



KWAZULU-NATAL PROVINCE


TREASURY
REPUBLIC OF SOUTH AFRICA



2023/24 **PROVINCIAL** **BUDGET** **SPEECH**



TABLED BY:
HONOURABLE MS NELISWA PEGGY NKONYENI, MPL
MEC FOR FINANCE



ISBN No.: 978-1-920041-81-6

To obtain further copies of this document, please contact:

Provincial Treasury

Treasury House, 5th Floor

145 Chief Albert Luthuli Road

Pietermaritzburg

3201


P.O. Box 3613

Pietermaritzburg

3200

Tel: +27 (0) 33 – 897 4310

Fax: +27 (0)33 – 897 4617



PROVINCE OF KWAZULU-NATAL

Budget Address by Honourable Ms Neliswa Peggy Nkonyeni MEC for Finance

On tabling of the 2023/24 MTEF Budget in the Provincial Legislature

10 March 2023

Honourable Speaker, Ms Nontembeko Boyce;

Honourable Deputy Speaker, Themba Mthembu;

Honourable Premier, Nomusa Dube-Ncube;

Leader of Government Business, MEC for EDTEA Hon S Duma;

ANC Provincial Secretary, Mr Mtolo and all the PEC Members

Members of the Provincial Executive Council;

Honourable Members of the Provincial Legislature;

Members of the diplomatic corps;

Director General, Dr Nonhlanhla Mkhize;

Head of Department, Ms Carol Coetzee;

Senior Management

Traditional leaders;

People of KwaZulu-Natal;

Members of the media;

Business leaders;

Distinguished guests;

1. INTRODUCTION

Honourable Speaker, , I would like to begin by quoting the wise words from the struggle icon, the former President of our glorious movement, the ANC and the Republic of South Africa His Excellency Nelson Mandela who once said,

“Thus shall we live, because we will have created a society which recognises that all people are born equal, with each entitled in equal measure to life, liberty, prosperity, human rights and good governance.”

Therefore, in our view human rights and good governance means the delivery of a budget which resonates with the aspirations of the people and will contribute to equality, liberty and a prosperous society. Thus, presenting this budget speech in the Human Rights month (March) is very significant in the calendar of our country and in pursuit of our democracy. It reminds us of the atrocities committed by the apartheid regime against humanity. It is for this reason that the tabling of the budget today should also be perceived as a continuous response to the needs of the people of KwaZulu-Natal during their Human Rights month.

We table this budget today also mindful of the fact that the world has recently celebrated the international Women’s Day under the theme *‘digital innovation and technology for gender equality’*. We therefore call on all women of the world to stand up and advance the struggle for women emancipation in all spheres and sectors of society. Malibongwe

Historically, colonialism and its vestiges have seen women being condemned to the sidelines of development, especially women in the global South. It is for this reason that slain Human and Gender Rights activist Marielle Franco of Brazil fervently mobilized society and advocated for the full participation of women and youth on matters of governance and development. Her relentless and brave activism against male chauvinism, her opposition to the condescending attitude of government officials towards the poor and the downtrodden saw her standing up against Brazil’s power structure and calling for its subversion so that ultimately, government and other strategic sectors of society are seen to be broadly representative of all of Brazil’s demographics both in shape and form.

We draw inspiration from one of her speeches where she said, *“The roses of resistance are born in the asphalt. We receive roses, but we will be with our fists clenched speaking of our existence against the push and pull that affects our lives”*. It is this push and pull that we must defy in municipalities and other spheres of society where women are forced to exchange sexual favours for employment and other opportunities. Brazil’s response to Marielle’s killing in 2018 was not silence or fear, but courage and defiance. The roses of resistance must be born in all corners of our communities and resist all forms of perverse social constructs.

It is befitting and encouraging that as we celebrate this milestone of women we are advocating for ‘Gender Sensitivity Budgeting’.

Madam Speaker, His Excellency, President Cyril Ramaphosa during the State of the Nation Address (SONA) delivered last month guided by the National Development Plan (NDP), asserted that:

“Over the course of the last year, we have laid a firm foundation based on the commitments we made for faster growth through our investment drive, economic reforms, public employment programmes and

an expanding infrastructure programme”.

Whilst the Premier of KwaZulu-Natal Honourable Nomusa Dube-Ncube delivered the State of the Province Address (SOPA) last month guided by the Provincial Growth and Development Plan (PGDP) under the theme “taking decisive action in the time of renewal and hope as we rebuild a better, prosperous, and resilient KwaZulu-Natal” she said,

“We remain resolute in our economic re-calibration, reconstruction and recovery plan which targets increasing the levels of investment in priority sectors, infrastructure development and export development.”

Both the SONA and SOPA are interconnected in the context and content under which we deliver this budget speech, in that they both prioritize and call for the implementation of the Economic Reconstruction and Recovery Plan in order to address the triple challenges of poverty, unemployment and inequality. For an example, the President and the Premier in this regard emphasised the importance of recalibrating strategies to grow the economy, address the persisting triple challenges, hasten the delivery of services to our people and to create employment opportunities.

The decisive action to renew hope means the tabling of our budget should take into cognisance the dynamics and context of our Province. This is informed by the Economic Reconstruction and Recovery Plan and other policy documents which state that we need to focus on:

- Renewal of the nation
- Resolving the energy crisis to end load-shedding;
- Boldly mobilising social partners around economic reconstruction and recovery in order to increase job creation, investment and empowerment;
- Improving delivery of basic services and maintaining infrastructure;
- Strengthening the fight against crime and corruption;
- Taking action to build a better Africa and world.

We are, therefore, decisive in our action to advance the people’s interests in that the budget of this province ensures the pragmatic implementation of all the important policy decisions mentioned above and serves as the basis for addressing these persistent challenges.

Furthermore, these points were instituted in order to address the eradication of poverty, reduce unemployment and inequality whilst establishing a conducive environment to attract investment.

One of the esteemed civil rights activists Kwame Ture warns society on the class divisions and the behaviour of those who own the means of production, he says and I quote,

“Whenever a number of persons within the society have enjoyed for a considerable period of time certain opportunities for getting wealth, for exercising power and authority and for successfully claiming prestige and social difference, there is a strong tendency for these people to feel that these benefits are theirs by right”.

Our budgeting should therefore negate the perpetuation of social classes instead, it should decisively put the interest of the people at the centre of both the allocation of resources and the implementation of economic strategies which alleviate poverty, reduce unemployment and address inequality.

It is on these basis that in allocating our resources, the province committed to procurement targets for specific designated groups supported through the new preferential procurement regulations.

Honourable Speaker, the international, continental and national economic outlook informs the state of the provincial economy and how we budget. In this regard, the dwindling global economy, the country's energy crisis, crime, unemployment and many other mishaps attributed to some degree to the Russia-Ukraine conflicts continue to pose a serious threat to the global economic outlook and has a negative bearing to our country's economy.

Apart from stating how the funds have been allocated, which is the key objective of the budget speech, it is imperative to ensure that adequate management systems exist in the government machinery. This will ensure that resources are efficiently and effectively utilised.

Given the strategic importance of infrastructure, we must safeguard the full implementation of the Infrastructure Delivery Management System in the 2023/24 financial year.

In tabling this budget, we undertook to engage communities through pre-budget road shows. The road shows were intended to deepen public participation in provincial budgeting processes and solicit perspectives from the public about how to prioritise the people's interests in this financial year. Proceeding from these engagements, we are planning post-budget road shows in other districts to further entrench the culture of public engagement and to accelerate and guide the implementation of the budget.

