21 821	14 866	14 219	14 574
B KZN293 Ndwedwe	3 506	6 005	2 679	10 116	18 716	18 969	2 096	2 162	2 231
B KZN294 Maphumulo	18 567	3 672	7 006	8 502	12 027	6 769	8 320	8 486	8 656
C DC29 Ilembe District Municipality	19 505	19 041	500	20 631	10 931	10 931	250	400	-
Total: Harry Gwala Municipalities	81 086	67 562	60 487	38 656	98 814	91 196	45 839	17 702	17 896
B KZN431 Ingwe	11 681	3 045	3 841	2 142	3 667	7 656	10 990	3 442	3 544
B KZN432 Kwa Sani	10 723	770	1 127	1 265	1 265	825	1 649	1 552	1 607
B KZN433 Greater Kokstad	15 359	9 493	19 946	18 129	44 512	36 816	12 682	2 574	2 678
B KZN434 Ubuhlebezwe	8 507	18 374	15 731	1 346	31 596	31 690	14 676	4 838	4 958
B KZN435 Umzimkulu	6 280	11 280	16 842	4 524	17 024	13 459	4 742	4 896	5 109
C DC43 Harry Gwala District Municipality	28 536	24 600	3 000	11 250	750	750	1 100	400	-
Unallocated/unclassified	-	132	24	1 050	1 050	1 018	1 293	12 930	12 941
Total	1 033 368	1 214 319	1 143 519	1 214 308	1 213 941	1 276 111	1 147 760	1 059 561	1 044 138

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

R thousand	Audited Outcome			Main appropriation	Adjusted appropriation 2014/15	Revised estimate	Medium-term estimates		
	2011/12	2012/13	2013/14				2015/16	2016/17	2017/18
General Public Services									
Executive and Legislature	571 852	648 256	716 855	739 009	745 143	744 188	747 588	772 951	810 981
Office of the Premier	35 268	34 619	58 532	39 404	55 148	55 148	43 906	46 520	48 846
Provincial Legislature	536 584	613 637	658 323	699 605	689 995	689 040	703 682	726 431	762 135
Financial and Fiscal Services	354 962	496 736	558 928	663 393	636 243	598 315	648 224	661 897	666 642
Provincial Treasury	354 962	496 736	558 928	663 393	636 243	598 315	648 224	661 897	666 642
General Services (Public Works, Local Government)	2 922 452	3 295 884	3 361 680	3 603 427	3 739 984	3 740 158	3 665 044	3 801 061	3 989 902
Total: General Public Services	3 849 266	4 440 876	4 637 463	5 005 829	5 121 370	5 082 661	5 060 856	5 235 909	5 467 525
Public Order and Safety									
Police Services	145 239	135 892	171 922	181 295	179 692	179 692	187 069	198 470	200 285
Community Safety and Liaison	145 239	135 892	171 922	181 295	179 692	179 692	187 069	198 470	200 285
Total: Public Order and Safety	145 239	135 892	171 922	181 295	179 692	179 692	187 069	198 470	200 285
Economic Affairs									
General Economic Affairs	1 521 912	1 622 126	2 498 135	2 104 154	2 097 188	2 096 189	2 050 627	2 089 781	2 173 151
Economic Dev, Tourism and Enviro Affairs	1 484 191	1 583 809	2 457 080	1 917 844	2 050 495	2 050 874	2 016 468	2 075 255	2 164 199
Provincial Treasury	37 721	38 317	41 055	186 310	46 693	45 315	34 159	14 526	8 952
Agriculture	1 670 652	1 963 311	1 855 569	1 965 497	2 002 317	2 002 317	2 074 515	2 154 802	2 266 529
Agriculture and Rural Development	1 670 652	1 963 311	1 855 569	1 965 497	2 002 317	2 002 317	2 074 515	2 154 802	2 266 529
Transport	6 435 372	7 399 651	7 797 883	8 805 971	8 797 071	8 797 071	9 045 226	9 430 576	9 959 736
Transport	6 435 372	7 399 651	7 797 883	8 805 971	8 797 071	8 797 071	9 045 226	9 430 576	9 959 736
Total: Economic Affairs	9 627 936	10 985 088	12 151 587	12 875 622	12 896 576	12 895 577	13 170 368	13 675 159	14 399 416
Environmental Protection									
Environmental Affairs and Conservation	718 412	814 595	823 604	937 029	934 535	934 535	923 847	973 673	1 022 355
Total: Environmental Protection	718 412	814 595	823 604	937 029	934 535	934 535	923 847	973 673	1 022 355
Housing and Community Amenities									
Housing Development	3 042 495	3 377 771	3 617 002	3 600 282	3 622 443	3 622 443	3 584 685	3 776 080	4 011 284
Human Settlements	3 042 495	3 377 771	3 617 002	3 600 282	3 622 443	3 622 443	3 584 685	3 776 080	4 011 284
Total: Housing and Community Amenities	3 042 495	3 377 771	3 617 002	3 600 282	3 622 443	3 622 443	3 584 685	3 776 080	4 011 284
Health									
Outpatient services	6 437 561	7 493 523	8 412 477	9 287 290	9 344 001	9 266 564	10 287 614	10 923 728	11 826 246
Hospital Services	17 477 511	18 974 703	20 102 571	20 556 008	20 704 599	20 585 594	21 620 733	22 663 367	23 834 503
Total: Health	23 915 072	26 468 226	28 515 048	29 843 298	30 048 600	29 852 158	31 908 347	33 587 095	35 660 749
Recreation, Culture and Religion									
Sporting and Recreational Affairs									
Sport and Recreation	307 836	367 751	414 968	456 379	455 571	455 571	454 389	440 571	463 512
Arts and Culture	359 530	468 001	684 161	692 791	714 581	714 581	768 789	803 362	877 441
Office of the Premier	24 057	26 460	29 095	32 013	35 149	35 149	34 977	34 916	36 662
Total: Recreation, Culture and Religion	691 423	862 212	1 128 224	1 181 183	1 205 301	1 205 301	1 258 155	1 278 849	1 377 615
Education									
Pre-primary & Primary Phases	15 781 155	16 207 410	17 505 623	18 820 294	19 299 094	19 148 094	21 049 647	22 253 110	23 566 125
Secondary Education Phase	10 275 287	11 306 413	12 200 791	12 554 718	12 873 918	12 762 909	13 141 770	13 887 202	14 741 741
Subsidiary Services to Education	5 943 260	6 226 083	6 497 784	6 598 685	5 916 696	6 183 066	6 898 389	6 955 186	6 999 475
Education not defined by level	1 745 678	1 814 401	2 044 704	2 109 197	2 141 164	2 154 829	2 164 441	2 311 660	2 439 246
Total: Education	33 745 380	35 554 307	38 248 902	40 082 894	40 230 872	40 248 898	43 254 247	45 407 158	47 746 587
Social protection									
Social Services and Population Development	1 919 117	1 971 715	2 316 453	2 481 874	2 473 682	2 477 431	2 613 663	2 750 063	2 887 567
Total: Social protection	1 919 117	1 971 715	2 316 453	2 481 874	2 473 682	2 477 431	2 613 663	2 750 063	2 887 567
Total provincial payments and estimates by functional area	77 654 340	84 610 682	91 610 205	96 189 306	96 713 071	96 498 696	101 961 237	106 882 456	112 773 383

