



2022/23 PROVINCIAL ADJUSTMENTS ESTIMATES BUDGET

TABLED BY:
KZN MEC FOR FINANCE, **HON. NELISWA PEGGY NKONYENI**



KWAZULU-NATAL PROVINCE
TREASURY
REPUBLIC OF SOUTH AFRICA



#KZNBUDGET2022



ADJUSTMENTS BUDGET SPEECH 2022/23



**HONOURABLE MS NELISWA PEGGY NKONYENI, MPL
MEC FOR FINANCE**



KWAZULU-NATAL PROVINCE

TREASURY
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ISBN No.: 978-1-920041-79-3

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PROVINCE OF KWAZULU-NATAL

Budget Address by Honourable Ms Neliswa Peggy Nkonyeni MPL, MEC for Finance

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

24 November 2022

Honourable Speaker, Ms N. Boyce

Honourable Deputy Speaker, Mr T. Mthembu

Honourable Premier, Mrs N. Dube-Ncube

Honourable Leader of Government Business, Mr S. Duma

Honourable Members of the Executive

Honourable Members of the Legislature

Provincial Treasury Management led by the Head of Department, Ms C Coetzee

Heads of Departments

Chief Financial Officers

Business, Academic, Religious and Community Leaders, Traditional Leadership

Members of the Media

Comrades and Friends

Ladies and Gentlemen

1. INTRODUCTION

Madam Speaker, it is my greatest honour to be afforded an opportunity to stand before this august house to present the 2022/23 Adjustments Budget.

Honourable Members, on the 29th of October we witnessed a watershed moment in the history of our beautiful province of KwaZulu-Natal and South Africa as a whole – the crowning of the AmaZulu King, His Majesty King Misuzulu kaZwelithini. The role of the AmaZulu Kingdom in our history has been very significant. We, therefore, have no doubt that the King will pick up the spear and continue where his father, King Zwelithini kaBhekuzulu had left off, especially in the promotion of peace and development in our province.

Honourable Speaker, we are just hours before the launch of the global campaign which calls for action against one of the world's most persistent violations of human rights – violence against women – the 16 Days of Activism. The campaign runs from 25th November to 10th December. It sensitizes all of us to always be in the forefront in preventing violence perpetrated towards women and children. As the nation we should not rest until our homes and our streets are safe for women and when a girl child can freely walk on the street without fearing rapists.

Honourable Speaker, it is on this basis that, as the Provincial Treasury under the guidance of the African National Congress, that before this august House we tabled a motion calling for provincial departments, entities and municipalities to begin to be more 'gender sensitive' in their budgeting. We are adamant that by so doing, this will ensure that programmes that are aimed at women emancipation are prioritized in budgeting.

Honourable Members, we all know that the province of KwaZulu-Natal experienced gruesome, devastating floods which did not only destroy infrastructure, but also caused fatalities in April and May this year, leaving many families engulfed with many challenges. The provincial government immediately took a resolution to reprioritize its spending to accommodate the situation. This intervention, and others, made a positive impact but will never be enough given the scale of destruction.

Therefore, our gathering here today is informed by, among other things, this unfortunate situation which compelled all spheres of government to think deeply about the extent and the scale of devastation and the response thereof. It is for this reason that today we welcome with a deep sense of appreciation the pronouncements by the National Treasury of availing financial resources to our province in order to help deal with the situation created by the floods.

Honourable Speaker, in line with the above assertion, we have carefully crafted our adjustments budget statement by critically looking at the important aspects intended at directly responding to the challenges faced by the people of KwaZulu-Natal. At the centre of the adjustment perspective of the provincial budget is the ideal of reducing unemployment, eradicating poverty and addressing inequality.

Honourable Members, the speech therefore covers the following aspects; global economic outlook including the country's economic situation and the provincial state of the economy, adjustments to the 2022/23 budget, financing the 2022/23 adjustments estimate, equitable share and conditional grant allocations, funding for the April flood disaster, and budget adjustments requiring legislature approval.

2. ECONOMIC OUTLOOK

Global economic outlook

Budgets are never tabled in isolation, but are tabled in the context of prevailing economic circumstances. We can all agree that the last two years have brought with them many uncertainties in the global economy.