In carrying all these responsibilities entrusted on us, no one must be left behind. In the words of Thomas Jefferson, "Whenever the people are well informed, they can be trusted with their own government; that whenever things get so far wrong as to attract their notice, they may be relied on to set them to rights".

In the road show held in ward 4 in Maphumulo Local Municipality under iLembe District, Mr Mandlenkosi Khuzwayo requested government to build houses with all the features that accommodate the needs of people with disabilities.

Somlomo Ohloniphekileyo, U-Sibahle Mkhize waku ward 6 kwaMaphumulo uthi bengabantu abasha abakwazi ngisho ukufaka izicelo zemisebenzi kanye nezokufunda ngenxa ye network. Ube esecela ukuthi balekelelwe nge WiFi ukuze bezokwazi ukuthi babe esimweni esingcono sokuthuthukisa izimpilo zabo. Besalindele ukuthi ingqalasizinda ye Network yakhiwe.

Sifisa ukukhuthaza iminyango kaHulumeni kanye noMasipala ukuthi izikhungo zikaHulumeni ezihlinzeka ngezidingo-ngqangi zibe ne WiFi evulelekile ukuze imiphakathi yethu izokwazi ukusizakala ingasaleli emuva **as we rebuild a better, prosperous, and resilient KwaZulu-Natal.**

Siyavumelana nawe impela mfoka Mkhize njengoba sithole izicelo kubantu bakithi abaningi basemakhaya abangakwazanga ukufaka izicelo zokufunda kulonyaka ngenxa yezinkinga ze Network.

At Ward 2 of Ray Nkonyeni Local Municipality under the Ugu District Municipality, Ms Nompilo Njumbane, requested a skills development centre to address unemployment.

In the same vein, Inkosi S Ndwalane also suggested that maybe government should reconsider the decision of paying social grants through banks. He said when social grants were disbursed at local pay points, communities were benefiting through informal trading. Kwesinye isikhathi imali igcine ingasafikanga kogo nomkhulu, isidliwe abazukulu

We have taken note of other various comments and concerns raised by the people of KwaZulu-Natal which appear to be common challenges across the province. Issues such as the energy crisis, water supply, crime, poor road infrastructure, network coverage and high rate of youth unemployment have all been received.

Citizens of the province, you have been heard... ***no one will be left behind*** ...

Honourable Speaker, I am honoured that today I am tabling the Appropriation Bill, of 2023/24 in this House. I now table the Appropriation Bill together with the following documents:

- **2023/24 Provincial Budget Speech**
- **2023/24 Estimates of Provincial Revenue and Expenditure (Green book)**
- **2023/24 Estimates of Capital Expenditure (ECE)**
- **2023/24 Socio-Economic Review and Outlook (SERO).**

Madam Speaker, when appropriated, this Bill will give the legal basis for departments and public entities to spend their 2023/24 budgets.

2. ECONOMIC OUTLOOK AND FISCAL POLICY CONSIDERATIONS

2.1 Global economic outlook

Madam Speaker, our budget preparations and plans for the future cannot be undertaken in isolation from economic conditions that, in one way or another, shape our fiscal space. We must take cognisance of such developments. As I table this budget, the global economic landscape remains highly uncertain amid numerous devastating shocks that occurred last year. A series of turbulent challenges facing the global economy emanated partly from the geopolitical tension between Russia and Ukraine early in 2022. The conflict between these countries caused volatility in commodity and energy-related markets resulting in global supply chain constraints, soaring inflation rates, and worsening financial conditions.

These challenges, combined with a considerable deterioration in economic activity across the three major global economies, the United States, the Euro Area and China, weighed down global growth. In China, economic activity was disrupted by a worsening property market crisis as well as renewed COVID-19 outbreaks that warranted lockdown restrictions in multiple localities. These are the countries South Africa trades with, so negative trends in these economies also negatively impact our trade balance.

Global inflation accelerated sharply throughout 2022 owing to higher food and energy prices, which prompted a quicker monetary policy tightening by central banks worldwide to contain inflation. However, a tighter monetary policy reduces consumer spending, business investments and could cause over-indebtedness.

It is within this context that, as outlined by the International Monetary Fund, global growth decelerated to an estimated 3.4% in 2022 and is projected to decline further to 2.9% this year. However, global growth is expected to gain momentum and rise to 3.1% in 2024 as the effects of inflationary pressures ease, and geopolitical conflicts dissipate.

2.2 African and South African economic review and outlook

The economic outlook of the continent is also negatively impacted by the geopolitical instability and dwindling state of the global economy. It is also affected by the unstable situations in some parts of Africa as a result of wars and the renewed scramble for Africa. However, the hope of Africa i now lies with the Africa Continental Free Trade Area agreement as one of the flagship projects of the African Unions Agenda 2063.

It is a high determination trade agreement, with an all-inclusive scope that includes critical areas of Africa's economy, for an example the digital trade and investment protection and other important areas. The objective of this Africa Continental Free Trade Area agreement is to significantly boost intra-Africa trade, particularly trade in value-added production and trade across all sectors of Africa's economy and to eliminate barriers to trade in Africa.

Whilst the economy of South Africa has also not been spared from unfavourable conditions affecting the world economy, as inflation increased to high levels warranting urgent monetary policy response, terms of trade weakened due to falling global metal prices, and business confidence dropped to low levels.

The inflation rate increased significantly to an average of 6.9% in 2022, the highest since 2016, mainly driven by food and transport prices. Tighter monetary policy across developed economies prompted capital outflows from emerging markets to "*safe-haven*" assets, which resulted in a depreciation of the Rand/US dollar exchange rate.

In response to these developments and a rise in consumer inflation, the South African Reserve Bank raised interest rates by a cumulative 300 basis points between November 2021 and January this year. Unfortunately, higher inflation erodes household purchasing power and implies a rising cost of living, while higher interest rates constrain consumer spending.

The national economy continues to experience internal structural constraints, such as unreliable electricity supply, high levels of market concentration, inefficiencies in network industries and a high cost of doing business. As indicated by the Minister of Finance, Honourable Enock Godongwana, while tabling the national budget last month, levels of load shedding increased from 75 days in 2021 to 207 days in 2022. Therefore, the country's gross domestic product (GDP) deteriorated to an estimated 2.5% last year and is expected to decrease to 0.9% this year, reflecting the effects of prolonged load-shedding, especially in energy-intensive sectors of the economy.

Load-shedding has considerable economic costs. However, as part of structural reforms necessary to achieve higher economic growth and government's response to this crisis, in the State of the Nation Address last month, the President declared a National State of Disaster to address the energy crisis and its impact. The state of disaster will, among others, accelerate the energy projects and limit regulatory requirements while maintaining environmental protection, procurement principles and technical standards.

In KwaZulu-Natal, we recognise the need to be more effective in fighting organised and sophisticated crimes. We are committed to addressing the resolutions of the country in this regard. To this end, while tabling the national budget last month, the Minister of Finance set aside substantial funding for law enforcement agencies. As the province we will benefit from that allocation.

This allocation includes an additional R1.2 billion to employ an estimated 5000 police trainees and R1.7 billion for the government agencies responsible for addressing the shortcomings.

It is for this reason that we support the acceleration of the decision to implement and allocate a budget to the establishment of the Community Safety Intervention Unit in our province.

As indicated earlier, the Economic Reconstruction and Recovery plan provides a focused strategy to addressing the critical challenges facing our economy. On a positive note, South Africa has managed to stabilize its public finances over the last few years, but the fiscal space remains limited. It is against this context that National Treasury indicated that the fiscal consolidation stance remains in place, but no further fiscal consolidation budget cuts are to be made over the MTEF period.

