

**BUDGET SPEECH
2022/23**



**HONOURABLE MS NOMUSA DUBE-NCUBE
MEC FOR FINANCE**

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PROVINCE OF KWAZULU-NATAL

Budget Address by Honourable

Ms Nomusa Dube-Ncube

MEC for Finance

On tabling of the 2022/23 MTEF Budget in the Provincial Legislature

9 March 2022

Madam Speaker;

Honourable members of the Legislature;

Premier Sihle Zikalala;

Colleagues in the Executive;

Members of the diplomatic corps;

Traditional Leadership and Business leaders;

Distinguished guests;

Fellow citizens.

1. INTRODUCTION

Madam Speaker, as I rise to address this house, I am reminded that 28 years ago, the people of this province voted for the first time for the government of their choice.

Millions of ordinary members of society had a desire and determination to live in a prosperous society. It is for these reasons they stood in long queues with great optimism.

I stand before you to rekindle that optimism.

We need to continuously remind ourselves that this freedom belongs to the ordinary people of our province who voted on 27 April 1994. Seated at home are many veterans and families of fallen heroes and heroines of our struggle for freedom.

It is therefore appropriate that we pause and pay tribute to all those whose efforts and sacrifices resulted in the creation of the democratic dispensation that this government represents.

The ethos of selflessness in the service of our people should continue to inspire all of us as we strive to make the lives of our people better and the sacrifices of our fallen heroes and heroines worth their while.

Madam Speaker, when crafting the KwaZulu-Natal Provincial Budget, we had in mind ordinary members of society who must taste the fruits of freedom.

We want this budget to help thousands of people who have been retrenched and condemned to rural villages and peri-urban informal settlements with no means of survival.

We want each cent allocated from this budget to touch the life of a mother in a remote rural village whose children walk more than 20 kilometers to school. Each rand allocated from this budget, must change the lives of an aspiring group of women who have formed a co-operative.

By and large, the aspirations of entrepreneurs who are owners of Spaza shops and emerging enterprises in the townships and rural areas have helped us fashion what is essentially their budget.

In presenting this Budget Speech Policy statement we acknowledge that the wide gap between the impoverished second economy and the privileged elite, at the apex of our economic structures, can only be addressed through a targeted and incremental process of transformation and empowerment.

The Premier in His State of the Province Address opined that we are: *“Turning the corner in KwaZulu-Natal: Building on our Resilience, Forging Lasting Peace, Creating Job Opportunities, and Ushering in Sustainable Growth”*, and therefore, in the ensuing months, the Budget will assist the Provincial Government to pursue multiple initiatives :-

These include:

- major investments in public infrastructure aimed at increasing productive capacity and fast-tracking economic recovery;
- poverty alleviation and job creation for the masses trapped in poverty in the lower rungs of our economic and societal structures;
- radical economic transformation, incorporating initiatives such as the co-operatives and SMME financing programmes, aimed at increasing participation and broadening the base of the economy.

We remain firmly of the view that the focus on the implementation of radical economic transformation is based on a correct diagnosis of our economy.

Whilst much had been done to promote entrepreneurship ahead of the outbreak of COVID-19, the pandemic has revealed another crisis and that is the glaring structural racial and gender disparities in business ownership.

The reality is that indigenous people in the townships and rural areas are only consumers of goods and services. They do not participate, on equal footing, in the economy of this province as owners and creators of wealth.

Honourable Members, this Budget has been packaged to ensure radical shift in demographic ownership of businesses. For instance, we want the rollout of human settlements and public works program of the construction of social infrastructure to fast-track the entry of indigenous people into the entire value chain of the built industry.

We are in full support of efforts aimed at transforming the property sector for the benefit of previously marginalized communities. We are unapologetically behind a decision to use government's office accommodation leases to develop small players. We want the ownership of such properties to reflect the demographics of this country.

Fellow Citizens, today we want to proclaim with a high sense of determination that we will no longer fold our arms when the majority of our people continue to be the cheap labour that do not claim any share in the economy of the province.

We remain convinced that this province could have millions more businesses if women and young people, in previously disadvantaged communities, were entrepreneurs at the same rate as other racial groups.

Honourable members, the Budget must therefore be viewed within the context of ending the history of apartheid designed economic exclusion.

Our focus on establishing KZN as an entrepreneurial nation, is vitally important to the economic development and social stability of this province as we emerge from COVID-19 and its destruction.

Importantly **Honourable Members**, I must hasten to point out that the Budget marks the beginning of the renewal of village economies as centres of local economic development post a COVID-19 era.

Resources have been allocated to the Department of Economic Development, Tourism and Environmental Affairs to strengthen small business development through various packages including incubation, mentorship and access to micro finance.

We are supporting the Department of Education to ensure that schools that are part of the National School Nutrition Programme procure food for school feeding schemes from the local village subsistence and emerging farmers. **We established RASET precisely for this reason to augment the efforts of the emerging farmers. This provides a market for the small scale farmers and inject millions to the rural economy. More about RASET later on in my address.**

This Budget will help sustain and augment the existing fresh produce markets in all municipalities and encourage the establishment of village markets for vegetable producers to sell their produce to the local villagers.

Through Provincial Treasury, we will use our procurement spend to intensify the KZN Buy Local Campaign. In addition, we will continue to encourage South African and global retail suppliers to source most of their products and services from emerging entrepreneurs from this great province.

We are partnering with EDTEA, Proudly South African and the private sector to advocate for buying of local products. This is to ensure that the buying power of KZN promotes buying local.

Madam Speaker, that is why we applaud the continued clamping down of illicit goods. We applaud the Premier's ongoing campaign to monitor adherence by our Ports through his constant unannounced visits to Ports.

We have a duty of creating awareness and educating our people to refrain from buying imported illicit good which causes long term damage to our local economy as dumped goods kill jobs we so desperately need.

We want to integrate the second economy producers to the first economy markets.

1.1 Global Economic Outlook

Madam Speaker, as of last Wednesday, the population of Africa was more than 1, 3 billion based on the United Nations estimates. We are informed by the UN that Africa ranks number 2 among regions of the world ordered by population. Importantly, the median age in Africa is 19.7years.

Any analysis of global economic outlook without these figures, clearly acknowledged, is incomplete.

Based on these figures, the global media, authors and economists are commenting about the impact of the Russia-Ukraine Conflict on the global economy.

Since the conflict escalated, all these role players seem to agree that the global economic outlook has darkened.

The economic and financial sanctions against Russia have created uncertainty and volatility into economic decision-making and heightened the risk to the global outlook.

In addition, the crude oil price surpassed the 100 US dollar mark in responding to the ongoing tension. This could result in a sharp increase in energy and food prices leaving consumers to bear the brunt.

Fresh from the lockdown, we are seeing the disruption of global supply chain supplies as the United States, Europe and their allies froze hundreds of billions of dollars of the Russia's central bank's assets that are held abroad.

Published reports points out that African countries imported agricultural products worth \$4 billion from Russia and \$2.9 billion from Ukraine in 2020 at a time of soaring prices in global markets. From Russia, about 90 percent was wheat. In Tunisia, already struggling economically, the agriculture ministry said it was looking elsewhere for wheat supplies.

1.2 South African Outlook

Honourable Members, we continue to draw inspiration from the teachings of the departed great leaders of this country.

On the 9th April 2018, following the sad passing on of Mama Winnie-Madikizela Mandela, our entity - Brand South Africa, paid befitting tribute to the departed world icon.

Brand SA, as the custodian of South Africa's national brand proclaimed:

“Winnie Madikizela-Mandela’s courage to speak her truth and dedicate her life towards fulfilling a vision of an equitable, prosperous, better future for South Africa is what made her a truly powerful icon of freedom.”