The International Monetary Fund (IMF) has revised global growth estimates downwards for 2022 from 4.4 per cent to 3.2 per cent, with the growth estimates for 2023 revised downward from 3.8 per cent to 2.7 per cent. The recovery in economic growth we had begun to see post-Covid, was brought to a halt by the Russia/ Ukraine war, while domestic issues (including load shedding) have also had an impact on our economic growth prospects. The slow-down in economic growth by China has also had a major impact on global economic growth prospects, with China anticipated to grow by only 3.1 per cent compared to the projected 8.1 per cent. The increase in inflation across the globe has also had a negative impact, leading to higher borrowing costs but also making access to borrowing and capital by governments more difficult and expensive.

South African Economic Outlook

South Africa has a structural growth challenge. Load shedding continues to impact on our growth, having worsened during the year in comparison to the previous year. Added to this, is that the impact of inflation on households is detrimental which influences expenditure and directly on gross domestic expenditure. These structural challenges were intensified by the global economic slowdown, the high energy and food prices, as well as the devastating floods that hit this province in April and May of this year.

While we were beginning to show some form of economic recovery at the beginning of 2022, the floods, load shedding and so forth disrupted this recovery. Domestically, the country has revised its real GDP growth downward to 1.9 per cent, while the estimates were at 2.1 per cent when the main budget was set.

Over the next three years, South Africa's economy is expected to grow by 1.6 per cent. However, higher growth is needed to achieve our developmental goals particularly in respect of job creation.

In terms of fiscal policy, it is important that we stay the course. The current fiscal consolidation stance is already yielding positive results and if we continue on this trajectory, the Minister of Finance indicated in his Medium-Term Budget Policy Statements speech, we are likely to achieve a primary surplus by 2023/24. The aim is to reduce the budget deficit, to stabilize debt and to address fiscal risks. Furthermore, emphasis will be placed on supporting economic growth.

Economic outlook for KwaZulu-Natal

Madam Speaker, as this House may recall, KwaZulu-Natal suffered a significant setback in July last year, which derailed the provincial economic recovery after the devastating effect of Covid-19. The July unrests undermined the efforts to reconstruct and rehabilitate the provincial economy post-Covid. As a result, the provincial economy showed a below-potential recovery of an estimated 3.8 per cent in 2021, following a substantial recession of 6.3 per cent in 2020.

The catastrophic flooding in April and May this year exacerbated the situation by causing extensive economic and social infrastructure damage. Given this backdrop, the provincial economy is expected to grow by 1.9 and 1.3 per cent in 2022 and 2023, respectively. These growth rates need to be improved if we want to sustainably support Small, Medium and Micro enterprises (SMMEs), reduce high unemployment rates, and improve people's lives in this province.

3. ADJUSTMENTS TO THE 2022/23 BUDGET

Section 31 of the Public Finance Management Act (PFMA) stipulates the circumstances under which the province may table an Adjustments Budget, while Treasury Regulation 6.6.3 requires provinces to table such Adjustments Budget within 30 days of the national Adjustments Budget being tabled. The Provincial 2022/23 Adjustments Budget is, thus, being tabled today after the national Adjustments Appropriation was tabled in Parliament on 26th of October 2022.

The Adjustments Estimate deals with various amendments to the provincial budget, including conditional grant roll-overs, reprioritisation undertaken in response to the April 2022 flood disaster, as well as the allocation of funds received from National Treasury. We also formalise the suspension of any funds between Votes, based on requests made by the respective Votes. The Adjustments Budget also deals with the virement of funds, with this being an opportunity for departments to align their budgets to changes in circumstances and thus allows the budget to be a dynamic management tool.

Where Legislature approval is specifically required for an adjustment to a Vote's budget, this has been highlighted in grey shading in the Adjustments Estimate book, and Honourable Members are encouraged to study these. A summary of this is also provided in an explanatory memorandum distributed with the budget documentation today.

4. FINANCING THE 2022/23 ADJUSTMENTS ESTIMATE

I am pleased to say that the province remains cash positive as has been the case since May 2010, despite there being significant in-year budget pressures largely as a result of the severe budget cuts this province has seen.

As a result of these budget pressures, we have significantly less flexibility to provide additional funding in this Adjustments Budget to various provincial priorities. In this regard, while the departments and public entities submitted in-year requests for additional funding in the amount of R3.7 billion, and departments requested provincial equitable share roll-overs from 2021/22 for spending in this year of R133 million, none of these could receive additional funding.