2.3 Economic performance in KwaZulu-Natal

The economy of KwaZulu-Natal is also not immune to global developments, such as the persistent geopolitical conflict in Ukraine and global supply constraints. Our province endured unprecedented disastrous flooding early in 2022, which left considerable damage to social and economic infrastructure, as well as loss of lives. Global warming and resultant unpredictable climate change have become a severe threat to human development and economic progress, and require redesigned resilient infrastructure.

With your permission Honourable Speaker, may we request the House to observe a moment of silence in honour of all the flood victims.

Despite these disheartening developments, our provincial economy emerged strongly with a GDP growth rate of 2.2% in the third quarter of 2022.

Honourable Members, we must continue implementing structural reforms to reignite our economic growth potential and create employment opportunities. Unemployment remains the biggest challenge facing the people of our province, and as government, we must continue to take decisive interventions to address these persistent challenges. The last two quarters had shown improvement in our country's employment rate, which indicates that our strategies are yielding positive results.

Madam Speaker, the people of KwaZulu-Natal must take note that the above improvements took place amid the global economic crisis and high unemployment rate.

The provincial budget is being tabled against this backdrop.

2.4 Provincial allocation

I am very pleased to announce that we see the allocation of funds back to the province in this budget process with the funds allocated by National Treasury being mainly to assist Education and Health with the budget pressures that arose from the budget cuts made in previous budget processes. This allocation is most welcomed and follows extensive and continuous engagements with National Treasury. Further, additions have been made to the provincial fiscus for the carry-through of the 3 percent wage adjustment

implemented last year, and the payment of *Izinduna*. In aggregate, these additions mean that the Provincial Equitable Share increases by R5.4 billion, R5 billion and R5.3 billion over the MTEF.

Also on a positive note is that there are no further fiscal consolidation budget cuts made by National Treasury in this budget process. This means that, while the budget cuts made by National Treasury over the 2021/22 and 2022/23 MTEF periods remain in our baseline, there are no further fiscal consolidation budget cuts made over the 2023/24 MTEF.

On the other hand, there are some reductions in the provincial budget as a result of the annual updates of the data that is used to determine the portion of the Provincial Equitable Share formula allocated to each province. As such, we see a decrease in our Provincial Equitable Share budget of R235.7 million, R548.3 million and R979 million over the MTEF. KwaZulu-Natal receives 20.33% of the Provincial Equitable Share, a reduction of 0.16% compared to the previous period. We continue to receive the second highest portion after Gauteng province. This reduction in funding means that we have had to cut back our spending plans by these amounts.

Similarly, we have had to make revisions to our Provincial Own Revenue, mainly to account for lower projected revenue to be collected from health patient fees due to the difficulty in collecting this revenue from the Road Accident Fund. We reviewed the collection trend against this item, and revised our revenue collection targets over the MTEF. There have been some increases in other revenue sources resulting in a net reduction of R34.9 million, R35.3 million and R49.3 million over the MTEF. This reduction in projected revenue results in further cuts in the amount we can spend.

In aggregate, then, the province has to cut back its spending by R270 million, R584 million and R1 billion over the MTEF. This cut is effected proportionately against all Votes in the two outer years of the MTEF, while in 2023/24 the Departments of Education, Health and Social Development are excluded from any budget cut due to their ongoing budget pressures and the ever-growing need to provide adequately for the critical basic social services that these departments deliver.

From a conditional grant allocation point of view, I am pleased to indicate that our budget sees increases over all the three years of the MTEF. Our conditional grant budget increases by R1.6 billion, R269.4 million and R1.4 billion over the MTEF.

A Contingency Reserve allows us to respond in-year when unforeseen circumstances arise. Consequently, the amounts of R126.8 million, R115.7 million and R138.4 million have been provided over the 2023/24 MTEF with the intention to supplement this in-year. The contingency reserves could be increased from funds within institutions that are unspent and uncommitted at year end. These funds can then be allocated in the Adjustments Budget which will be tabled in November 2023. This approach is in line with the concerns expressed by the Finance Portfolio Committee in its mid-year budget performance reviews that government resources are not being fully utilized while there are many budget pressures in the province. This is the lowest our Contingency Reserve has been, further highlighting the impact of the constrained fiscal environment that we face.

2.5 Provincial fiscal framework for 2023/24

The provincial fiscal framework provides the Provincial Equitable Share and conditional grants received from National Treasury, as well as the amount we anticipate to collect from our Provincial Own Revenue resources.

Table 1

Provincial fiscal framework

R thousand	2023/24	2024/25	2025/26
1. Revised allocation	146 167 730	147 791 469	154 072 445
Transfer receipts from national	142 267 444	143 752 886	149 852 322
Provincial Equitable Share	115 947 671	118 858 268	123 812 221
Conditional grants	26 319 773	24 894 618	26 040 101
Provincial own receipts	3 885 359	4 038 583	4 220 123
Provincial cash resources	14 927	-	-
2. Planned spending by departments	146 040 964	147 675 746	153 934 052
3. Contingency Reserve	126 766	115 723	138 393

The Provincial Equitable Share amounts to R115.9 billion in 2023/24, with the amounts allocated over the MTEF being reflected in the table. The conditional grant allocation amounts to R26.3 billion. The total amount we receive from National Treasury is thus R142.3 billion. When adding the Provincial Own Revenue and provincial cash resources to this amount, the total revenue that the province has to finance the budget is, R146.2 billion, as shown in Line 1 of the table.

Line 2 shows that the provincial departments are planning to spend R146 billion in 2023/24 and the final line in the table shows what our Contingency Reserve is set at. I will provide details in this regard shortly.

2.6 Amendments to KwaZulu-Natal's provincial equitable share

As mentioned earlier, we are very pleased to indicate that new funds have been allocated to the province by National Treasury and these are added to the Provincial Equitable Share.

Funds are allocated to the province for the carry-through costs of the 3% wage increment which was implemented from 2022/23 onward. In this regard, **R2.1 billion** per annum is added over the 2023/24 MTEF. This fully compensates the province for this cost. These funds are allocated proportionately to the Votes in line with each department's share of the total *Compensation of employees'* budget. We are aware of the current wage negotiations and have been assured that any further increases will be fully funded from the national fiscus which would be appropriated during the Adjustments Estimate.

National Treasury allocated new money for the budget pressures that both Education and Health have been experiencing since the severe budget cuts implemented in previous budget cycles. While these additional funds do not eliminate the budget cuts made in previous years, it does help to start lowering the budget pressures these departments have had to bear. Education receives **R1.2 billion, R1.3 billion and R1.5 billion** over the MTEF in this regard, while Health receives **R1.5 billion, R1.6 billion and R1.6 billion**.

National Treasury has allocated an additional R631.1 million in 2023/24 only, with this amount specifically and exclusively allocated to settle the backpay relating to the payment of *Izinduna*. This follows a prolonged procedure of various inter-governmental processes with the amount allocated being equivalent to the value of the contingent liability submitted by Vote 11: COGTA. These funds have been long awaited with outstanding litigation and referral to the public protector and we are therefore extremely pleased that the matter has now been resolved. COGTA will ensure that there are proper internal controls before these funds are disbursed.