Brand SA further stated:

“A true patriot, Madikizela-Mandela faced untold hardships during the apartheid years, yet she confronted each with an inner strength and fortitude. It is her courage and bravery as well as fearless commitment to fulfilling the dream of political and economic freedom which will remain her ultimate legacy.”

Honourable Members, we are, inspired by Mama Winnie to take forward her dream of a future that is better than our past. Despite the challenges of our times, we are determined to ensure that ordinary members of society benefit from South Africa’s economic growth.

Notwithstanding challenges, as government, we have made progress in implementing some structural reforms as outlined in the economic reconstruction and recovery plan.

While unemployment has risen to unprecedented rates, the presidential employment stimulus programmes continue to play an integral role in reducing joblessness. We are encouraged that the national economy has recovered from the depths of an estimated 6.4% contraction induced by Covid-19 in 2020. Real output expanded by an estimated 4.6% in 2021 but is expected to moderate marginally to 1.9% and 1.4% in 2022 and 2023, respectively.

1.3 Economic activity in KwaZulu-Natal

Madam Speaker, similar to the national economic performance, this province continues to rebound from the contraction of 6.4% induced by Covid-19 in 2020.

The provincial economy is estimated to have peaked at 4.2% in 2021. The real output is projected to retreat somewhat to 1.7% in 2022 and 2023.

While KwaZulu-Natal’s economy has shown positive signs of a full recovery, provincial employment remains unacceptably low. The number of employed people dropped by 5.1% in the third quarter of 2021.

Unfortunately, youth unemployment also continued to rise, mainly when measured using the expanded definition, which incorporates discouraged-work seekers. As a result, approximately 59.3% of young people aged between 15 and 34 years are unemployed.

With this budget allocation, government will prioritize the rollout of education infrastructure and strengthen training and skills acquisition.

Our main goal is to make young people and the people of KwaZulu-Natal capable of sustaining themselves independently using their skill to survive.

It is the technical skills that will grow the economy of our province and enable our people to compete with best in the world. We are allocating resources to allow government to provide on-the-job experience through internship and learnership programmes.

Honourable Members, we are utilizing the Presidential Youth Employment Initiative and the KZN Youth Empowerment Fund to promote and sustain the youth entrepreneurship revolution.

We are allocating infrastructure and funding to enable young people to take charge of the future. We want them to occupy front-seats of key sectors such as the digital economy.

The future belongs to the super-intelligent machines without us as humans.

With all the technological disruptions, we are resolute in ensuring that young people, across all corners of the province, are innovative and supported to create the future of our dreams.

Whatever labels we give to it: gig economy, automation, digitalisation, robotics, artificial intelligence, internet of things, 4G OR 5g – it must all be underpinned by social justice, social inclusion, and youth empowerment.

The World Economic Forum further estimates the 4IR digital economy at \$6 trillion, equally the International Telecommunication Union forecasted that an increase of 10 per cent in mobile broadband penetration in Africa would yield a further increase in 2.5 per cent in GDP per capita.

As KwaZulu-Natal we are in the best position to benefit from 4IR and the Broadband rollout, given our strategic geographic position.

The focus on broadband rollout that aims to connect all 2.5 million houses over the next 20 years will not only attract investment into the Province but will create much-needed jobs for our people. We appreciate the great strides made by our Provincial broadband rollout team in ensuring that as a Province we develop the best broadband rollout model that leverages off the strengths and weaknesses of other models. We are pleased to announce that this model will generate additional revenue of R 800 million per annum in its maturity. We commit our continuous support as Treasury to ensure that innovation and connectivity of our people take precedent and will make allocations accordingly towards the programmes.

2. THE BUDGET AND FISCAL POLICY CONSIDERATIONS

While globally there has been some recovery shown after the events of 2020, the recovery domestically was impacted by the unrests that occurred in July 2021, as well as the high unemployment rate. As mentioned, these have resulted in lowered economic growth expectations. On the other hand, there has been an improvement in tax revenues, due to the commodity price cycle. Improvements in tax collection have become broader based than was evident in the first three quarters of the previous year, therefore tax collections are expected to increase. Significant fiscal risks remain, though. Domestically, we have higher risks from contingent liabilities from our larger State Owned Enterprises (SOEs), and the cost of borrowing is rising, especially the cost of foreign borrowing. The aim of this government, among other things, is to stabilize the debt to GDP ratio, and this was why there were such significant budget cuts made against all three spheres of government over the 2021/22 MTEF.

As mentioned, the country is seeing an improvement in tax revenue due to short-term commodity price increases. This revenue increase will be used to decrease the country's deficit, but also to address some budget pressures.

It is as a result of this improvement in tax revenue, that some funds are added to the provincial fiscus over the 2022/23 MTEF, and I will provide the detail of these allocations shortly.

It is against this context that I table the provincial budget today.

2.1 Provincial Budget

As mentioned, in this budget process there are no budget cuts made against the provincial departments in this province. Instead, we see the allocation of significant funds back to the province, mainly to assist Education, Health and Social Development with the budget pressures that arose from the budget cuts made in the last budget process. There are also additions made to the provincial fiscus for the 2022 wage agreement. We also receive a significant injection of funds into Education with respect to the Presidential Youth Employment Initiative. In aggregate, the Provincial Equitable Share increases by R7.7 billion, R3.8 billion and R2.7 billion over the MTEF.

There are also amendments made to the budget due to the annual data updates to the Provincial Equitable Share formula, but these are fairly minor. As such, we see a decrease in our Provincial Equitable Share budget in 2022/23 of R111.3 million, while there are increases in the two outer years of R86.7 million and R5.5 million, respectively. KwaZulu-Natal continues to receive 20.4% of the Provincial Equitable Share, receiving the second highest portion after Gauteng.

We have had to make revisions to our Provincial Own Revenue, and this is mainly to account for lower projected interest to be collected on the provincial bank account due to lower cash balances after last year's budget cuts. We reviewed the collection trend against item, and noted that there is a projected under-collection this year of around R130 million and this meant that we must also revise our revenue collection targets over the MTEF. Some departments increased their revenue budgets and there is then a provincial own revenue net reduction in aggregate of R123.9 million, R137.2 million and R182.4 million over the MTEF.

From a conditional grant allocation point of view, I am pleased to say that our budget sees increases over all three years of the MTEF. Our conditional grant budget increases by R2.2 billion, R1.5 billion and R1.4 billion over the MTEF.

The decision was also taken to keep a Contingency Reserve, as has become practice in this province, as this allows us to respond in-year when unforeseen circumstances arise. The Contingency Reserve in 2022/23 is set at R350 million.

2.2 Provincial Fiscal Framework for 2022/23

The provincial fiscal framework shows the amounts that the province receives in terms of the Provincial Equitable Share and the conditional grant allocation, as well as the downward revision in the Provincial Own Revenue allocations.

Table 1

Summary of provincial fiscal framework			
R thousand	2022/23	2023/24	2024/25
1. Revised allocation	143 333 282	139 421 620	143 071 701
Transfer receipts from national	139 550 610	135 501 322	138 997 771
<i>Provincial Equitable Share</i>	<i>114 509 371</i>	<i>110 785 551</i>	<i>114 372 560</i>
<i>Conditional grants</i>	<i>25 041 239</i>	<i>24 715 771</i>	<i>24 625 211</i>
Provincial own receipts	3 761 099	3 920 298	4 073 930
Provincial cash resources	21 573	-	-
2. Planned spending by departments	140 374 748	139 083 302	142 857 211
3. Contingency Reserve	2 958 534	338 318	214 490

The transfers received from national are the Provincial Equitable Share and the conditional grant allocations. The Provincial Equitable Share amounts to R114.5 billion in 2022/23, with the amounts for the MTEF shown in the table. The conditional grant allocation amounts to R25 billion. KwaZulu-Natal's total budget allocation from National Treasury is thus R139.6 billion. When we add our provincial own revenue and provincial cash resources to this, the total is R143.3 billion, as shown in Line 1.