Overview of Provincial Revenue and Expenditure

Table 1.F(b) : Details of function

Function	Category	Department	Programme
General Public Services	Legislative	Office of the Premier Provincial Legislature	Administration Administration Parliamentary Business Members Remuneration Office of the MEC
		All departments	
	General Services	Office of the Premier	Administration Institutional Development Policy and Governance
		Transport Public Works	Administration 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
Public Order & Safety	Financial & Fiscal Services	Provincial Treasury	Administration Fiscal Resource Management Financial Management Internal Audit
	Police Services	Community Safety & Liaison	Administration Civilian Oversight
	Economic Affairs	Economic Dev, Tourism and Enviro Affairs	Administration Integrated Econ Dev Services Trade and Sector Development Business Regulation and Governance Economic Planning Growth and Development
Economic Affairs	Agriculture	Provincial Treasury Agriculture and Rural Development	Administration Agriculture Rural Development
	Transport	Transport	Transport Infrastructure Transport Operations Transport Regulations Community Based Programme
	Environmental Protection	Economic Dev, Tourism and Enviro Affairs	Environmental Affairs
Housing & Community Amenities	Housing Development	Human Settlements	Administration Housing Needs, Research and Planning Housing Development Housing Asset Management, Property Mgt.
	Health	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
	Education	Office of the Premier	Institutional Development
		Education	Public Ordinary School Education Early Childhood Development
	Secondary Education Phase	Education	Public Ordinary School Education
Education	Education Services not defined by level	Education	Public Special School Education Independent School Subsidies
			Agriculture (Structured Agric Training) Health Sciences and Training
	Subsidiary services to education	Agriculture and Rural Development Health	Administration Public Ordinary School Education Public Special School Education Early Childhood Development Infrastructure Development Examination and Education Related Services
	Subsidiary services to education	Education	Administration Public Ordinary School Education Public Special School Education Early Childhood Development Infrastructure Development Examination and Education Related Services
Social Protection	Social Security Services	Social Development	Administration Social Welfare Services Children and Families Restorative Services Development and Research
	Social Services and Population Development	Social Development	Administration Social Welfare Services Children and Families Restorative Services Development and Research
	Social Services and Population Development	Social Development	Administration Social Welfare Services Children and Families Restorative Services Development and Research