The types of additional funding requests we received include pressures in the Departments of Health, Education and Social Development's personnel budgets, requests for additional funding for property rates by the Department of Public Works and requests for funding to expand the current learner transport reach by the Department of Transport, to name but a few. There were also a few policy pronouncements made in the State of the Province Address which required additional funding that could not be accommodated in-year.

I will explain shortly why there were no funds available to allocate towards these requests including the inability to allocate funding from the Contingency Reserve that had been budgeted for.

Table 1 is attached as an annexure to this address and provides the adjustments being made today in tabular form. This table takes into account the funding available to the province and how it is being allocated. The table does not take into account the additional funding allocated to KwaZulu-Natal in the National Adjustments Budget as this is discussed later in this address.

Lines 1 – 9 of Table 1 explain that the 2021/22 Adjusted Budget was under-spent by R23.4 million and that the Provincial Own Revenue budget was under-collected by R75.7 million. This, together with the remaining budgeted surplus of R100 million in 2021/22 and a few technical adjustments, saw the province ending the 2021/22 financial year with an audited surplus of just under R46 million, as shown in **Line 10**.

This minor positive net financial position then had to be used to fund the conditional grant roll-overs and surrenders, as well as deal with a few unavoidable provincial commitments.

I will now explain what is funded by provincial cash resources.

4.1 Conditional grant roll-overs

Unspent conditional grant funding has to be returned to the national fiscus, unless approved for roll-over, according to Section 22 of the Division of Revenue Act. **Line 11** provides for conditional grant roll-overs. National Treasury approves these, but the province has to ensure that these roll-overs are included in the Adjustments Estimate. As the funds are not returned to the national fiscus, these are treated as provincial roll-overs and must thus be funded from the net financial position. Three grants were approved for roll-over

by National Treasury, with the aggregate approved roll-over amounting to R113.7 million:

- The **National School Nutrition Programme (NSNP) grant** under Vote 5: Education under-spent by R53.9 million and the full amount was approved for roll-over. It is important to note that this Vote over-spent its budget by R398.4 million in aggregate. This means that the NSNP grant roll-over is not being financed by the department's under-spending, but from the positive net financial position and from the 2022/23 Contingency Reserve.
- The **Early Childhood Development (ECD) grant** under Vote 13: Social Development under-spent by R82.4 million with R38.8 million approved for roll-over and the balance had to be surrendered to the National Revenue Fund. As with Education, the roll-over and surrender of funds exceeds the amount that the department under-spent by (R59.6 million) and this means that part of the roll-over and surrender of funds is being financed from the positive net financial position and from the 2022/23 Contingency Reserve. Due to the ECD function being shifted to the Department of Education from the current year, the roll-over is allocated to Vote 5: Education.
- The **Community Library Services grant** under Vote 10: Sport, Arts and Culture under-spent by R21 million and the full amount was approved for roll-over. As this Vote under-spent their budget by R120.5 million, the roll-over is funded by the department's under-spending.

Line 12 indicates that a total of R44.1 million has to be returned to the National Revenue Fund in terms of various unspent grants where National Treasury did not approve for these funds to be rolled over. These funds were not approved for roll-over by National Treasury because they were either being requested for roll-over for a second time (this is prohibited by Treasury Regulation 6.4.3) or the funds were not committed. These grants are:

- The **Comprehensive Agriculture Support Programme (CASP) grant** under Vote 3: Agriculture and Rural Development was under-spent by R326 000 and this was not approved for roll-over as the funds had already been rolled over from 2020/21 to 2021/22, and National Treasury did not approve the roll-over for a second year.
- The **Ilima/ Letsema Projects grant** under Vote 3: Agriculture and Rural Development was under-spent by R354 000 and this was not approved for roll-over as the funds had already been rolled over from 2020/21 to 2021/22, and National Treasury did not approve the roll-over for a second year.
- The **ECD grant** under Vote 13: Social Development was under-spent by R82.4 million. While R38.8 million was approved for roll-over, **R43.5 million was not approved as these funds were** previously rolled over, and were also not committed.

4.2 Provincial equitable share roll-overs and provincial commitments

Once the conditional grant roll-overs and surrenders were dealt with, the net financial position was in deficit by R111.9 million. This meant that there were no funds available to fund any of the provincial equitable share roll-over requests.