Line 2 shows that the provincial departments are planning to spend R140.4 billion, R139.1 billion and R142.9 billion over the MTEF. Line 3 shows that the province continues to budget for a Contingency Reserve details of which I will provide shortly.

2.3 Additions to KwaZulu-Natal's Provincial Equitable Share

As mentioned, there are some additions made to the Provincial Equitable Share by National Treasury. National Treasury allocated R2.8 billion towards implementing the 2022 wage agreement. As this agreement has not yet been finalised, the funds are kept unallocated at this stage, and are held in the Contingency Reserve. These funds will be allocated to departments in-year and the allocation will be formalised in the 2022/23 Adjustments Estimate.

National Treasury allocated R3.4 billion, R2.3 billion and R2.7 billion over the MTEF to pressures in Education, Health and Social Development.

The lion's share of this allocation goes to **Education**, with R1.8 billion allocated in 2022/23, and with further allocations over the MTEF. This addition has the effect of reversing some of the budget cuts that were made in the previous budget process. The funds are provided to support the department in addressing its budget pressures, and the funding is thus meant to address the existing pressure related to the number of educators in schools and other budget shortfalls.

Health receives the second highest allocation from the additional funds received from National Treasury, receiving R1.5 billion in 2022/23 with carry-through. These funds are added for Health to continue their response to the Covid-19 pandemic, and to reduce the impact that the budget cuts had on essential medical goods and services.

Social Development receives R41.5 million in 2022/23 with further funds allocated over the two outer years. This funding is for non-profit organisations (NPOs) that are already contracted by the department so as to maintain the transfers that flow to these NPOs.

Significant funds are also received for the **Presidential Youth Employment Initiative**, with these allocated to the Department of Education in the first two years of the MTEF. In this regard, R1.5 billion is allocated per year and is for the continued employment of 64 117 education assistants, classroom assistants, after-school assistants, handymen and youth care workers.

3. FUNDING FOR SOME PROVINCIAL PRIORITIES

Due to the budget cuts, departments were encouraged to reprioritise their own budgets to ensure that all key government programmes are sufficiently funded. Important to note is that we were able to add R204.9 million to Vote 12: Transport in last year's budget process, for allocation in 2022/23 towards their shortfall in learner transport services. Similarly, we were able to add R204.9 million in 2022/23 to Vote 14: Public Works towards the shortfall in property rates. We usually provide for this in-year during the Adjustments Estimate process, but were able to give certainty of funding to these two departments much earlier this time around.

4. CONTINGENCY RESERVE

As in the past, the Contingency Reserve is being kept for a number of reasons, but mainly to protect the provincial fiscus against the impact of unforeseen expenditure pressures when they arise. These funds can then be allocated in the Adjustments Budget which will be tabled in November 2022, as is the norm. The Contingency Reserve is inflated in 2022/23 as the funds allocated for the 2022 wage agreement will only be allocated to departments in-year once the wage agreement has been finalised. The Contingency Reserve for 2022/23 is set at R350 million.

5. CONDITIONAL GRANTS

The services we render to the people of this province are also funded through conditional grant funding received from National Treasury. The type of activities paid for by these grants are stipulated in grant frameworks which are included in the Division of Revenue Act.

The conditional grant budget of KwaZulu-Natal increases by R2.2 billion, R1.5 billion and R1.4 billion over the MTEF. After these amendments, KwaZulu-Natal's conditional grant budget is R25 billion, R24.7 billion and R24.6 billion over the MTEF.

There is also an amendment being made to one of the grant names in this budget process. The **HIV, TB, Malaria, Community Outreach and HPV Vaccine grant** is renamed as the **District Health Programmes grant**. The grant now has only two components, namely the Comprehensive HIV/AIDS component and a District Health component. The components that were previously created for the Mental Health and Oncology aspects are shifted from the District Health Programmes grant to the National Health Insurance (NHI) grant.

The **District Health Programmes grant** receives an increase of R270.1 million in 2022/23 and these funds are mainly to augment the existing allocation in this grant for costs associated with administering the **Covid-19 vaccination roll-out** programme.

The health sector has continued to face pressures in covering the costs associated with the placement of a growing number of **medical graduates**. The need for internship and community services posts has increased, mainly due to students returning from Cuba and a higher number of medical students graduating in South Africa. As such, R745 million (for all 9 provinces) was reprioritised among various grants and moved to the Human Resources and Training grant. In this regard, Vote 7: Health receives R182.9 million, R185.5 million and R168.9 million over the MTEF.

National Treasury indicated that, due to difficulty in collecting data to determine the allocation of the incentive portion of the **Provincial Roads Maintenance grant**, that an amount of R65 million is deducted from all 9 provinces over the MTEF and allocated to the national Department of Transport to fund a system that will centralise certain data. This data will be used to develop a set of criteria to determine how the incentive allocation to the various provinces should be allocated. Vote 12: Transport therefore saw a reduction of some R3 million in 2022/23 with carry-through.

The largest conditional grant is the **District Health Programmes grant** with a budget of R7.5 billion, the next highest is the **Human Settlements Development grant** at R2.9 billion and then the **Provincial Roads Maintenance grant** with a budget of R2.7 billion. The **Education Infrastructure grant** is the next highest at R2.4 billion.

Various grants receive increases in 2022/23 relating to the **2022 wage agreement**, specifically where staff are remunerated through conditional grant funding. Grants affected by this include the National Tertiary Services, the Community Library Services and the Learners with Profound Intellectual Disabilities grants, among others.

Most conditional grants merely show inflationary growth in the outer year, while the grants discussed here are being amended more significantly:

The **Education Infrastructure grant** shows an increase of R250.9 million in 2022/23, R325.8 million in 2023/24 and R100.2 million in 2024/25. This grant is incentive based and this is because the department complied with the stipulated planning and reporting requirements. The department received a final score of 83% and thus qualified for an incentive allocation. The grant also includes a disaster allocation relating to storms and flooding that occurred in the province in 2019 and 2020 causing damage to schools. In this regard, the grant includes R144.8 million and R325.8 million in 2022/23 and 2023/24. The budget for this grant is R2.4 billion in 2022/23.

The **National School Nutrition Programme grant** receives an increase of R59.5 million in 2022/23 and the budget is around R2 billion in that year after this amendment has been made. There is also an inflationary increase in 2024/25 of R88.4 million.

The **Early Childhood Development (ECD) grant** sees a reduction of R59.6 million, R75.2 million and R67 million over the MTEF. In this regard, the national Department of Social Development indicated that the subsidy component of this grant previously used the number of children who are eligible for the Child Support Grant in each province, whereas from now, the formula uses the number of children targeted for subsidisation. The data was collected with assistance of the provincial Departments of Social Development. The budget for this grant is R187.2 million in 2022/23.

The **Health Facility Revitalisation grant** increases by R42.8 million in 2022/23, increasing the grant total to R1.4 billion. This grant is also incentive-based and, as the department scored 92% in terms of the assessment criteria set by National Treasury, this incentive allocation was received.

The **Mass Participation and Sport Development grant** is increased by R4.6 million, R10.9 million and R16.4 million over the MTEF. The grant total in 2022/23 after the increase is R97.3 million.

The **Provincial Roads Maintenance grant** sees significant increases of R789.8 million, R607.2 million and R433 million over the MTEF. This allocation brings the grant total in 2022/23 to R2.7 billion and these funds are for the maintenance of the road infrastructure. It should be noted that this grant includes an additional allocation of R490 million and R293.5 million in the first two years of the MTEF and this relates to storm and flood damage in 2019 and 2020 and this allocation is for the repair of roads damaged during these storms.