Table 1.G : Donor funding and agency receipts

Name of Donor Organisation	Audited Outcome			Main Appropriation	Adjusted Appropriation	Revised Estimate	Medium-term Estimates		
	2011/12	2012/13	2013/14				2015/16	2016/17	2017/18
R thousand									
Donor funding	19 346	26 768	30 874	73 860	72 544	79 766	53 410	45 650	-
Office of the Premier	9 066	24 079	24 079	26 829	26 829	34 553	12 894	6 450	-
National Skills Fund	8 991	16 079	16 079	16 079	16 079	23 803	6 444	-	-
MERSETA	-	8 000	8 000	10 750	10 750	10 750	6 450	6 450	-
PSETA	75	-	-	-	-	-	-	-	-
Agriculture and Rural Development	1 315	1 805	2 291	2 984	2 984	2 482	-	-	-
World Health Organisation (Rabies project)	1 315	1 805	2 291	2 984	2 984	2 482	-	-	-
Education	4 616	-	-	-	-	-	-	-	-
Royal Netherlands Embassy	4 616	-	-	-	-	-	-	-	-
Provincial Treasury	-	-	-	41 600	41 600	41 600	39 200	39 200	-
KwaZulu-Natal Science Parks	-	-	-	41 600	41 600	41 600	39 200	39 200	-
Health	4 231	884	3 677	331	331	331	-	-	-
Aspen	3 500	-	-	-	-	-	-	-	-
Comrades Marathon	10	-	-	-	-	-	-	-	-
Conforth Investments	151	-	-	-	-	-	-	-	-
European Union	-	-	2 000	-	-	-	-	-	-
HWSETA Learnership - Bethesda Sub-Campus	121	-	-	-	-	-	-	-	-
HWSETA Learnership - Edendale Campus	-	126	-	-	-	-	-	-	-
HWSETA Learnership - Head Office	-	199	-	-	-	-	-	-	-
HWSETA Learnership - King Edward VIII Sub-Campus	126	262	-	-	-	-	-	-	-
HWSETA Learnership - Mosvold	-	-	-	-	-	-	-	-	-
HWSETA Learnership - Ngwelezane	-	-	158	-	-	-	-	-	-
HWSETA Learnership - Nkandla	-	105	-	-	-	-	-	-	-
HWSETA Learnership - Pharmacy	-	-	28	-	-	-	-	-	-
HWSETA Learnership - Prince Mshiyeni Hospital	-	-	-	-	-	-	-	-	-
HWSETA Learnership - St Aidan's	323	-	-	-	-	-	-	-	-
HWSETA Learnership - Social & Aux	-	137	-	-	-	-	-	-	-
HWSETA Learnership - Unemployed Graduates	-	-	-	-	-	-	-	-	-
HWSETA	-	-	1 266	331	331	331	-	-	-
Impumumelelo Trust Innovation	-	-	-	-	-	-	-	-	-
MRI Novartis Training	-	55	-	-	-	-	-	-	-
PSETA Learnership - Church of Scotland, Ekombe and Nkandla Hospitals	-	-	225	-	-	-	-	-	-
Co-operative Governance and Traditional Affairs	118	-	827	2 116	800	800	1 316	-	-
Development Bank of SA	118	-	452	-	-	-	-	-	-
Dept. of Prov. and Local Govt (DPLG)	-	-	375	2 116	800	800	1 316	-	-
Agency receipt	8 517	7 585	-	8 500	8 500	1 264	3 792	2 528	-
Transport	8 517	7 585	-	8 500	8 500	1 264	3 792	2 528	-
South African Road Agency Limited (SANRAL)	8 517	7 585	-	8 500	8 500	1 264	3 792	2 528	-
Total	27 863	34 353	30 874	82 360	81 044	81 030	57 202	48 178	-