Having said this, **Line 14** shows an allocation to the Provincial Legislature. The Financial Management of Parliament and Provincial Legislatures Act (FMPPLA) determines that the Provincial Legislature automatically retains any unspent operational funds from the previous year before without having to apply for a roll-over unlike provincial departments. The Provincial Legislature under-spent their operational budget by R85.2 million and this full amount therefore has to be provided for.

Line 16 shows that Vote 2: Provincial Legislature receives R10.9 million, as follows:

- R5.8 million is allocated, being own revenue that was over-collected in 2021/22. Section 22 of the PFMA and FMPPLA determine that any revenue over-collection from the prior year is automatically allocated back to the Provincial Legislature in the ensuing year.
- R5.2 million is allocated to the Legislature being funds required to fund the Statutory allocation relating to the Members' remuneration. This relates to the increases provided for MPLs in-year which were backdated to April 2021, as well as to provide for exit packages for MPLs who have exited the Legislature. The Statutory allocation is a direct charge on the Revenue Fund and must therefore be funded.

Line 18 shows that the provincial net financial position is **in deficit** by R213.9 million **once these commitments have been funded.**

4.3 2022/23 Contingency Reserve

This House will recall that the province budgeted for a Contingency Reserve of R350 million when the 2022/23 main budget was set. Also, funds in the amount of R2.8 billion received from National Treasury were not allocated to departments when the main budget was set as these were for the carry-through costs of the 2021 wage agreement and were agreed to be allocated in-year to all Votes showing spending pressure from these carry-through costs.

As a reminder, the province was not in a position to set aside the full R2.8 billion at the beginning of the year. Due to the equitable share budget cuts (because of data updates of the equitable share formula), as well as provincial own revenue reductions, it was decided at the time, to not effect these reductions as budget cuts against all the departments, but to rather offset the reduction against the funds set aside in reserve for the carry-through costs of the 2021 wage agreement. As such, R219.2 million was to be allocated to top up these funds in the 2022/23 Adjustments Estimate. This meant that, instead of R2.8 billion being held in reserve for allocation to departments in-year, only R2.6 billion was held in reserve. Due to the net deficit financial position after providing for the commitments as elaborated on, the province is only able to top up the wage increment funds by R136.1

million as shown in **Line 19**. This means that R2.7 billion is available to allocate to departments with respect to the carry-through costs of the 2021 wage agreement, and I will explain shortly how much was allocated to each Vote.

Line 20 shows the Contingency Reserve of R350 million, which was used to fund the conditional grant roll-overs and surrenders, to fund commitments under the Provincial Legislature and to top up the funds received from National Treasury for the 2021 wage agreement. **Line 21** then shows a nil balance, indicating that all funds available were fully committed.

4.4 Allocations towards 2021 wage agreement

As indicated, the province has R2.7 billion to allocate to departments with respect to the carry-through costs of the 2021 wage agreement. These funds were received from National Treasury when the 2022/23 main budget was set, and are allocated to various Votes in this Adjustments Budget.

Provincial Treasury calculated the carry-through costs of the 2021 wage agreement, while also requesting the Office of the Premier to extract the information from PERSAL. Each department was also engaged with to provide their inputs on what the carry-through costs of the 2021 wage agreement will cost them in 2022/23, while also indicating whether this pressure will be offset by savings from vacant posts. Each department was also requested to indicate whether they can absorb the costs from within their budget, or whether they needed additional funding.

Eight departments indicated that they need additional funding for this, while the other six will be able to absorb the cost from within their budgets due to savings from vacancies.

Funds were thus allocated to the following Votes:

- **Vote 2: Provincial Legislature** receives R3.7 million.
- **Vote 3: Agriculture and Rural Development** receives R34.2 million.
- **Vote 5: Education** receives R1.6 billion.
- **Vote 7: Health** receives R1 billion.
- **Vote 8: Human Settlements** receives R7.8 million.
- **Vote 9: Community Safety and Liaison** receives R2.9 million.
- **Vote 13: Social Development** receives R54.5 million.
- **Vote 14: Public Works** receives R21.9 million.