3. FUNDING FOR SPECIFIC PROVINCIAL PRIORITIES

Given the financial constraints, only a few departments are set to receive additional funding over the MTEF, apart from the funds allocated to the province by National Treasury. The allocations are as follows:

- **Vote 1: Office of the Premier**, receives an additional R100 million once-off in 2023/24 for the KZN Youth Empowerment Fund following the extensive responses received. The province is now ready to effectively disburse these funds hence the allocation in this financial year. I am therefore proud to say that this is one of our interventions in decisively responding to job creation, developing young entrepreneurs and alleviating poverty.
- **Vote 2: Provincial Legislature** receives an additional R100 million per annum towards increasing funding for political parties as the province is one of the lowest funded in this regard in the country (seventh out of the nine provinces) and these funds will mainly be used to increase the constituency allowance, as this is the area where political parties are experiencing the greatest pressure. We also undertake to allocate a further R15 million to this Vote in-year with regard to the voter education activities required in the lead-up to the 2024 general elections.
- **Vote 9: Community Safety and Liaison** receives additional R11.6 million once-off in 2023/24 for the establishment of the Community Safety Intervention Unit.

4. CONTINGENCY RESERVE

The Contingency Reserve is provided in order to protect the provincial fiscus against the impact of unforeseen expenditure pressures when they arise. Like we said earlier, these funds can then be allocated in the Adjustments Budget which will be tabled in November 2023, as is the norm. The Contingency Reserve is a lot lower over the 2023/24 MTEF, but the province has plans to supplement these funds in-year, mainly by looking at funds that remain unspent in our public entities as a number of public entities have shown very low spending in the 2022/23 financial year. Further information in this regard will be presented as part of the 2023/24 Adjustments Estimate to be tabled later this year. The Contingency Reserve is set at R126.8 million in 2023/24.

5. CONDITIONAL GRANTS

A number of our government programmes are funded by conditional grants which are allocated to us in line with the Division of Revenue Act.

KwaZulu-Natal's conditional grant allocation increases by R1.6 billion, R269.4 million and R1.4 billion over the 2023/24 MTEF.

Most of the conditional grants receive an inflationary increase, while others receive larger increases. Only the larger increases are elaborated in this presentation.

The **Education Infrastructure grant** increases by R379 million in 2023/24. This grant is incentive based and the increase is partly due to the incentive allocation where the department scored 80% in terms of submitting planning documentation and showing capacity to spend and thus received an incentive allocation of R109 million. The increase also relates to the carry-through costs associated with the repairs and rehabilitation of schools damaged by the April 2022 floods and R269.3 million is allocated in this regard. This grant has a budget of R2.9 billion after these increases.

The **National School Nutrition Programme grant** receives an increase of R120.9 million in 2023/24, R112.6 million in 2024/25 and R226.6 million in 2025/26 to continue with the provision of nutritious meals. The budget for 2023/24 after the increase is R2.1 billion.

The **Early Childhood Development (ECD) grant** increases by R14.8 million, R45.5 million and R101 million over the MTEF and this provides for top-up to the subsidy amount, increasing access to the ECD subsidy, pre-registration support packages, and nutrition support and the results-based finance initiative. This grant increases to R197 million in 2023/24.

The **Health Facility Revitalisation grant** is increased by R78.2 million in 2023/24. The addition is because this grant is incentive based and because the department scored 94% cent in terms of submitting planning documentation and showing capacity to spend. With the increase, the budget for this grant is R1.5 billion in 2023/24.

The **Provincial Roads Maintenance grant** sees a significant increase of R760.1 million in 2023/24. Of this, R185 million relates to funds for the carry-through costs associated with repairs of provincial roads that were damaged by the April 2022 floods. This is in addition to the R589.3 million allocated to this grant in the 2022/23 Adjustments Estimate for further flood damages. The balance of R575.1 million relates to additional funds allocated to address the backlog in the refurbishment of provincial roads. The budget for this grant is R3.4 billion after this increase and shows our decisive commitment to improving our provincial road network including bridges providing access for communities and learners particularly in rural communities and townships.

The **Comprehensive Agricultural Support Programme (CASP) grant** increases by R163.4 million over the MTEF. The Department of Agriculture and Rural Development had applied for funding through the Budget Facility for Infrastructure process facilitated by National Treasury, and this explains the bulk of the additional funds received. The department was successful in securing funds for the construction of agri-hubs in the province with R8.4 million, R86.4 million and R58.2 million allocated to this project over the MTEF. The CASP grant budget is R230.6 million in 2023/24.

In aggregate, the province receives R195.5 million to create 7470 jobs through two EPWP conditional grants. The detail is provided as follows:

The **EPWP Integrated Grant for Provinces** receives R107.6 million, slightly lower than the R111.9 million received in the current year. This will be used to create 4 199 jobs. The budget is allocated as follows:

- DARD receives R4.6 million
- EDTEA receives R6.9 million
- Education receives R2 million
- Health receives R8.6 million
- Human Settlements receives R7.7 million
- Sport, Arts and Culture receives R2.1 million
- COGTA receives R2 million
- Transport receives R69.9 million
- Public Works receives R3.9 million

The **Social Sector EPWP Incentive Grant for Provinces** receives R87.9 million, also lower than the R99.8 million received in the current year. The departments plan to create 3 671 jobs through this allocation. The budget is allocated as follows:

- Education receives R31.8 million
- Health receives R21.1 million
- Community Safety and Liaison receives R3.8 million
- Sport, Arts and Culture receives R2.3 million
- Social Development receives R28.8 million

6. INFRASTRUCTURE

A recent study on the IMF Public Finance Management Blog highlights the importance of maintaining our existing assets, in view of the fact that public infrastructure is the foundation of a country's economic development. As a result, assets that are not maintained, can lead to degradation of the asset which will have a negative effect on the economy as productivity declines. The Blog also highlighted that, according to the World Bank, returns on maintenance on road projects were almost twice as much as those on projects that involved mainly new construction. In this province, around 56% of the infrastructure budget goes towards maintaining, upgrading and rehabilitating existing infrastructure. Maintenance is critical to ensure that maximum value is extracted over the useful life of the asset, which will decline rapidly if maintenance does not take place. This was evident during the floods where the costs of repairs were significantly higher due to the lack of maintenance.

The total infrastructure budget over the MTEF is **R19.5 billion, R18.1 billion and R18.8 billion**. A detailed list of all infrastructure projects that will be implemented is contained in the *Estimates of Capital Expenditure* which I am also tabling today.

The section below is detailing some of the projects that the provincial government will be implementing over the MTEF. However, the individual departmental votes will be in detail in all other projects that will be operationalized over this MTEF.

6.1 Infrastructure projects planned for the MTEF:

6.1.1 Transport

The **Department of Transport will spend R26.3 billion** over the next three years. The main projects planned over the MTEF are:

- **The Mdloti River Vehicle Bridge project** or also referred to as Ogunjini bridge entails the upgrade of the current low-level structure to be replaced by a new bridge along Main Road P713 in the Ndwedwe Local Municipality under the iLembe District Municipality. Work has started on this project and a contractor to finish this project will be appointed to ensure the bridge is complete in the coming financial year.
- **Rehabilitation of Main Road P34-2** from Dundee to Vryheid from 7 to 22 kilometres and from 20 to 47 kilometres is planned for 2023/24.
- **Upgrade of Main Road P123 in the Gqumeni area** under the Harry Gwala District Municipality, which serves as a link between the communities of Bulwer and Gqumeni. The department has prioritised the upgrade of nearly 7 kilometres from gravel to blacktop standards to improve the standard of the road, improve access to facilities and ensure the safety of all road users.
- **Upgrade of Main Road P714 Phase 2** (from 8 to 18 kilometres). This road is located within the iLembe District Municipality. The road provides access to schools and a clinic and is an important feeder road to the R614 and R102.
- **Construction of the Mvubukazi Pedestrian River Bridge** on the Mvubukazi River in Landauville in the Msunduzi Local Municipality.
- **Construction of the Mhlalane Pedestrian River Bridge** over the Mhlalane River in the uMshwathi Local Municipality.