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

Municipality	Vote 4			Vote 6			Vote 7	Vote 8			Vote 11			Vote 14	Vote 15					Vote 16		Total
	4.1	6.1	6.2	6.3	6.1	6.2		7.1	8.1	8.2	11.1	11.2	11.3		14.1	15.1	15.2	15.3	15.4	16.1	16.2	
eThekweni Ugu Municipalities	-	-	-	-	-	-	105 000	100 000	18 228	16 000	250	-	221 809	4 390	119 622	35 750	-	30 000	-	634 799		
	-	-	-	-	-	-	-	-	7 086	8 000	-	-	14 961	-	12 331	1 826	-	-	150	52 921		
	-	-	-	-	-	-	-	-	-	-	-	-	1 714	-	-	-	-	-	-	9 714		
	-	-	-	-	-	-	-	-	-	-	-	-	1 376	-	4 429	510	-	-	-	6 315		
	-	-	-	-	-	-	-	-	-	8 000	-	-	3 744	-	-	-	-	-	150	11 894		
	-	-	-	-	-	-	-	-	-	-	-	-	4 344	-	553	170	-	-	-	5 067		
	-	-	-	-	-	-	-	-	-	-	-	-	239	-	553	170	-	-	-	962		
	-	-	-	-	-	-	-	-	7 086	-	-	250	3 544	317	6 796	976	-	-	-	18 719		
	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	250		
	-	-	-	-	-	-	-	-	8 715	-	250	-	82 080	712	28 971	1 763	-	-	150	122 641		
uMgungundlovu Municipalities	-	-	-	-	-	-	-	-	-	-	-	-	16 683	-	707	170	-	-	-	17 560		
	-	-	-	-	-	-	-	-	-	-	-	-	7 350	166	2 636	340	-	-	-	10 492		
	-	-	-	-	-	-	-	-	-	-	-	-	105	166	758	170	-	-	-	1 199		
	-	-	-	-	-	-	-	-	-	-	-	-	263	-	553	170	-	-	-	986		
	-	-	-	-	-	-	-	-	8 715	-	-	-	56 993	380	23 057	552	-	-	-	89 697		
	-	-	-	-	-	-	-	-	-	-	-	-	630	-	553	191	-	-	-	1 374		
	-	-	-	-	-	-	-	-	-	-	-	-	56	-	707	170	-	-	150	1 083		
	-	-	-	-	-	-	-	-	-	-	250	-	-	-	-	-	-	-	-	250		
	-	-	-	-	-	-	-	-	3 696	-	250	-	39 130	649	7 434	1 423	-	-	-	52 582		
	-	-	-	-	-	-	-	-	3 696	-	-	-	15 876	166	3 435	531	-	-	-	23 704		
Uthukela District Municipality	-	-	-	-	-	-	-	-	-	-	-	-	1 729	-	553	191	-	-	-	2 473		
	-	-	-	-	-	-	-	-	-	-	-	-	13 440	317	2 020	340	-	-	-	16 117		
	-	-	-	-	-	-	-	-	-	-	-	-	5 040	166	719	191	-	-	-	6 116		
	-	-	-	-	-	-	-	-	-	-	-	-	3 045	-	707	170	-	-	-	3 922		
	-	-	-	-	-	-	-	-	-	-	250	-	-	-	-	-	-	-	-	250		
	250	-	-	-	-	-	-	-	-	16 000	250	-	26 718	546	5 307	1 083	-	10 000	-	60 154		
	-	-	-	-	-	-	-	-	-	8 000	-	-	7 707	380	2 787	340	-	10 000	-	21 214		
	-	-	-	-	-	-	-	-	-	-	-	-	8 971	-	1 106	382	-	-	-	18 459		
	-	-	-	-	-	-	-	-	-	-	-	-	4 669	-	553	191	-	-	-	5 413		
	-	-	-	-	-	-	-	-	-	8 000	-	250	5 371	166	861	170	-	-	-	14 568		
Amajuba Municipalities	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	500		
	-	-	-	-	-	-	-	-	4 750	-	250	-	10 839	317	6 733	850	-	-	300	24 039		
	-	-	-	-	-	-	-	-	4 750	-	-	-	4 096	317	5 627	510	-	-	150	15 450		
	-	-	-	-	-	-	-	-	-	-	-	-	2 730	-	553	170	-	-	150	3 603		
	-	-	-	-	-	-	-	-	-	-	-	-	4 013	-	553	170	-	-	-	4 736		
	-	-	-	-	-	-	-	-	-	-	250	-	-	-	-	-	-	-	-	250		
	-	-	-	-	-	-	-	-	-	-	250	-	-	-	-	-	-	-	-	500		
	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	250		
	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	250		
	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	250		
Zululand District Municipality	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	250		
	-	-	-	-	-	-	-	-	-	-	250	-	36 543	166	5 914	1 232	1 815	-	150	46 070		
	-	-	-	-	-	-	-	-	-	-	-	-	3 150	-	861	191	-	-	150	4 352		
	-	-	-	-	-	-	-	-	-	-	-	-	3 363	-	952	340	-	-	-	4 655		
	-	-	-	-	-	-	-	-	-	-	-	-	6 300	166	2 789	340	-	-	-	9 595		
	-	-	-	-	-	-	-	-	-	-	-	-	5 250	-	553	170	-	-	-	5 973		
	-	-	-	-	-	-	-	-	-	-	-	-	18 480	-	759	191	-	-	-	19 430		
	-	-	-	-	-	-	-	-	-	-	250	-	-	-	-	-	1 815	-	-	2 065		
	-	-	-	-	-	-	-	-	-	-	1 100	-	23 397	-	6 105	850	-	-	-	31 452		
	-	-	-	-	-	-	-	-	-	-	-	-	10 272	-	1 396	170	-	-	-	11 838		
Umkhanyakude Municipalities	-	-	-	-	-	-	-	-	-	-	-	-	5 565	-	827	170	-	-	-	6 562		
	-	-	-	-	-	-	-	-	-	-	-	-	2 100	-	677	-	-	-	-	2 777		
	-	-	-	-	-	-	-	-	-	-	-	-	3 150	-	827	170	-	-	-	4 147		
	-	-	-	-	-	-	-	-	-	-	-	-	2 310	-	2 378	340	-	-	-	5 028		
Umkhanyakude District Municipality	-	-	-	-	-	-	-	-	-	-	1 100	-	-	-	-	-	-	-	-	1 100		

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

Municipality		Vote 4			Vote 6			Vote 7			Vote 8			Vote 11			Vote 14			Vote 15					Vote 16		Total
R thousand	4.1	6.1	6.2	6.3	6.1	6.2	6.3	7.1	8.1	8.2	11.1	11.2	11.3	14.1	15.1	15.2	15.3	15.4	16.1	16.2							
uThungulu Municipalities																											
Umblozi	-	-	-	-	-	-	1 047	-	-	-	-	250	-	23 832	672	11 434	2 061	-	-	-	300	39 596					
uMhlatuze	-	-	-	-	-	-	-	-	-	1 047	-	-	-	520	-	553	170	-	-	-	-	1 243					
Ntambanana	-	-	-	-	-	-	-	-	-	-	-	-	-	10 712	166	6 289	1 020	-	-	-	-	19 234					
uMlalazi	-	-	-	-	-	-	-	-	-	-	-	-	-	840	-	553	170	-	-	-	150	1 713					
Mthonjaneni	-	-	-	-	-	-	-	-	-	-	-	-	-	3 360	506	2 933	361	-	-	-	150	7 310					
Nkandla	-	-	-	-	-	-	-	-	-	-	-	-	-	2 625	-	553	170	-	-	-	-	3 348					
uThungulu District Municipality	-	-	-	-	-	-	-	-	-	-	-	-	-	5 775	-	553	170	-	-	-	-	6 498					
Ilembe Municipalities																											
Mandeni	1 000	-	-	-	-	-	4 878	-	-	-	8 000	250	-	15 818	166	4 901	1 211	-	-	-	150	36 374					
KwaDukuza	1 000	-	-	-	-	-	4 878	-	-	-	8 000	-	-	728	-	1 454	510	-	-	-	150	10 842					
Ndwedwe	-	-	-	-	-	-	-	-	-	-	-	-	-	5 418	166	2 894	510	-	-	-	-	14 866					
Maphumulo	-	-	-	-	-	-	-	-	-	-	-	-	-	1 352	-	553	191	-	-	-	-	2 096					
Ilembe District Municipality	-	-	-	-	-	-	-	-	-	-	-	-	-	8 320	-	-	-	-	-	-	-	8 320					
Harry Gwala Municipalities																											
Ingwe	-	2 062	8 000	-	-	-	-	-	-	-	9 956	1 100	7 500	11 875	-	3 834	1 062	-	-	-	450	45 839					
KwaSani	-	-	-	-	-	-	-	-	-	-	-	-	7 500	2 288	-	861	191	-	-	-	150	10 990					
Greater Kokstad	-	-	-	-	-	-	-	-	-	-	-	-	-	776	-	553	170	-	-	-	150	1 649					
Ubuhlebezwe	-	2 062	8 000	-	-	-	-	-	-	-	-	-	-	816	-	1 314	340	-	-	-	150	12 682					
Umzimkulu	-	-	-	-	-	-	-	-	-	-	9 956	-	-	3 997	-	553	170	-	-	-	-	14 676					
Harry Gwala District Municipality	-	-	-	-	-	-	-	-	-	-	-	-	-	3 998	-	553	191	-	-	-	-	4 742					
Unallocated/unclassified	1 000	-	-	233	-	-	-	-	-	-	-	-	-	60	-	-	-	-	-	-	-	1 293					
Total	2 250	2 062	8 000	233	105 000	100 000	48 400	49 956	4 200	7 500	507 062	7 935	212 586	49 111	1 815	40 000	1 650	1 147 760									