4.5 Suspension of funds

There are two suspensions of funds included in the Adjustments Estimate. As a reminder, a suspension of funds is the **voluntary surrender of funds** in-year for re-allocation in future years, or **where a function or funds move from one department to another**, and the funds are then suspended from one Vote and allocated to the receiving Vote. The suspensions of funds are as follows:

- **Vote 12: Transport** suspended an amount of R10.1 million from their Vote and allocated it to **Vote 4: Economic Development, Tourism and Environmental Affairs (EDTEA)** toward the upgrade of the **Mkhuze airport terminal building** in the uMkhanyakude District Municipality. The two departments agreed to collaborate with regard to this project. The department indicated that EDTEA approached them to support the project due to a budget deficit as a result of price escalations caused by Covid-19, social unrests and higher global commodity prices.
- **Vote 6: Provincial Treasury** requested that R14.6 million be suspended from their budget in 2022/23, for these funds to be allocated back to them in 2023/24. The reduction in 2022/23 is due to savings realised against various programmes. These funds will be used in 2023/24 for the job massification drive (R10 million), the implementation of a new security system at the Treasury offices (R3 million), as well as various internal audit projects (R1.6 million).

5. EQUITABLE SHARE AND CONDITIONAL GRANT ALLOCATIONS

National Treasury makes a few changes to the provincial budget in this Adjustments Estimate, in the main to provide funds towards the 3 per cent wage increment provisionally provided for all public servants, as well as the April 2022 flood disaster response. Some funds are added to the budget for the flood response in this Adjustments Budget, while some funds are to be allocated in the 2023/24 main budget for spending in the next financial year.

The funds allocated by National Treasury to KwaZulu-Natal amount to R3.2 billion. In this regard, R2.2 billion is added to the provincial equitable share, and R1 billion is added to the conditional grant allocation.

National Treasury issued a government gazette in-year which allocated funding to the province and this, as well as additions made during the tabling of the National Adjustments Budget, and these are explained here:

5.1 Funds allocated for the 3 per cent wage increment

National Treasury allocated R2.1 billion to the province for the provisional 3 per cent increase in salaries for all levels of employees, in line with the pronouncement made by the Minister of Finance in his MTBPS speech. All departments were engaged to determine what the cost implications of this wage increment were, and these calculations indicated that R2.5 billion was the cost estimate of the various departments. As such, each de-

partment receives a slightly lower allocation than requested, due to the lower allocation received from National Treasury. Two departments indicated that they are able to absorb these costs from within their budget, due to savings from vacancies, while the others received an allocation, as follows:

- **Vote 1: Office of the Premier** receives R6.5 million
- **Vote 2: Provincial Legislature** receives R7 million.
- **Vote 3: Agriculture and Rural Development** receives R24.5 million.
- **Vote 4: EDTEA** receives R8.6 million.
- **Vote 5: Education** receives R1.2 billion.
- **Vote 7: Health** receives R866.5 million.
- **Vote 8: Human Settlements** receives R5.4 million.
- **Vote 9: Community Safety and Liaison** receives R2.4 million.
- **Vote 10: Sport, Arts and Culture** receives R6.3 million.
- **Vote 13: Social Development** receives R28.6 million.
- **Vote 14: Public Works** receives R13.5 million.

5.2 Flood response allocations

The funds allocated by National Treasury to the province for the flood disaster response amount to R1.1 billion.

6. FUNDING FOR APRIL FLOOD DISASTER

In aggregate, the province requested R5.3 billion in additional funds from the National Disaster Management Centre to respond to the April 2022 flood disaster. This amount exceeded the amount available for allocation by National Treasury to provinces, and the province thus also undertook reprioritisation from within its baseline to partly cover the funding needed for this response, and I will provide more detail on this shortly. I will also provide detail on the allocation of funds that were so generously donated by the general public towards the flood response.

In aggregate, if the funds received from National Treasury towards the flood response are taken into account, the funds reprioritised from within the province's budget, as well as the donor funding, then R4.2 billion is allocated in the current year towards the flood response activities.

National Treasury indicated that further funds will be allocated for this purpose in the 2023/24 budget, while some departments indicated that they will also reprioritise funds towards this in the next financial year.