6.1.2 Health

The **Department of Health plans to spend R6.8 billion** over the next three years on various projects, including the following:

- Conversion of the Newtown Community Health Centre in Inanda into a large clinic.
- Provision of new mental health units at the Port Shepstone Hospital and General Justice Gizenga Mpanza Hospital located in Stanger.
- Provision of a new clinic at Cwaka in Umsinga area.
- Completion of the asbestos removal programme, as well as the provision of generators across a number of facilities.
- Major security upgrades are planned for the Natalia building, including access controls, surveillance equipment, fencing, etc. throughout the facility.

6.1.3 Education

The **Department of Education will spend R9.8 billion** over the next three years. The department provides new and replacement schools in order to improve access to education within communities. This includes construction of new schools in areas where there were no schools, provision of schools in recently established communities, as well as the replacement of entirely damaged and dilapidated schools. This aims to assist in eliminating over-crowding in schools. The department also upgrades existing school infrastructure and provides for additions where required. Additions are made to address over-crowding, to create new teaching and learning spaces and to provide specialist classrooms where required. Furthermore, the department is continuing with the implementation of priority programmes including the installation of boreholes in 277 schools and the repair and rehabilitation of various flood and storm damaged schools. The following are some of the planned infrastructure projects:

- Collingwood Primary School is a new school being built in uMlazi.
- The Maritime School of Excellence is a new focus school being built in uMlazi.
- Meadowsweet Combined School is a replacement school being built in uThukela.
- Phuthini Secondary School in the uThukela district will be upgraded.
- Musa School is a new school for learners with special educational needs and this school is being built in Zululand.

6.1.4 Human Settlements

The **Department of Human Settlements will spend R11 billion** over the next three years on various infrastructure projects. The department plans to implement various projects, including:

- The upgrading of informal settlements projects is a national and provincial priority. Projects in this regard are currently at various stages of the delivery cycle. In 2023/24, the department is allocated R790.2 million in respect of the Informal Settlements Upgrading Partnership grant and it is estimated that 5 693 sites will be provided with services such as water, sanitation, roads and storm water services, among others in areas such as Madundube, Groutville, Etete, Nyathikazi, Lamontville, Ntuzuma, Johnstown, Blaauwbosch Laagte, etc. The department has also allocated funding towards the purchase of strategic land parcels for informal settlement upgrades.
- The construction of top structures in rural areas will continue to be a focus area as it assists those who reside in undignified mud structures and are unable to provide better shelter for themselves. The identification of the most vulnerable residents will continue to ensure that they are prioritised and the relationship with the Operation Sukuma Sakhe war-rooms will be strengthened to ensure that deserving families are prioritised for housing.
- Under the Human Settlements Development grant, a number of major housing projects are planned. These include the Empangeni Integrated Residential Development programme where 575 serviced sites will be made available, as well as the uMshwathi Housing Project where 163 units will be built.
- The province will also focus on delivering houses to those who have been affected by severe weather patterns in the last few years.

7. OVERVIEW PER VOTE FOR THE 2023/24 FINANCIAL YEAR

This table shows the 2023/24 budget per department. The province has allocated 76% of its budget to Education and Health in 2023/24.

Approximately 62 per cent of the provincial budget goes towards paying the public servants in this province, with this relatively high percentage influenced strongly by the number of educators and health care workers employed. Around 10 per cent of the total budget is allocated towards transfers, with a large portion of this relating to transfers to public entities that receive R5.4 billion in 2023/24. We plan to spend around 7 per cent of our budget on capital-related expenditure, leaving a balance of nearly 22 per cent to purchase goods and services required to implement our service delivery programmes.

Departments are discussed in order of the size of their budget.

Table 2

Budgets per Vote

Vote	2023/24 (R000)	% of Total Budget
Vote 1: Office of the Premier	872 057	0.6%
Vote 2: Provincial Legislature	748 037	0.5%
Vote 3: Agriculture and Rural Development	2 515 153	1.7%
Vote 4: Economic Development, Tourism and Environmental Affairs	3 406 530	2.3%
Vote 5: Education	60 637 286	41.5%
Vote 6: Provincial Treasury	678 910	0.5%
Vote 7: Health	50 687 512	34.7%
Vote 8: Human Settlements	4 342 997	3.0%
Vote 9: Community Safety and Liaison	250 608	0.2%
Vote 10: Sport, Arts and Culture	1 492 804	1.0%
Vote 11: Co-operative Governance and Traditional Affairs	2 443 013	1.7%
Vote 12: Transport	12 966 847	8.9%
Vote 13: Social Development	3 260 255	2.2%
Vote 14: Public Works	1 738 955	1.2%
Total Budget	146 040 964	100.0%

7.1 Education

As Che Guevara asserted *“the walls of educational system must come down. Education should not be a privilege, so the children of those with money can study”*.

The 2022 matric results were released early this year (2023) and the province attained an 83% pass rate, which is an increase from the 76.6% attained in 2021. It justifies our allocation to Education which is the highest in the Budget we are presenting today.

Therefore, the budget for Education is R60.6 billion, which is 41.5% and the largest share of the provincial budget. Budget reprioritisation was undertaken to ensure that there are ongoing improvements in this

regard, such as improving the quality of Grade R programmes with a focus on literacy and numeracy, especially reading, as well as teacher development and improving schools' infrastructure.

It is pleasing to note that the 2023 distribution of Learner Teacher Support Materials (LTSM) was undertaken in preparation for the 2023 academic year, with 100% of stationery and 99.3% of textbooks procured. The department will start planning for the 2024 school year in August 2023 to determine the needs of each school and to ensure the delivery of these materials in January 2024.

The National School Nutrition Programme grant allocation amounts to R2.1 billion. All 2.4 million learners in quintiles 1 – 3, including some quintile 4 and 5 schools, will continue to be provided with balanced nutritious meals.

As indicated earlier, the department will complete the construction of new and replacement schools, with the construction of new schools aiming to address over-crowding, creating new teaching and learning spaces and providing specialist classrooms where required,

7.2 Health

The Department of Health receives the second highest portion of the provincial budget at 34.7%, with a budget of R50.7 billion. The department is targeting 42 out of 70 hospitals to move onto the eHealth system in the coming year. The eHealth system helps to ultimately reduce patients waiting times, address the challenge of missing and damaged patient's files and also improve the department's ability to defend itself against medico-legal claims. The department plans to increase the number of General Practitioners contracted through the National Health Insurance (NHI) grant. This will assist to reduce the relative cost of health care and increase access to medical professionals in needy communities.

The department will continue to render primary health care and district hospital services, and this includes the provision of nutrition, maternal child and women's health, TB/HIV and AIDS, among others. These services are offered in 170 mobile clinics, 590 fixed clinics, 22 Community Health Centres and 39 district hospitals. In this regard, the department aims for 100% of its clinics to achieve ideal clinic status by 2024. An ideal clinic is defined as a clinic with good infrastructure, adequate staff, adequate medicine and supplies, good administrative processes and sufficient adequate bulk supplies, among others.

The department plans to increase the average number of daily operational ambulances from 179 to 200 by 31 March 2024.