Key	Grant Name	Key	Grant Name
4.1	Dundee July	15.1	Museum subsidies
4.2	Greenest Municipality Competition	15.2	Provincialisation of libraries
6.1	Shayamoya eco-complex	15.3	Community Library Services grant
6.2	Development of a light industrial park	15.4	Art Centre (Operational costs)
6.3	Donations	16.1	Infrastructure
7.1	Subsidy: Municipal Clinics	16.2	Maintenance grant
8.1	CRU Programme		
8.2	Operational costs for Accredited Municipalities		
11.1	Massification Programme		
11.2	Development Planning Shared Services		
11.3	Construction of TSCs and CSOs		
14.1	Property rates		

Table 1.H(ii) : Details of transfers to local government: 2016/17

Municipality	Vote 4			Vote 6			Vote 7		Vote 8			Vote 11			Vote 14		Vote 15					Vote 16		Total
	4.1	6.1	6.2	6.3	7.1	8.1	8.2	11.1	11.2	11.3	14.1	15.1	15.2	15.3	15.4	16.1	16.2							
eThekweni Ugu Municipalities	-	-	-	-	111 048	60 000	15 820	-	-	-	235 842	4 623	127 804	36 055	-	-	-	591 192						
	-	-	-	-	-	-	10 000	-	400	-	15 489	334	12 984	1 923	-	-	-	41 140						
	-	-	-	-	-	-	-	-	-	-	1 748	-	-	-	-	-	-	1 748						
	-	-	-	-	-	-	-	-	-	-	1 403	-	4 664	537	-	-	-	6 604						
	-	-	-	-	-	-	-	-	-	-	3 819	-	-	-	-	-	-	3 819						
	-	-	-	-	-	-	-	-	-	-	4 561	-	582	179	-	-	-	5 322						
	-	-	-	-	-	-	-	-	-	-	246	-	582	179	-	-	-	1 007						
	-	-	-	-	-	-	-	-	-	-	3 722	334	7 156	1 028	-	-	-	22 240						
	-	-	-	-	-	-	-	10 000	-	400	-	-	-	-	-	-	-	400						
	-	-	-	-	-	-	-	9 325	-	400	-	86 716	750	30 505	1 856	-	-	129 552						
uMgungundlovu Municipalities	uMshwathi	-	-	-	-	-	-	-	-	-	17 684	-	744	179	-	-	-	18 607						
	uMgeni	-	-	-	-	-	-	-	-	-	7 718	175	2 776	358	-	-	-	11 027						
	Mpofana	-	-	-	-	-	-	-	-	-	107	175	799	179	-	-	-	1 260						
	Impendle	-	-	-	-	-	-	-	-	-	276	-	582	179	-	-	-	1 037						
	Msunduzi	-	-	-	-	-	9 325	-	-	-	60 231	400	24 278	581	-	-	-	94 815						
	Mkhambathini	-	-	-	-	-	-	-	-	-	643	-	582	201	-	-	-	1 426						
	Richmond	-	-	-	-	-	-	-	-	-	57	-	744	179	-	-	-	980						
	uMgungundlovu District Municipality	-	-	-	-	-	-	-	400	-	-	-	-	-	-	-	-	400						
	Uthukela Municipalities	-	-	-	-	-	5 000	-	1 200	-	41 103	684	7 827	1 488	-	-	-	57 312						
	Emnambithi/Ladysmith	-	-	-	-	-	5 000	-	-	-	16 829	175	3 617	559	-	-	-	26 180						
Umkhazanyathi Municipalities	Indaka	-	-	-	-	-	-	-	-	-	1 764	-	582	201	-	-	-	2 547						
	Umtshezi	-	-	-	-	-	-	-	-	-	14 112	334	2 128	358	-	-	-	16 932						
	Okhahlamba	-	-	-	-	-	-	-	-	-	5 292	175	756	201	-	-	-	6 424						
	Imbabazane	-	-	-	-	-	-	-	-	-	3 106	-	744	179	-	-	-	4 029						
	Uthukela District Municipality	-	-	-	-	-	-	-	1 200	-	-	-	-	-	-	-	-	1 200						
	Umkhazanyathi District Municipality	-	-	-	-	-	-	-	400	-	27 723	575	5 587	1 140	-	-	-	35 425						
	Endumeni	-	-	-	-	-	-	-	-	-	8 170	400	2 934	358	-	-	-	11 862						
	Nqutu	-	-	-	-	-	-	-	-	-	9 151	-	1 164	402	-	-	-	10 717						
	Misinga	-	-	-	-	-	-	-	-	-	4 763	-	582	201	-	-	-	5 546						
	Umvoti	-	-	-	-	-	-	-	-	-	5 639	175	907	179	-	-	-	6 900						
Amajuba Municipalities	Umkhazanyathi District Municipality	-	-	-	-	-	-	-	400	-	-	-	-	-	-	-	-	400						
	Newcastle	-	-	-	-	-	4 750	-	400	-	11 300	334	7 090	895	-	-	-	24 769						