The **Human Settlements Development grant** sees an increase of R397.7 million, R475 million and R119.3 million over the MTEF, with the additions in the first two years being due to the receipt of disaster funds. These funds are to repair houses damaged by storms and floods in 2019 and 2020. The grant total in 2022/23 is R2.9 billion.

The EPWP Integrated Grant for Provinces receives R111.9 million provided for the purpose of creating jobs and the departments plan to create 18 493 jobs through this allocation. The budget is allocated as follows:

- DARD receives R4.6 million
- EDTEA receives R6.4 million
- Education receives R2.2 million
- Health receives R11.7 million
- Human Settlements receives R6.5 million
- COGTA receives R2 million
- Transport receives R68.3 million
- Public Works receives R8.1 million

- Sport, Arts and Culture receives R2.1 million

The Social Sector EPWP Incentive Grant for Provinces receives R99.8 million and the departments plan to create 3 297 jobs through this allocation. The budget is allocated as follows:

- Community Safety and Liaison receives R3 million
- Education receives R30.5 million
- Health receives R26.3 million
- Sport, Arts and Culture receives R2.3 million
- Social Development receives R37.7 million

6. INFRASTRUCTURE

In a recent World Economic Forum discussion, the importance of infrastructure spending as a post-Covid economic recovery method was highlighted. It was indicated that technologically advanced, sustainable and resilient infrastructure can pave the way for an inclusive post-Covid economic recovery and that governments should ensure investments go to infrastructure projects that are sustainable, technologically advanced and resilient. In this discussion, it was indicated that countries around the globe are set to launch the biggest round of infrastructure investment since the post-2008 financial crisis stimulus measures.

KwaZulu-Natal continues to invest in infrastructure development with the budget over the MTEF amounting to **R18.6 billion, R19 billion and R18.7 billion**. This includes both equitable share and conditional grant funded infrastructure. 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, and this document can also be accessed on the KZN Provincial Treasury website.

6.1 Infrastructure projects planned for the MTEF:

6.1.1 Transport

The **Department of Transport will spend R25.9 billion** over the three years of the MTEF. The department's activities in infrastructure delivery and maintenance, as well as transportation services, are cross-cutting and it is acknowledged that there must be considerable capital investment in road infrastructure to support the National Development Plan (NDP) and MTSF priorities. Hence, there is significant investment in maintenance and repairs, upgrades and additions to existing infrastructure, as well as rehabilitations, renovations and refurbishments to existing infrastructure. Some of the department's key projects are:

- **Upgrade of Main Road P16-3** which is located in the Nquthu Local Municipality and in the Nkandla Local Municipality.
- **Upgrade of District Road D1252** located in the Mqedandaba Village in Estcourt, in the uThukela District.
- **Upgrade of Main Road P714** which is located within the Ilembe District Municipality.
- **Upgrade of Main Road P303** and this road is located between Makateeskop and Braunschweig in the eDumbe Local Municipality.
- In terms of **pedestrian bridges**, the construction of the Mvubukazi River Pedestrian bridge situated on the Mvubukazi River in Landauville in the Msunduzi Local Municipality will continue. The existing crossing over the river is used by residents including school children, to access various facilities such as health, educational and commercial facilities.
- In terms of **vehicle bridges**, these two projects are planned, among others:
 - Construction of the D69-3528 Klein Boesman River bridge which is located in the Zwelisha Village in Estcourt.
 - Construction of the D1263-3733 Okhombe River bridge which is located in Bergville, in the uThukela District Municipality.

6.1.2 Health

The **Department of Health plans to spend R6.7 billion over the MTEF on infrastructure** and will undertake a number of projects, including the following:

- Osindisweni Hospital where R57 million is budgeted for the construction of a new multi-drug resistant TB unit.
- In the King Cetshwayo District an amount of R41 million is budgeted for roof repairs and asbestos removal at clinics in this district.
- At Ekhombe Hospital, R30 million is budgeted for renovations to staff accommodation at this facility.
- At Greys Hospital, an amount of R29 million is budgeted for roof repairs to the hospital and upgrades to the accommodation facilities for doctors and nurses.
- At RK Khan Hospital, R25 million is budgeted for major electrical upgrades to upgrade aging electrical infrastructure at the facility.
- At Northdale Hospital, an amount of R20 million is budgeted for roof repairs.

6.1.3 Education

The **Department of Education's infrastructure budget is R9.1 billion** over the MTEF. The department aims to complete five new and replacement schools in 2022/23. The construction of new schools is based on the need to address overcrowding, creating new teaching and learning spaces and providing specialist classrooms where required.

Furthermore, the department plans to continue with the implementation of priority programmes including the installation of boreholes in 1 158 schools and the repair and rehabilitation of 189 storm damaged schools. The department further aims to implement various ECD infrastructure projects. The following are some of the planned infrastructure projects:

- In 2022/23, the department will continue to construct new schools. New schools to be constructed are the iNkosi Mkhuphukeli High School and Sahlumbe High School in the uThukela District, Thembaletu Secondary School and Mthwane Secondary School in the Harry Gwala District, Cliffdale Secondary School in the Pinetown District, as well as Thembalihle School in the Amajuba District.
- Various schools will be upgraded, and these projects will commence in 2022/23 and include schools such as Ohlange Secondary school in the Pinetown District and Menzi Secondary School in the uMlazi District.
- There are further schools that will be upgraded where work had already commenced in 2021/22 and these will be completed in 2022/23. These include Dingukwazi Secondary School in Zululand District, Bhekukwazi Secondary School in the King Cetshwayo District, Mathole Secondary School in the Zululand District, Tinley Manor Primary School in the iLembe District, Siphumelele Primary School in the Pinetown District and the Dundee Junior Secondary and Ekucabangeni Secondary Schools in the uMzinyathi District.
- Various special schools will continue to be constructed, namely the YWCA Special School in the Amajuba District and the Tongaat Special School in the Pinetown District. The department will complete the construction of the Inanda Special School in the uMlazi District which also has boarding facilities.

6.1.4 Human Settlements

The **Department of Human Settlements will spend R11.3 billion** over the next three years on various infrastructure projects to advance sustainable livelihoods through various infrastructure and housing development projects. This commitment will result in close to 53 000 housing opportunities being made available throughout the province. During this MTEF, the focus will be on the 20 gazetted Priority Housing Development Areas which are located in all districts and in the eThekweni Metro. Projects will include the following:

- The Empangeni Mega Housing Project in the uMhlathuze Municipality is an integrated residential development programme where the plan is to deliver 10 000 units. Currently, more than 30% of bulk services have been installed. The department has targeted to service more than 3 000 sites in Phase 2 of the project over the next two years.
- The JBC Housing Development in the Newcastle Municipality is an approved catalytic project which aims to deliver 11 503 units. The primary aim is to formalize the area therefore curbing and eradicating the development of slums and uncontrolled urban sprawling. Bulk services will be installed in Phases 2 and 3 in 2022/23 and will be completed by 2024.
- The Cornubia Integrated Residential Development project in eThekweni aims to deliver 28 000 units in Phase 1. To date, 2 662 units have been completed and 1 946 transfers have been effected. The tender for Phase 2 is underway for the appointment of a civil contractor. The construction of Phase 2 is anticipated to commence in June 2022.
- The uMlazi Urban Regeneration project in eThekweni aims to deliver 20 000 units. There are various phases and projects in uMlazi and a total of 19 160 houses have been built to date. There are 330 units under construction in the current project and these will continue in 2022/23.
- During 2022/23, a total of 30 informal settlements in the province will undergo Phase 1 upgrading, while 47 will undergo Phase 2 upgrading which relates to providing services to sites. The department will also be providing temporary housing and/or building material to families affected by recent storm disasters.

7. FUNCTION SHIFTS AND AMALGAMATIONS

In the budget being tabled today, we are also formalising a function shift, as well as the amalgamation of two departments.