The department will award 480 bursaries in the 2023 academic year to internal employees to study various qualifications. This is to afford internal employees an opportunity for skills development in order to enhance career pathing through the improvement of their qualifications and to improve employee performance which will lead to improved service delivery. The department plans to implement a Clinical Outreach policy. The purpose of this is for medical specialists from the large hospitals, such as Greys, Ngwelezane and King Edward VIII, to travel to smaller hospitals to provide specialist services, to teach doctors in those hospitals and to attend to complicated cases.

To improve the responsiveness to maintenance requirements at the various facilities across the province, the department decentralised its infrastructure operations with three infrastructure management hubs being established in eThekweni, uMgungundlovu and Empangeni. It is anticipated that these hubs will

bring about improved turnaround times on infrastructure-related matters that require specialised skills, as well as proactive maintenance.

7.3 Transport

The Department of Transport receives 8.9% of the provincial budget at R13 billion. The bulk of the department's budget is for the construction of roads, and the maintenance of the provincial road network. In 2023/24, the department will continue with construction and maintenance projects, the provision of subsidised bus services and learner transport services and will undertake law enforcement campaigns to promote road safety.

The department will continue with the upgrading and rehabilitation of the provincial road network to improve and prolong the lifespan of the network, and I already mentioned some of these projects earlier in this speech where I provided details of some of the planned infrastructure projects.

The department will continue to administer the learner transport services programme on behalf of the Department of Education. The number of schools to be assisted in 2023/24 is 402 schools with 73 933 learners, an increase from the 397 schools and 67 163 learners transported in the current year.

The department will continue with its poverty alleviation programme, namely Zibambele and the Vukayibambe Routine Road Maintenance Programme.

The Zibambele workers are women-headed households and are employed to maintain the road network, including gravel roads. Whilst the Vukayibambe Routine Road Maintenance Programme will continue to be implemented and is intended at implementing labour-intensive maintenance of provincial roads and other non-infrastructure projects. This has employed 6000 young people across all district municipalities.

7.4 Human Settlements

The Department of Human Settlements receives R4.3 billion. The main purpose of the department's budget allocation is for the provision of housing to various sectors of the population, including rural areas and informal settlements. Some of these have already been mentioned in the infrastructure section of this speech.

Another major focus of the department is the Community Residential Unit (CRU) programme. A part of this includes the redevelopment of old hostels to CRUs and the construction of new CRU projects in various municipalities. In 2023/24, the department is planning to complete a total of 535 new CRU units in the following areas:

- eThekweni Metro,
- Amajuba District, Newcastle, N11 in Amajuba,
- Harry Gwala District, Greater Kokstad in Rocky Park and uBuhlebezwe,
- Umzinyathi, uMvoti Municipalities.
- iLembe district
- Umgungundlovu, Jika Joe in Msunduzi,

7.5 Economic Development, Tourism and Environmental Affairs (EDTEA)

EDTEA receives R3.4 billion to drive the economic development strategies of the province. This will be achieved through a multi-pronged approach, including the provision of informal economy infrastructure for informal traders, the implementation of the Township and Rural Economies Revitalisation Strategy, the roll-out of economic empowerment strategies for women and youth, and the Black Industrialists Programme. The re-skilling and up-skilling of youth in digital skills remains one of the department's priorities. The department will ensure small business development and co-operatives development, by providing integrated business support services to small enterprises, both existing and start-ups, to improve their capacity to contribute to economic growth and job creation in the province.

The department will also embark on a focused investment promotion drive through targeted investment missions, in an effort to generate foreign direct investment. One of the focus points will be a drive for major investments in the province within the renewables sector, aqua-culture, clothing and textiles, automotive and chemicals, including pharmaceuticals.

The department will continue to provide implementation support for the Pietermaritzburg, Margate, and Prince Mangosuthu Buthelezi Airports and operational support for the Mkhuze Airport in recognition that a well-functioning airport is an economic enabler for the area it is located in, especially the tourism sector which has been hardest hit in the past few years and continues to be a critical sector for the province.

The focus on attracting new airlines and relevant customers in the air cargo value chain at King Shaka International Airport will be accelerated as the airline industry continues to recover after the effects of Covid-19. The implementation of the Durban Aerotropolis Master Plan will continue. Regulatory approvals for the Automotive Supplier Park at Illovo are expected to be finalised in 2023/24, and the development and implementation of the Automotive Supplier Park at the Durban Logistics Hub will also commence.

7.6 Social Development

The Department of Social Development receives R3.3 billion. The department will continue to provide social welfare services to the people of this province, with the focus being on the vulnerable citizens of this province. This work is done jointly with non-profit organisations.

The department will continue to expand and improve residential and community-based care and support services to older persons. The department will ensure access to 39 state-owned residential facilities benefitting 2 589 older persons. Furthermore, 14 535 older persons will have access to care and support services, including proactive programmes to prevent elderly abuse.

The department will continue to render residential and community-based care and support services to persons with disabilities. The Disability Empowerment Mainstreaming Approach Project will continue to be implemented in the iLembe District, and is aimed at facilitating the strengthening of support groups for parents and caregivers of children with disabilities. The department plans to roll out this project to other districts over the MTEF.

The department will continue to collaborate with relevant stakeholders in rendering community-based care to children. Programmes targeting child-headed families will be intensified through continued training of Child and Youth Care Workers in order to offer more support to these children.

The collaboration with UKZN to develop a matrix of poverty pockets in the province through the analysis of household profiles will continue. More partnerships will be forged with municipalities in order to develop and implement community-based plans in an integrated manner. The department will also provide the necessary interventions to the profiled households.

7.7 Agriculture and Rural Development

The Department of Agriculture and Rural Development receives R2.5 billion. In terms of its food security and nutrition programme, the department is planning to support 13 036 subsistence farmers through the provision of mechanisation services, extension services and production inputs to ensure stability in food security for these households. In line with this, 5 162 producers will be supported in the grain commodity value chain. Furthermore, the department is planning to support farmers to cultivate 20 864 hectares of grain in 2023/24. With respect to its livestock programme, 278 producers in the red meat commodity sector will be supported with extension and advisory services, and 16 livestock value chain projects will be implemented.

Vegetable production will be promoted. These interventions will include increased market access and extension support. It will also include encouraging value addition to primary products, provision of capacity building to smallholder farmers, encouraging export of primary and processed products, as well as promoting partnerships with commodity organisations.

The department will expand on its seed multiplication programme in the Makhathini, Dundee, Cedara and Kokstad research stations at its nursery targeting commodities such as beans and maize.

Good agricultural infrastructure is a requirement for achieving higher levels of agricultural productivity and profitability. Through community investment programmes, the department is going to establish physical communal infrastructure for the purpose of improving agricultural and rural development. This includes dip tanks, boreholes, among others.

The ground-breaking intervention in this sector in the form of agri-hubs was alluded to earlier in this speech. The MEC for DARD will elaborate on this exciting programme in the department's budget speech.

7.8 Co-operative Governance and Traditional Affairs (COGTA)

COGTA receives R2.4 billion. The department will continue to promote good governance and enhance financial management in municipalities, including the implementation of the District Development Model with the focus on One Budget, One Plan for district municipalities. The budget includes provision for training of municipal councillors, community outreach programmes, forensic investigations to be undertaken, as well as the appointment of municipal administrators as approved by the Provincial Executive Council.

The community outreach programmes and public participation projects in municipalities include *Izimbizo* and community dialogues with ward committees. Over the MTEF, the department will also monitor and support municipalities to promote participation in community based local government processes, respond to community concerns, establish youth units, as well as the implementation of gender-based violence and femicide responsive programmes.

