

Summary of 2018/19 Adjustments Estimate

1. Introduction

Table 1 provides a summary of the 2018/19 Adjustments Estimate. The 2018/19 main appropriation, appropriated by the KwaZulu-Natal Legislature, amounted to R122.492 billion, including a statutory amount of R90.251 million allocated under Vote 2: Provincial Legislature. The province continued to budget for a surplus in 2018/19, as it has since 2009/10. This budgeted surplus or Contingency Reserve was initially provided for to start repaying the provincial overdraft, which arose from high provincial over-expenditure in prior years. The province continues to budget for a surplus, despite the fact that the provincial overdraft was fully repaid in 2010/11, and this is done to protect the province from any fiscal shocks which may arise. The original surplus budgeted for in 2018/19 was R174.054 million. When the main budget was tabled, it was announced that departments would see their budgets cut in-year by an aggregate amount of R475.947 million to bring the Contingency Reserve back to the R650 million it has been set at in the past few years. This decision was taken following a Finance *Lekgotla* that was held to determine how the province's equitable share budget cuts should be dealt with. It was later decided by the Provincial Executive Council in a meeting held on 21 August 2018, that departments be exempted from these budget cuts, partly because they were not receiving any additional funding for the above-budget wage agreement (discussed in more detail later), as well as the fact that the province had ended 2017/18 with a positive net financial position of just over R1 billion.

Table 1 : Provincial budget summary

R thousand	Main appropriation	Additional appropriation					Total additional appropriation	Adjusted appropriation
		Roll-overs	Unforeseeable/unavoidable	Virement	Shifts	Other adjustments		
Current payments	102 806 421	360 364	-	(225 522)	458 200	248 089	841 131	103 647 552
Transfers and subsidies	11 851 129	32 775	-	249 978	(247 238)	210 191	245 706	12 096 835
Payment of capital assets	7 834 104	114 317	-	(24 739)	(210 962)	247 389	126 005	7 960 109
Payment of financial assets	-	-	-	283	-	-	283	283
Total expenses	122 491 654	507 456	-	-	-	705 669	1 213 125	123 704 779
Total receipts	122 253 154	-	-	-	-	475 662	475 662	122 728 816
Surplus/(Deficit) before financing	(238 500)	(507 456)	-	-	-	(230 007)	(737 463)	(975 963)
Financing of which:								
Provincial roll-overs		507 456					507 456	507 456
Allocations from provincial cash resources	357 554					386 354	386 354	743 908
Suspension to ensuing years	55 000					-	-	55 000
Surplus/(Deficit) after financing	174 054	-	-	-	-	156 347	156 347	330 401

The 2018/19 main appropriation is increased by R1.213 billion, growing the total budget for 2018/19 to R123.705 billion. Provincial receipts increase by R475.662 million entirely due to amendments to the conditional grant allocation, with no adjustments being made to the provincial equitable share. Taking into account the increases in the conditional grant allocations, the provincial receipts amount to R122.729 billion. The province funded a number of commitments (discussed in detail in Section 6 of this Summary) from its own provincial cash resources.

As at mid-year, the province was projecting to be over-spent by R1.127 billion, with the largest contributor to this projected position being the Department of Health. Quite a few departments were showing projected spending pressures as a result of commitments from 2017/18, and a number of adjustments included in this Adjustments Estimate offset these projected spending pressures. Where the additional funds do not fully offset the projected over-spending, the Provincial Executive Council has instructed that credible turnaround plans be prepared to reduce the projected over-spending to Nil.

The province continues to implement cost-cutting measures, which were first introduced in 2009/10 and remain in place in 2018/19. These measures are constantly being improved upon, through the introduction of new measures and amendments of existing measures. The province was the first in the country to institute controls around the process of filling vacant posts, which is only done with the express approval of the Premier and the MEC for Finance. This measure has stabilised the growth in the *Compensation of employees*' budget.