In terms of the function shift, this was a nationally led process, with the Early Childhood Development (ECD) function moving from Vote 13: Social Development to Vote 5: Education.

This function shift is being undertaken in all provinces and is in line with a directive given by the President and as included in the NDP which states that “There should be a policy and programme shift to ensure that the Department of Basic Education takes core responsibility for the provision and monitoring of ECD”. The principle of funds follow function was applied, and the budget was shifted between the Votes with the budget to be shifted agreed to by both departments. This function shift sees some 3 169 ECD centres and 70 staff being migrated from Social Development to Education. The Department of Education is fully ready to take over the ECD function with effect from 1 April 2022, with the two departments having worked together to ensure full readiness for this function shift.

The provincial budget process also sees the amalgamation of two provincial departments, in line with a decision taken by the Provincial Executive Council. In this regard, it was decided to amalgamate Vote 10: Sport and Recreation and Vote 15: Arts and Culture into a combined Vote from 2022/23 onwards. The newly combined Vote is Vote 10: Sport, Arts and Culture and this is also in line with the function being centralised under one Ministry in the national sphere.

8. COST-CUTTING

The cost-cutting measures remain in place and are invaluable in identifying efficiency savings in our day-to-day work. The full list of cost-cutting measures is contained in Chapter 2 of the *Estimates of Provincial Revenue and Expenditure* being tabled today.

9. OVERVIEW PER VOTE FOR THE 2022/23 MTEF

The table below shows the 2022/23 MTEF budget per department. The province spends 76.3% of its budget on Education and Health in 2022/23. Departments are discussed in order of the size of their budget.

Table 2**Budgets per Vote**

R thousand	2022/23	% of Total Budget
Revised allocation		
Vote 1: Office of the Premier	767 551	0.5%
Vote 2: Provincial Legislature	644 322	0.5%
Vote 3: Agriculture and Rural Development	2 490 556	1.8%
Vote 4: Economic Development, Tourism and Environmental Affairs	3 412 995	2.4%
Vote 5: Education	57 480 788	40.9%
Vote 6: Provincial Treasury	684 109	0.5%
Vote 7: Health	49 609 770	35.3%
Vote 8: Human Settlements	4 123 328	2.9%
Vote 9: Community Safety and Liaison	236 867	0.2%
Vote 10: Sport, Arts and Culture	1 489 055	1.1%
Vote 11: Co-operative Governance and Traditional Affairs	1 820 033	1.3%
Vote 12: Transport	12 474 796	8.9%
Vote 13: Social Development	3 198 281	2.3%
Vote 14: Public Works	1 942 297	1.4%
Total Budget	140 374 748	100.0%

9.1 Education

To quote Elizabeth Warren, “A good education is a foundation for a better future.” The budget for Education is R57.5 billion, receiving the largest share of the provincial budget. This department receives 40.9% of the provincial budget and this budget is used to provide education to the largest number of learners in the country. The primary focus of the department is on improved education outcomes and providing learning opportunities to develop the child holistically.

The main cost driver for this department is *Compensation of employees* with an average of 89% of the total equitable share budget going towards this category. The department reports that there are 5 807 public ordinary schools with 2 657 055 learners, 75 public special schools where the number of learners in yet to be finalised, as well as 131 independent schools with 32 153 learners.

The budget provides for the upgrade to ICT infrastructure and to purchase IT equipment such as hardware, and will also upgrade servers and datalines.

The department is targeting to resource 54 schools with ICT equipment (both primary and high schools). Two software systems are planned to be introduced in 2022/23, namely the e-submission and e-leave management systems. The e-submission system will be used to process all official documents to ensure system efficiency. The main focus will be documents related to Human Resources and the submission of SA-SAMS databases. The e-submission system is aimed at eliminating delays in performing functions like teacher appointments, terminations, leave submissions, etc. These delays have been identified as the main contributing factor to the department's high staff debt balance. Also, the collection of SA-SAMS databases is expected to improve the accuracy, timeliness, relevance and integrity of data from schools.

In terms of the Coding and Robotics Pilot Project, 248 schools from six districts will pilot the new coding and robotics subject in the foundation phase, intermediate phase and in Grades 7 and 8. The new subject requires that each school has at least one coding and robotics laboratory resourced with devices and equipment.

The National School Nutrition Programme grant has a budget of R1.9 billion. These funds will be used to feed all 2 487 301 learners in quintiles 1 – 3, as well as in some quintile 4 and 5 schools. These funds will be used to provide learners with a balanced nutritious meal, to improve learning outcomes.

To ensure the safety of learners while at school, the department will continue to employ 2 769 school safety volunteers.

9.2 Health

The Department of Health receives the second highest portion of the provincial budget at 35.3%, with a budget of R49.6 billion. The bulk of the department's budget allocation is for the delivery of primary health care services to the approximately 87.4% uninsured population of KZN. Prevention strategies assist to save costs on treating clients, with the prevention strategies to be intensified including screening and testing for HIV, TB, chronic diseases, cervical and breast cancers, as well as condom distribution.

The department will continue in its efforts in ensuring that more health facilities, especially those at clinic level, provide a meaningful service to the people of this province. The department also plans to increase the average number of daily operational ambulances from 185 to 225.

Also in a bid to ensure improved ease of access to health care, the department will continue with the Central Chronic Medicines Dispensing and Distribution (CCMDD) programme which provides an alternative mechanism to facilitate access to medicines for stable chronic patients. KZN has 791 940 active patients in this programme. There are 810 external pickup points where patients go to collect their medication. The department is also working with an NGO, to introduce a Pelebox where patients go to collect the medication using their ID as a code to open the box. There are already 23 peleboxes in use with eight in eThekweni, three in Zululand, four in Umgungundlovu, three in uThukela and five in Amajuba. The total number of patients receiving the parcels from the peleboxes is 13 628. The department has also introduced a home delivery service using bicycles. The 88 bicycle riders are from the community. There are nine districts in the province participating in this programme with the exception of eThekweni district, Umgungundlovu and Amajuba. A total of 48 484 patients are benefiting from this initiative.

In terms of provincial hospital services, the services provided at these facilities are at general specialist level, including specialised rehabilitation services, as well as a platform for training health professionals and undertaking research. There are 13 regional hospitals, 5 specialised TB hospitals, 6 specialised psychiatric hospitals and 2 chronic/sub-acute hospitals within KZN. In order to improve access to specialised services, the department is in the planning phase towards the upgrading of 4 district hospitals to regional hospitals, thus improving equitable access to services by the rural populations of the uMkhanyakude, Harry Gwala, Zululand and uMzinyathi Districts.

There are three tertiary hospitals (Greys, King Edward VIII and Ngwelezane Hospitals) and one central hospital in KZN, namely the Inkosi Albert Luthuli Central Hospital.

The plan over the medium to long term is to develop both the King Edward VIII and Ngwelezane Hospitals to provide full tertiary hospital services packages. The new Dr. Pixley ka Isaka Seme Memorial Hospital (PKISMH) was planned for commissioning in 2021/22. To date, PKISMH is 99% complete with a phased-in implementation process already having commenced in the last few months, with further aspects of the commissioning occurring incrementally going forward. The hospital will have 500 beds and approximately 1 500 staff once fully operational.

In 2022/23, the department plans to award 120 new bursaries to first year nursing students, and the KZN College of Nursing is to be accredited by the Nursing Council and Council on Higher Education to offer Post-Graduate Diploma (Nurse Specialist) programmes and be able to implement and place 100 nurses in training on the Post Graduate Nurse Specialist Programmes.