The National Development Plan stipulates that, for our country to support its long-term economic objectives and development goals, it needs to focus on investing in basic services, such as electricity, water,

sanitation, among others. This will be done by monitoring the implementation of service delivery programmes relating to electricity, water and sanitation, to ensure that these are implemented efficiently in our province.

Besides the usual activities related to support provided to traditional institutional management, the department is allocated R631.1 million in 2023/24, as indicated earlier, to settle the backpay amount owed to the *Izinduna* in this province. Prior to the department effecting any payments in this regard, a meeting will be held between Provincial Treasury and COGTA to discuss the payment process, as well as the internal controls in place to ensure that these funds are disbursed correctly. It should be noted that these funds are specifically and exclusively allocated and may, therefore, not be used for any other purpose.

7.9 Public Works

The Department of Public Works receives R1.7 billion. The department's main role is to implement infrastructure projects for other provincial departments. Also, the department is responsible for the payment of property rates for all land and buildings registered in the provincial register.

In terms of its EPWP responsibilities, the department aims to continue providing technical support to all provincial departments and municipalities in order to achieve the EPWP work opportunity targets set for 2023/24. The set target for 2023/24 is 135 238 work opportunities and 62 479 Full Time Equivalents. The department, as the provincial co-ordinator of EPWP, will ensure that these targets are achieved, and will also ensure that all municipalities and provincial departments report on the EPWP reporting system.

The progress on the government precinct's affordability assessment and appropriate funding model, which is informed by the detailed designs, will be finalised in the first quarter of the new financial year with the support of the Provincial Treasury's Infrastructure and PPP team.

7.10 Sport, Arts and Culture

The Department of Sport, Arts and Culture receives R1.5 billion. The department will continue to develop and promote arts and culture, as well as sport and recreation in the province.

Operation Siyaya Emhlangeni will be hosted in all districts as a build up towards the annual Reed Dance Celebrations in collaboration with the royal family. The department will also partner with various stakeholders in hosting events, such as Women's Day, Heritage Day, Human Rights Day, Day of Reconciliation, etc.

Apart from hosting events, the department will implement skills development initiatives designed to capacitate provincial artists. A total of 640 artists are targeted to be trained in music, theatre, fashion design and other disciplines. Support will also be provided to arts and culture establishments that service the province in various arts and culture disciplines.

The department plans to locate sports combination courts and libraries in close proximity to one another to attract the youth and to position libraries as centres of choice for the youth. The department is targeting to procure about 90 000 library materials to be distributed to all 219 public libraries. The department will provide free internet to more than 160 libraries and will host reading competitions in 12 municipalities, mainly in disadvantaged areas.

In terms of its sport activities, the department will provide support to 55 sporting bodies at provincial and district level. Support will be provided to sport academies and sport focus schools to nurture and develop talented athletes. The department will continue to invest in high-performance sport with talented athletes, especially from rural areas and townships, benefitting from technical, scientific and medical support. Cricket, rugby, cycling and sailing will be targeted through extensive development programmes to identify and nurture talent from rural and disadvantaged communities.

The department will organise structured recreational activities in 156 hubs on a weekly basis to address social challenges of delinquency, crime, alcohol and substance abuse, and domestic violence, especially among the youth.

The department plans to provide 450 schools with sport equipment and sport attire. The department will be primarily responsible for organising and supporting the schools sport competitions at district, provincial and national levels, with 26 500 learners being targeted to compete at the district tournaments.

7.11 Office of the Premier

The Office of the Premier receives R872.1 million. One of the main aims of this department is to initiate province-wide development and implementation of policies and strategies to achieve a co-ordinated approach toward sustainable provincial growth and development. The aim is also to co-ordinate the activities related to the upliftment of the youth, and this is evidenced by the continued investment in the KZN Youth Empowerment Fund.

Through the investment in a digital monitoring and evaluation system, the department will track the development impact of government policies, plans and programmes. The system will also track whether the National Development Plan and the Provincial Growth and Development Strategy are translated into effective service delivery programmes at provincial and district levels while also keeping a finger on the pulse with respect to progress at the coalface of service delivery to assess real change and improvement in the lives of our citizens.

The department will facilitate the process of structuring, co-ordinating and integrating fieldworkers to rebrand Operation Sukuma Sakhe as requested by the current Premier. Working with COGTA, the department will continue the integration perspective of Operation Sukuma Sakhe and the District Development Model to ensure alignment.

7.12 Provincial Legislature

The Provincial Legislature receives R748 million. In line with the Constitutional mandate, the NDP states that “Provincial legislatures need to be particularly robust in enforcing accountability to ensure that provinces perform their core functions in the delivery of basic services equitably, effectively and honestly”. The NDP further indicates that, at a provincial level, the government’s efforts toward delivering on its electoral promises and improving the quality of life in the province rests on the Legislature’s demonstrated genuine will to hold the Executive to account. Accountability is critical particularly to ensure that scarce resources of the state are not wasted but utilised effectively and efficiently. As such, the Legislature will focus its energies to ensure adequate public participation and involvement in legislative processes, as well as strengthened oversight.

In pursuing improved service delivery in the province, the fast-tracking of the implementation of the National Development Plan through the Provincial Growth and Development Strategy remains a critical component of the Legislature's oversight agenda. To ensure that the Legislature's committees are able to track progress, service delivery baselines on NDP/PGDS targets will be critical especially in providing feedback to communities as part of addressing service delivery protests.

To strengthen the constituency work of the public representatives in the Legislature, an additional amount of R100 million over each year of the MTEF years is included in this allocation. This will also bring the funding of the KZN Legislature in line with the other eight Legislatures.

7.13 Provincial Treasury

Provincial Treasury receives R678.9 million. Support will be given to departments and public entities to enhance their financial management. The focus will also be on staff development and training programmes to develop and retain the requisite financial management skills and expertise as part of the pillars of the operation clean audit strategy. The provincial audit improvement plan will be a key focus area and, in this regard, the provincial Internal Audit unit will be capacitated with permanent resources shifting from reliance on consultants. Risk-based audits with specific focus on good governance will be performed. IT audit reviews, financial audits, as well as transversal reviews of SCM will be undertaken, compliance by departments' vulnerable groups integrated strategies, among others. The department will continue in its endeavours to implement the hybrid internal audit model, with the Department of Health taking over the function from 1 October 2022, while the Department of Transport and the Department of Education require further time due to constrained resources.

Compliance with all SCM prescripts in provincial departments, municipalities and public entities will continue to be monitored, given the change in the preferential procurement regulations and resulting policy shifts and amendments. Once contracted service providers have delivered against their contract/order, we will ensure they are paid on time and, in this regard, support will be provided to suppliers to resolve payment disputes with organs of state through Operation Pay-on-Time.

Somlomo, on our budget Vote we will expand on the rollout of Pay-on-Time programme.

The oversight model of monitoring the spending and revenue collection of departments and public entities against budget will continue in 2023/24. This oversight model aims to highlight red flags proactively in order for remedial actions to be taken, resulting in provincial spending remaining within the provincial budget.

The department will continue to support municipalities and provide technical support to delegated municipalities to promote sound financial management and sustainability with specific focus on assisting municipalities to produce credible information to stakeholders which will allow for effective decision making.

7.14 Community Safety and Liaison

The Department of Community Safety and Liaison receives R250.6 million. The department's budget allocation will be used for safety promotion activities mainly in areas where there is instability and will attend to issues of gender-based and domestic violence. Focus will also be placed on police oversight programmes through monitoring and development of improvement plans for each police station, mainly

for the 184 police stations which were flagged as a serious concern during the national census project. The department will also establish and implement the Community Safety Intervention Unit, as mentioned.