	eMadlangeni	-	-	-	-	-	4 750	-	-	-	4 301	334	5 926	537	-	-	-	15 848						
	Dannhauser	-	-	-	-	-	-	-	-	-	2 785	-	582	179	-	-	-	3 546						
	Amajuba District Municipality	-	-	-	-	-	-	-	-	-	4 214	-	582	179	-	-	-	4 975						
	Zululand Municipalities	-	-	-	-	-	-	-	400	-	-	-	-	-	-	-	-	400						
	eDumbe	-	-	-	-	-	-	-	400	-	38 360	175	6 230	1 297	1 911	-	-	48 373						
	uPhongolo	-	-	-	-	-	-	-	-	-	3 213	-	907	201	-	-	-	4 321						
	Abaqulusi	-	-	-	-	-	-	-	-	-	3 430	-	1 004	358	-	-	-	4 792						
	Nongoma	-	-	-	-	-	-	-	-	-	6 615	175	2 937	358	-	-	-	10 085						
Umkhanyakude Municipalities	Ulundi	-	-	-	-	-	-	-	-	-	5 513	-	582	179	-	-	-	6 274						
	Zululand District Municipality	-	-	-	-	-	-	-	400	-	19 589	-	800	201	-	-	-	20 590						
	Umkhanyakude District Municipality	-	-	-	-	-	-	-	-	-	-	-	-	-	1 911	-	-	2 311						
	Umhlabuyalingana	-	-	-	-	-	-	-	400	-	24 173	-	6 428	895	-	-	-	31 896						
	Jozini	-	-	-	-	-	-	-	-	-	10 786	-	1 470	179	-	-	-	12 435						
	The Big 5 False Bay	-	-	-	-	-	-	-	-	-	5 676	-	871	179	-	-	-	6 726						
	Hlabisa	-	-	-	-	-	-	-	-	-	2 142	-	713	-	-	-	-	2 855						
	Mtubatuba	-	-	-	-	-	-	-	-	-	3 213	-	-	179	-	-	-	4 263						
	Umkhanyakude District Municipality	-	-	-	-	-	-	-	-	-	2 356	-	2 503	358	-	-	-	5 217						
	-	-	-	-	-	-	-	-	400	-	-	-	-	-	-	-	-	400						

Table 1.H(ii) : Details of transfers to local government: 2016/17 (continued)

Municipality	Vote 4	Vote 6	Vote 7	Vote 8		Vote 11		Vote 14	Vote 15			Vote 16		Total				
R thousand	4.1	6.1	6.2	6.3	7.1	8.1	8.2	11.1	11.2	11.3	14.1	15.1	15.2	15.3	15.4	16.1	16.2	
uThungulu Municipalities																		
Umlfolozi	-	-	-	-	-	-	1 047	-	400	-	24 804	732	12 039	2 156	-	-	-	41 178
uMhlabuze	-	-	-	-	-	-	-	-	-	-	530	-	582	179	-	-	-	1 291
Ntambanana	-	-	-	-	-	-	1 047	-	-	-	11 248	175	6 623	1 074	-	-	-	20 167
uMlalazi	-	-	-	-	-	-	-	-	-	-	857	-	582	179	-	-	-	1 618
Mthonjaneni	-	-	-	-	-	-	-	-	-	-	3 427	557	3 088	366	-	-	-	7 438
Nkandla	-	-	-	-	-	-	-	-	-	-	2 678	-	582	179	-	-	-	3 439
uThungulu District Municipality	-	-	-	-	-	-	-	-	400	-	6 064	-	582	179	-	-	-	6 825
Ilembe Municipalities																		
Mandeni	-	-	-	-	-	-	4 878	-	400	-	16 203	175	5 161	1 275	-	-	-	28 092
KwaDukuza	-	-	-	-	-	-	-	-	-	-	757	-	1 531	537	-	-	-	2 825
Ndwedwe	-	-	-	-	-	-	4 878	-	-	-	5 581	175	3 048	537	-	-	-	14 219
Maghumulo	-	-	-	-	-	-	-	-	-	-	1 379	-	582	201	-	-	-	2 162
Ilembe District Municipality	-	-	-	-	-	-	-	-	400	-	8 486	-	-	-	-	-	-	8 486
Harry Gwala Municipalities																		
Ingwe	-	-	-	-	-	-	-	-	400	-	12 148	-	4 036	1 118	-	-	-	17 702
Kwa Sani	-	-	-	-	-	-	-	-	-	-	2 334	-	907	201	-	-	-	3 442
Greater Kokstad	-	-	-	-	-	-	-	-	-	-	791	-	582	179	-	-	-	1 552
Ubuhlebezwe	-	-	-	-	-	-	-	-	-	-	833	-	1 383	358	-	-	-	2 574
Umtinkulu	-	-	-	-	-	-	-	-	-	-	4 077	-	582	179	-	-	-	4 838
Harry Gwala District Municipality	-	-	-	-	-	-	-	-	-	-	4 113	-	582	201	-	-	-	4 896
Unallocated/unclassified	1 000	-	-	-	-	-	-	-	400	-	60	-	-	-	-	-	-	400
Total	1 000	-	-	220	111 048	60 000	50 820	-	4 800	-	533 931	8 382	225 691	50 108	9 111	10 000	1 650	1 059 561