6.1 Funds received from National Treasury for the flood response

As indicated, National Treasury allocated R1.1 billion to the province for the flood response, made up as follows:

- **Vote 13: Social Development** receives R48.5 million, added to the department's provincial equitable share. These funds are to provide support for the care and protection of the flood victims placed in shelters. The funds are for formula and disposable nappies for infants, meals for victims in shelters, to pay shelter-based social workers and social work supervisors, as well as for a system used by the shelters to track the progress of the victims within the shelters.
- **Vote 5: Education** receives an addition to the Education Infrastructure grant and an amount of R95.1 million is allocated for the reconstruction and rehabilitation of schools damaged by the floods.
- **Vote 12: Transport** receives R589.3 million towards the Provincial Roads Maintenance grant for the repair of provincial roads damaged by the floods.
- Government Gazette No. 47 197 was issued on 5 August 2022. This Gazette allocated R325.8 million to the province, specifically to the **Provincial Emergency Housing grant** under **Vote 8: Human Settlements**. The allocation was to provide funding towards the April 2022 flood disaster response and was for the provision of 4 983 Temporary Residential Units in the flood-affected areas.

6.2 Reprioritisation of funds by departments and public entities

As it was unlikely that National Treasury would be able to fully fund the April flood response costs from the national Contingency Reserve, departments and public entities were urged to undertake reprioritisation from within their budgets to assist with the costs thereof.

In aggregate, the province reprioritised R3.1 billion from within its existing budget, both from the equitable share and the conditional grant budgets. The largest portion of this reprioritisation was undertaken by the Department of Transport. Details are provided in the Adjustments Estimate that is being tabled today.

6.3 Allocation of funds received through donations

As I indicated earlier, besides the allocations from National Treasury towards the flood disaster, and the reprioritisation done from within our budgets, society as a whole pulled together to help those in need. From the ordinary person on the street, to corporate organisations, to faith-based organisations and non-government organisations, the assistance given was nothing less than awe-inspiring. It just goes to show what can be done when we stand together. As Helen Keller once said, "Alone we can do so little; together we can do so much."

We want to express our gratitude to everyone who gave towards this disaster response. To help someone in need is an honour and is the foundation on which humanity is built.

In some instances, assistance was given by providing food, clothing, blankets and so forth. In other instances, cash donations were given.

When the flood disaster occurred, the province opened a separate bank account in which cash donations could be deposited and the allocation of these cash donations is included in the Adjustments Estimate I am tabling today. These funds are specifically and exclusively allocated, which means they cannot be used for any other purpose than for providing for the flood response. By making the allocation a specific and exclusive allocation, it also increases transparency, with the expenditure of these funds being carefully tracked by Provincial Treasury.

In aggregate, the province received R10.3 million in donor funding, from organisations such as Tsogo Sun, Harmony Gold, Qatar, Afreximbank, the African Union (AU) and various other anonymous donors. Some of the donors were specific as to what purpose they wanted the funds to be allocated for, while others indicated it was for the flood response generally. These allocations were made as follows:

- R3 million was allocated to **Vote 5: Education** and was allocated specifically for the repair and renovation of four specifically mentioned schools with these funds received from Tsogo Sun;
- R100 000 was allocated to **Vote 7: Health** received from Dr Nondumiso Mzizana. These funds were allocated specifically for Health to use in terms of their disaster response.
- R2.670 million was allocated to **Vote 1: Office of the Premier**, being the funds received from the AU. These funds are allocated for further support to the victims of the flood disaster.
- R2.275 million was allocated to **Vote 8: Human Settlements** from funds allocated by various donors for the disaster response. The funds are for the provision of temporary residential accommodation and associated costs for the affected families moved from the various community halls/shelters.
- R2.275 million was allocated to **Vote 13: Social Development** from funds allocated by various donors for the disaster response towards the ongoing needs of supporting the victims of the floods.

7. BUDGET ADJUSTMENTS REQUIRING LEGISLATURE APPROVAL

Other than these adjustments, the Adjustments Budget also contains virements and shifts undertaken by departments in re-organising their budgets in-year. Most of these virements can be approved by the Accounting Officer of the Vote or by Provincial Treasury, but in some instances, these virements require Legislature approval.

Section 43 of the PFMA determines that Legislature approval is required for the following virements, any decrease in funds specifically and exclusively allocated for a *particular purpose*, any decreases in *Capital*, any decrease in *Transfers and subsidies* to a specific institution, as well as any movements between main divisions which exceed the 8 per cent limit. As I indicated earlier, any such proposed decreases are highlighted in grey shading in the 2022/23 Adjustments Estimate which I am tabling today. These are also highlighted in the explanatory memorandum we prepared and distributed today.