8. INTERVENTIONS, TECHNOLOGICAL ADVANCEMENT AND TELE-COMMUNICATIONS

8.1. Eskom

In the budget speech in February 2023 Honourable Minister of Finance Enoch Godongwana reiterated that as at the end of December 2022 Eskom was owed R56.3 billion by municipalities.

He proceeded to say that as Government we are working with Eskom to provide a solution to this problem wherein Eskom will provide incentivized and conditional relief to struggling municipalities.

In KZN alone R2.7 billion is owed to Eskom of which R850 million is currently overdue. Likewise, as the Provincial Government we must join in the crusade to work with our municipalities in resolving this challenge.

8.2. Supporting municipal financial sustainability

Delivery of services by municipalities is central to a better life for all our people. Payment for services therefore is key and central to the attainment of this commitment. As at the 31st of January 2023 R35.9 billion was owed by consumers including Government Departments to municipalities with R29.7 billion being over 90 days overdue.

This reflects on the data integrity and the capacity of municipalities to collect monies owed to them.

Here too Madam Speaker we will provide support that will turn the situation around including declaring war on Unauthorized, Irregular, Fruitless and Wasteful Expenditure which is, according to the 2021/22 municipal audit results, sitting at R23.9 billion.

As governments, working within the spirit of the District Development Model we will resolve the aforementioned issues with a view of ensuring Municipal Financial Sustainability and improved service delivery.

8.3. Infrastructure Delivery Management System

Given the fiscal constraints, global and local economic outlook, we have to tighten our belts as we are required to do more with less. We will strengthen our monitoring and evaluation and reporting of Provincial Departments, entities and municipalities budgets through the respective oversight structures and support our institutions in their implementation of service delivery through effective use of technological solutions such as the Infrastructure Delivery Management System (IDMS)

In this regard, we wish to state that the Infrastructure Delivery Management System (IDMS) a government management system for planning, budgeting, procurement, delivery, maintenance, operation, monitoring and evaluation of infrastructure comprises of a set of interrelating or interacting elements that establish processes which transform inputs into outputs. However, there is still a need to strengthen the capacity of departments particularly in the monitoring of infrastructure investment at a local municipal level in order to avoid the return of any appropriated funds due to underspending given the dire impact this would have on communities' access to decent services.

Given the catalytic role that infrastructure plays in both economic growth and closing the inequality gap through provision of opportunities for remote communities, all efforts should be directed to ensuring not only value for money in terms of the delivery of infrastructure, but a co-ordinated approach across all spheres of government through the District Delivery Model further crowding in private investment critical for job creation.

As the province enhances its efforts to manage its finances, strategic sourcing, and audits across the departments, it is evident that the lack of a modern Enterprise Resource Planning (ERP) System is hindering such progress. Whilst we acknowledge the efforts by National Treasury over the past 16 years in the procurement of an Integrated Finance Management System, this has not been realised and has resulted in various Departments engaging the National Treasury to obtain a deviation to implement their own solutions. We will be engaging National Treasury as a province, to explore options that will enhance our ability to work smarter through the use of technological solutions whilst enhancing controls which will significantly reduce manual manipulation and corrupt practices.

8.4. Intergovernmental Connectivity

The recently awarded Spectrum licenses by ICASA has prompted us as Provincial Treasury to review our provincial expenditure on ICT. The Social Obligations stated as conditions of compliance brings about positive spin-offs on cost savings and business improvement process for the benefit of the provincial administration and the citizens at large. Our preliminary findings inform us that cost savings of approximately half a billion on our fiscus is not a pipe dream but a reality. We are working on further processes of validating our preliminary findings.

Bridging the digital divide through collaboration with captains of industry and other stakeholders of strategic nature will enable the improvement of our citizen's lives and improvement of service delivery mechanisms. The review of cost savings will enable a wide range of effective citizen's identity management, SMME active participation in advancing the developmental state agenda just to name a few spin-offs of this approach. The much vaunted 4IR will be a reality, as we collaborate on our inter-governmental relations for effective governance and identifying value for money.

9. CONCLUSION

As much as we are facing uncertainty, we remain optimistic that there is always light at the end of the tunnel. The Economic Reconstruction and Recovery Plan is our tool in restoring the hope of the people of KwaZulu-Natal. The plan aims to stimulate equitable and inclusive growth. It encompasses some of the urgent interventions such as resolving the energy crisis; aggressive infrastructure investment, mass employment and green economy interventions. As we decisively move towards the realization of a dream of mass jobs creation and to eliminate poverty, we are pinning our hopes on this plan and many other strategic interventions that aim to improve the living conditions of the people of KwaZulu-Natal.

As I conclude Honourable Members, this presentation is a reflection of what we anticipate to achieve in our province while striving to accelerate service delivery to our communities during this period of advanc-

ing people's interests and hope. SONA and SOPA addressed pressing issues and highlighted the successes that we have achieved in the 29 years of our democracy. From both addresses, I appreciate the R10 million that is being set aside to support the Cannabis Industry, this is a milestone worthy to be celebrated.

Uhlelo lwe Social Compact Somlomo, lunginika ithemba lokuvuselela ukubaluleka kokubambisana phakathi kuka Hulumeni, nosomabhizinisi, abahlali kanye nabasebenzi ukuze sakhe isifundazwe esingcono esinamathuba amaningi okuthuthukisa isifundazwe sethu.

I believe that our collective efforts (both the public and private sector) are crucial for the effective implementation of the Economic Reconstruction and Recovery plan.

Honourable Speaker, let me express my greatest appreciation for the support that one always enjoys from my Leadership and Membership of our organisation, the African National Congress.

Madame Speaker, please allow me to also express my sincere words of gratitude to the Members of the Legislature, in particular, the Chairperson, Honourable SC Nkosi, and members of the Finance Portfolio Committee as well as members the SCOPA.

To the Premier of our Province, Honourable Nomusa Dube-Ncube, my colleagues and comrades in the executive, thank you for the support.

Thanks to the Heads of Departments and Chief Financial Officers for the work they have done in preparing this budget.

I would also like to extend my gratitude to the Minister of Finance Honourable Godongwana and National Treasury officials for their guidance and technical support.

My gratitude also goes to the Ministers' Committee on Budget for the sound advice in preparing this budget.

Let me also express my appreciation to the Provincial Audit and Risk Committee, Bid Appeals Tribunal, the Auditor-General, boards of various entities and other social partners.

I would like to thank my Treasury Team, led by HOD Carol Coetzee, for putting together the budget documentation I am tabling today. This team goes above and beyond, and they are truly appreciated.

Lastly, it would be remiss of me not to thank the most important people in my life, my family, who have supported me throughout my various deployments, and whom I draw my strength from; especially my mother maJili, my children; Steve, Sthabile, Sthembiso, Sbusiso, Manoni, Sthembile, Wandile and Boyz, and my grandchildren Nkosinami, Ndondo and Mnotho. Thank you for the love and continuous support.

I thank you.

NOTES

NOTES



2023/24 **PROVINCIAL** **BUDGET** **SPEECH**

Provincial Treasury
Treasury House, 5th Floor
145 Chief Albert Luthuli Road
Pietermaritzburg
3201

P.O. Box 3613
Pietermaritzburg
3200

Tel: +27 (0) 33 - 897 4310
Fax: +27 (0)33 - 897 4617



ISBN No.: 978-1-920041-81-6