Key	Grant Name	Key	Grant Name
4.1	Dundee July	15.1	Museum subsidies
4.2	Greenest Municipality Competition	15.2	Provincialisation of libraries
6.1	Shayamoya eco-complex	15.3	Community Library Services grant
6.2	Development of a light industrial park	15.4	Art Centre (Operational costs)
6.3	Donations	16.1	Infrastructure
7.1	Subsidy: Municipal Clinics	16.2	Maintenance grant
8.1	CRU Programme		
8.2	Operational costs for Accredited Municipalities		
11.1	Massification Programme		
11.2	Development Planning Shared Services		
11.3	Construction of TSCs and CSCs		
14.1	Property rates		

Table 1.H(iii) : Details of transfers to local government: 2017/18

Municipality R thousand	Vote 4			Vote 6			Vote 7			Vote 8			Vote 11			Vote 14			Vote 15					Vote 16		Total
	4.1	6.1	6.2	6.3	7.1	8.1	8.2	11.1	11.2	11.3	14.1	15.1	15.2	15.3	15.4	16.1	16.2									
eThekweni Ugu Municipalities	-	-	-	-	115 000	-	18 869	-	-	-	249 018	4 868	135 726	36 376	-	-	-	-	-	-	-	-	559 857			
	-	-	-	-	-	-	10 000	-	-	-	16 061	352	13 635	2 023	-	-	-	-	-	-	-	-	42 071			
	-	-	-	-	-	-	-	-	-	-	1 783	-	-	-	-	-	-	-	-	-	-	-	1 783			
	-	-	-	-	-	-	-	-	-	-	1 432	-	-	-	-	-	-	-	-	-	-	-	6 894			
	-	-	-	-	-	-	-	-	-	-	3 895	-	-	-	-	-	-	-	-	-	-	-	3 895			
	-	-	-	-	-	-	-	-	-	-	4 789	-	-	-	-	-	-	-	-	-	-	-	5 589			
	-	-	-	-	-	-	-	-	-	-	254	-	-	-	-	-	-	-	-	-	-	-	1 054			
	-	-	-	-	-	-	-	10 000	-	-	-	3 908	352	7 514	1 082	-	-	-	-	-	-	-	22 856			
	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-			
	-	-	-	-	-	-	-	9 325	-	-	-	91 606	789	32 031	1 953	-	-	-	-	-	-	-	-	135 704		
uMgungundlovu Municipalities	-	-	-	-	-	-	-	-	-	-	18 746	-	-	-	-	-	-	-	-	-	-	-	-	19 715		
	-	-	-	-	-	-	-	-	-	-	8 103	184	2 914	377	-	-	-	-	-	-	-	-	11 578			
	-	-	-	-	-	-	-	-	-	-	109	184	838	188	-	-	-	-	-	-	-	-	1 319			
	-	-	-	-	-	-	-	-	-	-	289	-	612	188	-	-	-	-	-	-	-	-	1 089			
	-	-	-	-	-	-	9 325	-	-	-	63 646	421	25 493	612	-	-	-	-	-	-	-	-	99 497			
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	-	-	-	-	-	-	-	-	-	-	58	-	781	188	-	-	-	-	-	-	-	-	1 027			
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	-	-	-	-	-	-	-	5 000	-	-	-	43 180	720	8 219	1 578	-	-	-	-	-	-	-	-	58 697		
	-	-	-	-	-	-	5 000	-	-	-	17 838	184	3 797	589	-	-	-	-	-	-	-	-	-	27 408		
Umzimnyathi Municipalities	-	-	-	-	-	-	-	-	-	-	1 799	-	612	212	-	-	-	-	-	-	-	-	-	2 623		
	-	-	-	-	-	-	-	-	-	-	14 818	352	2 234	377	-	-	-	-	-	-	-	-	-	17 781		
	-	-	-	-	-	-	-	-	-	-	5 557	184	795	212	-	-	-	-	-	-	-	-	-	6 748		
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Amajuba Municipalities	-	-	-	-	-	-	4 750	-	-	-	11 780	352	7 446	941	-	-	-	-	-	-	-	-	-	25 269		
	-	-	-	-	-	-	4 750	-	-	-	4 516	352	6 222	565	-	-	-	-	-	-	-	-	-	16 405		
	-	-	-	-	-	-	-	-	-	-	2 840	-	612	188	-	-	-	-	-	-	-	-	-	3 640		
	-	-	-	-	-	-	-	-	-	-	4 424	-	612	188	-	-	-	-	-	-	-	-	-	5 224		
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Zululand Municipalities	-	-	-	-	-	-	-	-	-	-	41 519	184	6 540	1 366	2 007	-	-	-	-	-	-	-	-	51 616		
	-	-	-	-	-	-	-	-	-	-	3 277	-	952	212	-	-	-	-	-	-	-	-	-	4 441		
	-	-	-	-	-	-	-	-	-	-	3 499	-	1 053	377	-	-	-	-	-	-	-	-	-	4 929		
	-	-	-	-	-	-	-	-	-	-	6 946	184	3 084	377	-	-	-	-	-	-	-	-	-	10 591		
	-	-	-	-	-	-	-	-	-	-	5 788	-	612	188	-	-	-	-	-	-	-	-	-	6 588		
	-	-	-	-	-	-	-	-	-	-	22 009	-	839	212	-	-	-	-	-	-	-	-	-	23 060		
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Umkhanyakude Municipalities	-	-	-	-	-	-	-	-	-	-	24 980	-	6 750	940	-	-	-	-	-	-	-	-	-	32 670		
	-	-	-	-	-	-	-	-	-	-	11 325	-	1 543	188	-	-	-	-	-	-	-	-	-	13 056		
	-	-	-	-	-	-	-	-	-	-	5 790	-	915	188	-	-	-	-	-	-	-	-	-	6 893		
	-	-	-	-	-	-	-	-	-	-	2 185	-	749	-	-	-	-	-	-	-	-	-	-	2 934		
	-	-	-	-	-	-	-	-	-	-	3 277	-	915	188	-	-	-	-	-	-	-	-	-	4 380		
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Table 1.H(iii) : Details of transfers to local government: 2017/18 (continued)