8. CONCLUSION

The last two to three years have taught us a lot about dealing with adversity. We have had to deal with an international pandemic unprecedented in our lifetime, the July unrests, as well as devastating flood disasters. Many of these have impacted on our personal lives, on our livelihoods and also on our economic growth. Lower than anticipated economic growth has also impacted on the availability of financial resources which finance the work that we do.

Adversity is always a lesson in life to which we can choose to surrender. Or we can take a step back and seek opportunities in them. Malcolm X, a human rights activist, was quoted as saying: *“There is no better than adversity. Every defeat, every heartbreak, every loss, contains its own seed, its own lesson on how to improve your performance next time.”*

It is upon us to take the lessons learnt and to grow from them. It is upon us to find ways of improving how we provide services and how we respond to disasters. Our people are relying on us now more than ever. We cannot fail them. We as leaders in government must portray self-less service. It is through leading by example that we can really make a difference.

There is a lovely Malawian quote that says *“He who thinks he is leading and has no one following him is only taking a walk.”*

We have to make sure we are leaders that our people want to follow and that we are not merely taking a walk.

I would like to thank the Honourable Premier, Ms Nomusa Dube-Ncube and the Honourable Members of the Provincial Executive Council, and in particular the Members of the Ministers’ Committee on the Budget, for their support in putting together this Adjustments Budget.

I wish to thank all the officials in my Treasury under the leadership of the HOD, Ms Carol Coetzee for ensuring that the budget documentation is of its usual high quality.

To the Chairperson, Mr SC Nkosi, and members of the Finance Portfolio Committee, as well as STACOV, we look forward to engaging with you on the Adjustments Budget and give our commitment to assist you in your oversight role.

I wish to extend my gratitude to the Honourable Minister of Finance and National Treasury officials for their guidance and support.

It is my honour to formally table the Adjustments Appropriation Bill, 2022 for the Province of KwaZulu-Natal for consideration in this House to be read with the Adjustments Estimate of Provincial Revenue and Expenditure. I trust that the debate and vote on this Bill will be constructive and fruitful.

I thank you.

ANNEXURE 1

Audited Net Financial Position

| R thousand | 2022/23 |
|--|------------------|
| 1. 2021/22 Adjusted Budget - Audited | 141 174 744 |
| 2. 2021/22 Actual Expenditure - Audited | 141 151 348 |
| 3. 2021/22 Year-end under-expenditure - Audited | 23 396 |
| 4. 2021/22 Own Revenue Budget - Audited | 3 721 916 |
| 5. 2021/22 Own Revenue collection - Audited | 3 646 230 |
| 6. 2021/22 Year-end under-collection - Audited | (75 686) |
| 7. 2021/22 Balance of Contingency Reserve | 100 000 |
| 8. 2021/22 Surplus/ (Deficit) - Audited | 47 710 |
| 9. Less: Revenue allocated back to departments | (1 747) |
| 10. 2021/22 Surplus/ (Deficit) - Audited (after Revenue adjustment) | 45 963 |
| 11. Less: Unspent conditional grants (requested for roll-over) | 113 704 |
| V5: National School Nutrition Programme grant | 53 914 |
| V13: ECD grant | 38 804 |
| V15: Community Library Services grant | 20 986 |
| 12. Less: Unspent conditional grants to be surrendered to National Treasury | 44 131 |
| 13. 2021/22 funding deficit after taking into account cond. grant roll-overs and surrenders | (111 872) |
| 14. Less: Provincial Roll-overs | 85 187 |
| Vote 2: Under-expenditure of operational budget is alloc back (FMPPLA) | 85 187 |
| 15. Funding deficit after conditional grant and equitable share roll-overs | (197 059) |
| 16. Less: Provincial Commitments | 10 940 |
| V2: Revenue returned to S22 of PFMA | 5 767 |
| V2: Remuneration of MPLs (backpay for increases, gratuity, allowances) | 5 173 |
| 17. Less: Vote 7: Technical Adjustment for HR and Training grant | 5 895 |
| 18. Net financial position | (213 894) |
| 19. Top up 2022 wage agreement funds | (136 106) |
| 20. 2022/23 Contingency Reserve | 350 000 |
| 21. Amount available for allocation to other spending pressures/ Shortfall in funding | - |

NOTES

[illegible]