In total, 155 students trained in Cuba qualified to be placed as medical interns in 2021 in various hospitals. Currently, there are 21 students who are still studying in Cuba and 43 Students returned in July/August 2021 to complete their 18-months final-year training in South Africa as part of the integration of the programme at various universities. There are 249 Cuban medical students that are currently performing their medical internship in and outside of the province, with 169 in the second year and 80 in the first year of their internship. There are 199 students who are now doctors and are doing community service.

As part of ongoing efforts to reduce the medico-legal bill, the department will continue to equip 7 identified centres of excellence that will attend to the healthcare needs of children who are born with Cerebral Palsy and other ailments. These centres are at the Queen Nandi Hospital supported by the Ngwelezane Hospital, Greys Hospital supported by the PMB Assessment and Therapy Centre, King Edward VIII Hospital supported by the KZN Children's Hospital and the Phoenix Assessment and Therapy Centre.

9.3 Transport

The Department of Transport receives 8.9% of the provincial budget at R12.5 billion.

The bulk of the department's budget is for the construction of roads, and the maintenance of the provincial road network. The department will continue with the construction of roads to link rural communities to provincial hubs of activity, to achieve the strategic goal of providing access and mobility within the province. Various projects will be undertaken over the MTEF, including the construction of the Mvuzane River bridge in the Ulundi Local Municipality, construction of the Mbabane River bridge in the Dannhauser Local Municipality, construction of the Mgazi causeway in the uMzimkhulu Local Municipality, construction of the Lufafa pedestrian bridge in the uMzimkhulu Local Municipality, construction and widening of the Buffels River bridge in the Nquthu Local Municipality, among others.

The department will continue to administer learner transport services with a budget of R459.9 million. Currently, there are 67 163 learners and 397 schools that benefit from learner transport (an increase from the 332 schools in the previous year).

Through the EPWP programme, the department sets to create 52 154 job opportunities and 4 669 460 employment days, which equates to 20 302 full-time equivalents. The department will retain the 41 000 Zibambele participants who will continue to provide manual clearance of road verges and minor road maintenance.

The department will continue to implement the second phase of the Vukayibambe Routine Road Maintenance Programme, where 2 917 young people will be employed in various district municipalities. The focus areas for the programme are safety maintenance, routine maintenance and special maintenance.

As part of maximising employment opportunities, the department will continue to implement the National Youth Service programme through various capital projects, such as the upgrade of Main Road P714, where 130 young people will be trained through national certificate courses on construction roadworks, as well as the upgrade of Main Road P179, where 40 young people will be trained through national certificate courses on construction and civil building.

9.4 Human Settlements

The Department of Human Settlements receives R4.1 billion. Over the MTEF, the department will continue to implement various programmes, and these include investing in human settlement priority development areas, continued implementation of urban housing programmes, social or rental housing programmes, Community Residential Units (CRUs) and other programmes that support homeownership for both the subsidy and the gap market. Increased focus is placed on serviced sites, providing homeowners with title deeds or an alternative form of land ownership registration, as well as identifying and upgrading informal settlements.

Over the MTEF, a major focus in the CRU programme continues to be on the redevelopment of old hostels to CRUs and the construction of new CRU projects in four municipalities where 2 154 units are planned to be constructed.

The issuing of title deeds to housing beneficiaries remains a key focus area of the department. The eThekweni Metro has the highest backlog of title deeds, which requires various actions to be completed. A total of 21 683 cumulative properties have completed technical assessments and have been lodged with the Surveyor General for the opening of Township Registers, moving a step closer to the transfer stage. Currently, a further 12 012 properties are undergoing technical assessments to ensure compliance with service standards. The consolidated plan of action for outstanding title deeds is being implemented, with 16 160 pre-1994 and 103 607 post-1994 properties set to be transferred over the MTEF.

The upgrading of informal settlements projects continues to be a priority. In 2022/23, the department is allocated R756.9 million with respect to the Informal Settlements Upgrading Partnership Grant for Provinces (ISUPG). It is estimated that over 10 000 sites will be provided with services such as water, sanitation, roads and storm water services, among others, in areas such as Madundube, Etete, Nyathikazi, Lamontville, Ntuzuma, etc. The department allocated R90 million to the purchase of strategic land parcels for informal settlement upgrades.

The informal settlements programme includes major projects, such as 200 units in Greater Amaoti, 2 259 units in Madundube, 949 units in Driefontein, 6 200 units in uMlazi extension of Part 4, as well as 8 985 units in Johnstown, Blaauwbosch Laagte and Cavan Phase 1.

A budget of R58.2 million has been allocated to the Pre-1994 Rectification programme. Of this amount, R34 million has been allocated to rehabilitate housing units in the former R293 areas. The programme includes the removal of asbestos roofing. The overall target for this rectification programme is 250 units in 2022/23.

In terms of the provision of rural housing, this programme generally caters for the construction of top structures in rural settings. The implementation of this programme will be more focused in 2022/23 through close co-operation with war-rooms in the various wards, and the department will continue to prioritise vulnerable groups such as the elderly, child headed households and people with disabilities. A total of 7 803 units are planned for 2022/23 and the areas in which these houses will be built include Qinselani Manyuswa in the eThekweni Metro, Macambini Extension 2 in the iLembe District, AmaHlongwa Phase 2 in the Ugu District, KwaNgwanase in the uMkhanyakude District, and uMsinga Top in the uMzinyathi District, among others. There will be a shift in focus to districts that are severely under-developed and have high poverty indices. These areas include the Ugu, uMzinyathi, King Cetshwayo, uMgungundlovu and Harry Gwala Districts. The relations with OSS war-rooms will be strengthened as this is the most practical way of identifying the most vulnerable families within communities, who will then be prioritised in terms of project delivery.

9.5 Economic Development, Tourism and Environmental Affairs (EDTEA)

EDTEA receives R3.4 billion and will use these funds to implement projects with the aim of achieving increased economic growth that supports decent employment. The department supports and promotes local economic development and local small-scale industries through the Operation Vula Fund and the Radical Agrarian Socio-Economic Transformation (RASET) programme with the aim of improving the economy and creating jobs in the province.

The Operation Vula Fund provides grant funding in areas such as manufacturing, SMME development, tourism, economic infrastructure development and job creation, with a focus on providing these types of skills and business opportunities at a local level. The KZN Growth Fund Trust will continue to play a key role in disbursing funds in respect of the Operation Vula Fund. In this regard, it is planned that the Operation Vula Fund will also fund projects owned by women, youth and people with disabilities.

Comprehensive business and technical support will be provided to small enterprises operating within the Operation Vula Fund commodities, such as cleaning detergents, clothing and textile, bakery products, pulp and paper products. The support provided will include the provision of shared services and economic infrastructure so that small enterprises can improve their business operations.

In terms of continued support to co-operatives, the department intends to continue to fund enterprises that meet the qualifying criteria, including SMMEs and co-operatives through, aimed at ensuring that adequate support is afforded towards the establishment and promotion of sustainable emerging enterprises. In this regard, the department intends to complete the construction of the Kosi Bay uTshwayelo aquaculture and fish processing facility, where the department has set aside resources to operationalise the project targeting co-operatives in the Kosi Bay area. Furthermore, the department will finalise the commercialisation of the 35 small-scale fisheries co-operatives along the KZN coastline which have been registered and issued with fishing rights that are valid for 15 years, as well as fishing permits for both food security and commercial fishing.

The department will continue to focus on providing informal economy infrastructure for informal traders. This includes the installation of informal stalls and the areas identified for 2022/23 are Umzinto, AbaQulusi, uBuhlebezwe, eEmadlangeni, Alfred Duma and uMsinga.

EDTEA will also continue with infrastructure upgrades at Pietermaritzburg, Newcastle, Margate and Mkhuze airports to assist municipalities to achieve full compliance with South Africa Civil Aviation Authority requirements.

The department plans to commission the terminal buildings and operationalise both the Mkhuze and Margate airports during 2022/23.