Municipality R thousand	Vote 4	Vote 6		Vote 7	Vote 8		Vote 11			Vote 14	Vote 15				Vote 16		Total	
	4.1	6.1	6.2	6.3	7.1	8.1	8.2	11.1	11.2	11.3	14.1	15.1	15.2	15.3	15.4	16.1		16.2
uThungulu Municipalities	-	-	-	-	-	-	1 047	-	-	-	25 819	771	12 646	2 268	-	-	-	42 551
	-	-	-	-	-	-	-	-	-	-	541	-	612	188	-	-	-	1 341
	-	-	-	-	-	-	1 047	-	-	-	11 810	184	6 955	1 131	-	-	-	21 127
	-	-	-	-	-	-	-	-	-	-	874	-	612	188	-	-	-	1 674
	-	-	-	-	-	-	-	-	-	-	3 496	587	3 243	385	-	-	-	7 711
	-	-	-	-	-	-	-	-	-	-	2 731	-	612	188	-	-	-	3 531
	-	-	-	-	-	-	-	-	-	-	6 367	-	612	188	-	-	-	7 167
	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Ilembe Municipalities	-	-	-	-	-	-	4 878	-	-	-	16 598	184	5 420	1 342	-	-	-	28 422
	-	-	-	-	-	-	-	-	-	-	787	-	1 609	565	-	-	-	2 961
	-	-	-	-	-	-	4 878	-	-	-	5 748	184	3 199	565	-	-	-	14 574
Ilembe District Municipality	-	-	-	-	-	-	-	-	-	-	1 407	-	612	212	-	-	-	2 231
	-	-	-	-	-	-	-	-	-	-	8 656	-	-	-	-	-	-	8 656
	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Harry Gwala Municipalities	-	-	-	-	-	-	-	-	-	-	12 479	-	4 240	1 177	-	-	-	17 896
	-	-	-	-	-	-	-	-	-	-	2 380	-	952	212	-	-	-	3 544
	-	-	-	-	-	-	-	-	-	-	807	-	612	188	-	-	-	1 607
Unallocated/unclassified	-	-	-	-	-	-	-	-	-	-	849	-	1 452	377	-	-	-	2 678
	-	-	-	-	-	-	-	-	-	-	4 158	-	612	188	-	-	-	4 958
	-	-	-	-	-	-	-	-	-	-	4 285	-	612	212	-	-	-	5 109
Total	1 000	-	-	231	-	-	-	-	-	-	60	-	-	-	-	10 000	1 650	12 941
	1 000	-	-	231	115 000	-	53 869	-	-	-	561 873	8 825	238 519	51 164	2 007	10 000	1 650	1 044 138

Key	Grant Name	Key	Grant Name
4.1	Dundee July	15.1	Museum subsidies
4.2	Greenest Municipality Competition	15.2	Provincialisation of libraries
6.1	Shayamoya eco-complex	15.3	Community Library Services grant
6.2	Development of a light industrial park	15.4	Art Centre (Operational costs)
6.3	Donations	16.1	Infrastructure
7.1	Subsidy: Municipal Clinics	16.2	Maintenance grant
8.1	CRU Programme		
8.2	Operational costs for Accredited Municipalities		
11.1	Massification Programme		
11.2	Development Planning Shared Services		
11.3	Construction of TSCs and CSCs		
14.1	Property rates		

**ESTIMATES
OF
PROVINCIAL REVENUE
AND
EXPENDITURE**