With respect to the rollout of broadband, EDTEA will be looking into broadband network design, assessment of topography and environmental impact in order to determine proper technological solutions to be deployed across the province. A Provincial ICT Indaba comprised of all industry stakeholders will also be hosted in partnership with Office of the Premier during the first quarter of 2022/23. The intent is to emerge with holistic tangible proposals and solutions to the ICT challenges that the province faces by developing a cohesive strategy in deploying KZN Broadband, 4IR and related ICT services.

The department has contracted the Council of Scientific and Industrial Research (CSIR) to develop a business case for the establishment of a Bio-refinery in the province. Various private sector companies are also being engaged for future collaboration. EDTEA is working with the Department of Trade, Industry and Competition and Trade and Investment KZN (TIK) to continue with the plans to designate the Clothing and Textile SEZ and the Auto Supplier Park as SEZs.

The construction of the Edendale Auto Service Hub will continue in 2022/23. Parallel to the construction of the hub will be the training and accreditation of informal technicians and mechanics so that they can be part of the auto service value-chain.

9.6 Social Development

The Department of Social Development receives R3.2 billion. The department will continue to provide social welfare and community development services. These services include creating sustainable community networks, provision of social welfare services to older persons and persons with disabilities, as well as the provision of emergency relief to distressed individuals and households through the distribution of Covid-19 relief parcels, among others.

The department will continue to lead government's response to Gender-based Violence (GBV) through the implementation of the KZN Provincial GBV Plan.

This plan entails embarking on a massive campaign to mobilise local communities to support victims and their families, as well as monitor progress on cases for those charged with gender-based crimes. The provision of psycho-social support services to victims of crime and violence, implementation of prevention, education and awareness programmes, as well as the implementation of economic opportunities for women will also be prioritised. The department will also focus on the finalisation of the establishment of two additional shelters for victims of crime and violence, increasing the total number of shelters to 25.

The department will continue to advocate for mainstreaming and empowerment of women. It will also ensure that women participate in various empowerment programmes offered by NPOs in partnership with the department. The department will continue to re-invest in identified flagship projects focused on vegetable production, sewing, beadwork, poultry farming, bakeries and hospitality. The department will collaborate with the Small Business Development Agency and the National Development Agency in providing support to start-ups of women involved in poverty reduction initiatives.

The department will also roll-out a number of new infrastructure projects over the MTEF, such as the construction of the Msinga Inkululeko Elderly Day Care Centre, Msinga Inkululeko Child and Youth Care Centre, as well as the Ndumo Inkululeko Child and Youth Care Centre, among others. The department plans to complete these projects by 31 March 2025.

9.7 Agriculture and Rural Development

The Department of Agriculture and Rural Development receives R2.5 billion. The department will continue to focus on providing support to food insecure communities at subsistence and household food production level. In this regard, the department is planning to support 18 071 subsistence farmers through the provision of mechanisation services, extension services and production inputs to ensure stability in food security for these households.

In terms of the horticultural programme, the department will promote vegetable production, including mushrooms for household food security, in line with the RASET programme, as well as sub-tropical fruits such as macadamia, citrus, mango and amarula. The interventions will include increased market access and extension support. They will also include encouraging value addition to primary products, provision of capacity building to smallholder farmers, encouraging export of primary and processed products, and promoting partnerships with commodity organisations.

Also, the department is planning to support 10 136 producers in the grain commodity value chain. Furthermore, the department is planning to support farmers to cultivate 28 320 hectares of grain in 2022/23.

In terms of the livestock programme, the department is planning to support 705 producers in the red meat commodity sector with extension and advisory services, and will implement 28 livestock value chain projects consisting of 13 beef commodity projects, 9 piggery commodity projects, 1 goat commodity project and 5 poultry commodity projects.

Infrastructure remains the key enabler of agricultural growth and realisation of socio-economic agrarian transformation in the province. Accordingly, the department will continue to support the establishment and maintenance of infrastructure, such as diptanks, animal handling facilities, livestock dams, fencing, grazing camps, boreholes and irrigation schemes, among others.

In terms of agricultural research, the opportunities offered by the 4IR will continue to be explored. This will include investment in High Performance Liquid Chromatography (HPLC) for the analytical laboratory to enhance the department's ability to assess crop nutrition, including assessment and screening of toxins found in soil, crops and irrigation water.

The department will continue with the placement of unemployed graduates on farms, and 340 graduates will be placed during 2022/23.

9.8 Public Works

The Department of Public Works receives R1.9 billion. The department will focus on its core mandate, which is to deliver infrastructure in the province. The department will contribute to eliminating poverty and reducing inequality through creating employment through its EPWP programmes, as well as creating an enabling environment for sustainable employment and economic growth through delivery and maintenance of infrastructure. The department has set a target of 5 127 work opportunities and 1 700 Full Time Equivalents to be created in 2022/23. In addition, the department set a target of four beneficiary empowerment interventions through training and includes, among others, basic financial literacy and cleaning of government buildings.

The department will continue with the EPWP school maintenance programme. It is anticipated that this programme will be implemented in over 2 000 schools and vacant sites across all district municipalities. The department will ensure that the Izandla Ziyagezana programme increases the number of beneficiaries with disabilities, through engaging with institutions that care for people living with disabilities, and will continue to explore the extension of the programme to the cleaning of schools in all regions, as currently only six schools benefit from the programme.

All infrastructure to be delivered by the department will be planned and implemented in line with the Infrastructure Delivery Management System processes. The department is at the last stages of finalising the revised standard operating procedures in this regard and is aiming to have these finalised during the first quarter of 2022/23. The implementation of the Infrastructure Progression Model Implementation Plan, as prescribed by National Treasury, will continue and this entails the standardised roll-out of infrastructure projects by provinces. The role of Provincial Treasury will be to assess the Infrastructure Progression Model Implementation Plan budget over the MTEF. The department implements projects for departments such as Education, Social Development and Agriculture and Rural Development, among others.

The department's budget also provides for the payment of property rates and R936 million is allocated for this purpose in 2022/23.

9.9 Co-operative Governance and Traditional Affairs (COGTA)

COGTA receives R1.8 billion. The department will continue to co-ordinate spheres of government, support local government to promote good governance and enhance financial management in municipalities for improved service delivery, as well as provide support and build the capacity of traditional institutions. This includes aspects such as the implementation of the District Development Model with the focus on One Budget, One Plan for district municipalities, assisting all 54 municipalities in developing and implementing Performance Management Systems, implementing an audit outcome strategy, among others.

The department will monitor municipalities on the implementation of District Economic Recovery Plans.

The department will also continue to map data in respect of climate related incidents, to enhance the province's response to climate change. In this regard, the department will be installing an integrated disaster communication system to feed warnings to disaster centres in the province.

Another focus area will be to monitor the implementation of service delivery programmes relating to electricity, water and sanitation, indigent policies, as well as operational and maintenance plans. This includes monitoring the implementation of regional bulk infrastructure projects and spending of national grants.

9.10 Sport, Arts and Culture

The Department of Sport, Arts and Culture receives R1.5 billion for this amalgamated department. The department will uphold its core mandate which is to develop and promote arts, culture, museum, archive, library, sport and recreation services. Emphasis will be placed on delivering programmes at a ward level through a ward intervention programme, whereas previously this was done at district level.

The department plans to commence the refurbishment of the Winston Churchill Theatre and the upgrade of the uThungulu Art Centre in 2022/23.

The department will continue to support organisations that assist in fulfilling its mandate and these include The Playhouse Company, the KZN Philharmonic Orchestra, various community art centres, and event companies which host departmental festivals and concerts.

The department will provide financial and professional support and funding to 43 museums in the province. Digitisation of museum artefacts will continue. The department will continue with the “reading for understanding programme” which targets children under 10 years of age, and library materials will be procured for use in this programme. The department will procure 90 000 library books for public libraries. A total of 162 public libraries will have free internet connectivity installed. The MTEF allocation provides for the construction of 27 libraries, including the uMvoti, Cwaka and Ofabeni libraries. The department is committed to its vision of having a library in each ward.

In terms of its sport activities, the department will support 14 major events that include boxing tournaments, and major road running, cycling and canoeing races, to lend support to the sport tourism sector. The department will provide support to nine sport academies to provide a development pathway for athletes into the Elite Athlete Development Programme. Twelve sport focus schools will be supported to nurture and develop talented athletes identified through the school sport and club development talent identification programmes.

The department will build 33 facilities consisting of combination courts and play gyms, as well as continue with the construction of the four fitness centres in the uMzimkhulu, Alfred Duma and uMhlathuze Municipalities, as well as in Newcastle.

Gender equity programmes will be hosted to promote women in sport during women’s month, and programmes for people with disabilities and these will be delivered in all 11 districts. The department will also focus on the anti-Gender-based Violence campaign and will focus on moral regeneration through the Sport Against Crime Programme.

The department plans to provide 432 schools with sport equipment and sport attire to conduct school sport activities.

The department will organise and support school sport competitions at district, provincial and national levels, with 25 000 learners participating in these competitions.

9.11 Office of the Premier

The Office of the Premier receives R767.7 million in 2022/23. Economic and resource constraints remain a challenge facing government and hence the department will continue to build strategic partnerships with all stakeholders, including the private sector, to increase service delivery capacity in the province. These partnerships are also critical in ensuring that the strategic intent, vision and developmental path set out in the PGDS Vision 2030 are achieved. The PGDS has been reviewed and incorporates the priorities of the MTSF 2019-2024, as amended. The revised MTSF 2019-2024 is also government's implementation plan of the NDP for the 6th Administration.

In this regard, the Provincial Planning Commission will continue to monitor and facilitate alignment of provincial plans, policies and policy implementation instruments to the national and provincial priorities.

The department will focus on the vigorous implementation of the revitalised OSS which seeks to inculcate administrative responsibility and accountability, immediate resource co-ordination and allocation, as well as programmatic alignment to the District Development Model.

A need has been identified to strengthen relationships with tertiary institutions and research orientated enterprises to build partnerships that will contribute towards innovation and strengthen the knowledge economy to build a better future for all.

The department will continue to provide support to departments and entities in preparation of their APPs. These plans will also be assessed to ensure alignment to the national and provincial priorities and pronouncements, as per the MTSF and PGDS.

The department will play a leading role in co-ordinating the work of provincial government councils constituted over the years by the Provincial Executive

Council, most of which are chaired by the Premier and other members of the Provincial Executive Council. These include the Provincial Council on AIDS, the Council on Climate Change and Sustainable Development, as well as the Social Cohesion and Moral Regeneration Council. There are currently nine councils in total.

The department will continue to strive to ensure that it plays an active role in international relations for the benefit of the province and the country. The emphasis will be, among others, to develop close bilateral relations with our neighbouring countries, promoting Intra African Trade, strengthening co-operation with member states of the BRICS region, as well as strengthening and enhancing the already strong ties with regions in Asia, Middle East, the Americas and Europe.

9.12 Provincial Treasury

Provincial Treasury receives R684.1 million. This is largely for financial governance in terms of general oversight of departments, municipalities and public entities, and providing assistance and guidance. A significant portion of Treasury's work is aimed at assisting departments, public entities and municipalities to get clean audit outcomes.

Continued focus will be on hands-on engagement and support to departments and public entities to enhance their financial accounting and reporting performance, as well as continued staff development and training programmes to develop and retain the requisite financial management skills and expertise. There will also be continued focus on the provincial audit improvement plan, ensuring enhanced financial management by departments, public entities and municipalities. Support to suppliers to resolve payment disputes with organs of state will continue. The Irregular Expenditure condonation project will continue to be a priority.

Compliance with all SCM prescripts in provincial departments, municipalities and public entities will continue to be enforced and a strategic link between financial management reforms and procurement processes will be established and maintained. Provincial Treasury will also continue to support departments in ensuring that they support vulnerable groups in their procurement spend.

The oversight model of monitoring the spending and revenue collection of departments and public entities against budget will continue with the aim of keeping provincial spending within budget.

Economic and public policy research will be undertaken and there will be participation in academic conferences and workshops. Various research projects will be conducted including a project on revenue generation from the construction of network mast towers at schools by telecommunication service providers, among others.

The deployment of the Infrastructure Crack Team will continue to be a priority.

Risk-based audits with specific focus on good governance will be performed. Departments will be assisted to determine process enhancements to improve the adequacy and effectiveness of controls.

9.13 Provincial Legislature

The Provincial Legislature receives R644.3 million. The bulk of the Legislature's budget relates to the areas of law-making and oversight, as well as public participation. The Legislature will continue to improve its oversight over departments and public entities, among others, during the year. This oversight will include the ongoing school and police station functionality monitoring programmes, as well as other oversight work.

9.14 Community Safety and Liaison

The Department of Community Safety and Liaison receives R236.9 million. A significant portion of the department's budget allocation is toward safety promotion activities, such as the Communities-in-Dialogue Programme, mainly in areas where there is instability in the province.

The budget is also for safety against crime programmes, attending to issues of gender-based and domestic violence, promoting police relations with communities and maintenance and support of community safety structures, such as Community Safety Forums and Community Policing Forums in communities, as well as monitoring and evaluation of functionality of police stations, monitoring of SAPS specialised units and looking into service delivery complaints received against SAPS.

10. TABLING OF BILLS

I am tabling the Appropriation Bill, 2022 in this House today which, when passed, gives the legal basis for departments and public entities to spend their 2022/23 budgets. The Appropriation Bill is prepared in three languages, namely English, isiZulu and Afrikaans.

11. CONCLUSION

As I draw towards conclusion, we as the Provincial Treasury wish to make a new pledge of accelerating efforts to work efficiently and optimally to improve the lives of our people and build a better future with all the spheres of government. Let KwaZulu-Natal be known as the epicentre of good governance, accelerated service delivery and a place where the sun rises and hardly sets; we undertake to ensure that the struggles of Dorothy Nyembe, Victoria Mxenge and many more other freedom fighters were not in vain.

A special word of gratitude goes to the Honourable Premier, Sihle Zikala (Khuzeni), Members of the Executive Council, Heads of Departments and Chief Financial Officers for the work they have done planning for the year ahead and their support.

To the Members of this House I am eternally indebted to you for always giving us support.

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

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

I thank members of the Provincial Legislature and, in particular, the chair, Mr SC Nkosi, and members of the Finance Portfolio Committee for their support.

I wish to thank all the people of KwaZulu-Natal for their support and for listening to the presentation of the Budget, which I hope will stimulate discussion about what each department will do to help us build a better future together.

All I have presented represents work done by the civil service who have pledged loyalty to our province, I thank all of them. In particular, Acting Head of Provincial Treasury, Ms Neli Shezi, and your team.

Equally, I want to pay tribute to my organization, the African National Congress for giving me the opportunity to serve the people of KwaZulu-Natal.

For their unwavering support and being the pillar of strength I wish to thank my sister and the entire family

Wishing you all God's Blessings.

Madame Speaker; I hereby wish to table the:

- **Appropriation Bill, 2022 (in English, isiZulu and Afrikaans) which when passed gives the legal basis for the departments and public entities to spend their 2022/23 Budgets**
- **2022/23 Provincial Budget Speech**
- **2022/23 Estimates of Provincial Revenue and Expenditure (Green book)**
- **2022/23 Estimates of Capital Expenditure (ECE)**
- **2022/23 Socio-Economic Review and Outlook (SERO)**

I thank you.