The province continues to remain cash positive, continuing a trend which first started in May 2010, although, with the introduction of cash blocking by National Treasury, some departments, such as Education and Health, have experienced challenges due to spending pressures.

The province was able to fund numerous provincial commitments (which are discussed in detail later) from the provincial net surplus (after taking into account conditional grant roll-overs) of R1.078 billion realised at the end of 2017/18 and the balance from the Contingency Reserve (R174.054 million). With regard to the 2017/18 conditional grant performance, the province under-spent by R228.455 million, of which R174.692 million was approved to be rolled over, while R53.763 million had to be surrendered to the National Revenue Fund, mainly due to under-spending and lack of proof of commitment of these under-spent funds by Agriculture and Rural Development, as well as Social Development.

The Provincial Executive Council approved equitable share roll-overs from 2017/18 amounting to R332.764 million. These were only approved where departments provided sufficient motivation that these funds were committed. In addition, as mentioned below, the province allocated funding of R409.850 million from the 2017/18 net surplus, with these funds allocated to a number of provincial priorities. These include learner transport services, outstanding property rates, the Treasury/Health assistance plan, the Youth Development Fund, among others.

2. Sources of funding

The funding of additional expenditure of departments through the 2018/19 provincial Adjustments Estimate is derived from provincial roll-overs, provincial cash resources, the Contingency Reserve, increases to conditional grants from National Treasury and the reprioritisation of provincial funds.

2.1 Transfers from National

Table 2 provides details of the adjusted provincial receipts for 2018/19, which is funding received from National Treasury.

The province did not receive any additional equitable share funding from National Treasury, but did receive upward adjustments to the conditional grant allocation in an amount of R475.662 million mainly relating to the flood disaster that occurred in the province in October 2017, with a smaller allocation also for drought relief. In this regard, the flood disaster funds were added to various conditional grants, namely the Health Facility Revitalisation grant (R199.508 million), the Education Infrastructure grant (R150 million), the Human Settlements Development grant (R100 million) and a new grant, namely the Provincial Disaster Recovery grant (R16.304 million), with this latter grant allocated to the Department of Co-operative Governance and Traditional Affairs (COGTA) who receives R11.328 million and the Department of Social Development who receives R4.976 million. An allocation is also made toward drought disaster relief and this is allocated against the Land Care grant (R9.850 million).

An amount of R174.692 million was approved as a roll-over in respect of the conditional grant committed funds and these were treated as provincial roll-overs as the funds were not returned to the National Revenue Fund and are therefore excluded from Table 2. The approved roll-overs per grant are discussed in detail in Section 5.

As mentioned, an amount of R53.763 million of conditional grant funding from 2017/18 was not approved by National Treasury for roll-over to 2018/19. This amount has thus been paid over to the National Revenue Fund. This relates to a portion of the uncommitted conditional grant funds from 2017/18 of R34.372 million relating to the Comprehensive Agricultural Support Programme (CASP) grant, R17.009 million relating to the Social Worker Employment grant, R1.762 million relating to the Learners with Profound Intellectual Disabilities (LPID) grant, R109 000 relating to the National School Nutrition Programme (NSNP) grant and R511 000 relating to the Social Sector EPWP Incentive Grant for Provinces under Education.

Table 2 : Summary of provincial receipts

R thousand	Main appropriation	Additional appropriation				Total additional appropriation	Adjusted appropriation
		Roll-overs	Unforeseeable/ unavoidable	Virement	Shifts		
Transfer receipts from National	119 016 716	-	-	-	-	475 662	119 492 378
Equitable share	99 263 681					-	99 263 681
Conditional grants	19 753 035					475 662	20 228 697
Vote 3: Agriculture and Rural Development	314 562	-	-	-	-	9 850	324 412
Comprehensive Agric. Support Prog. grant	223 975					-	223 975
Ilima/Letsema Projects grant	71 263					-	71 263
Land Care grant	12 016					9 850	21 866
EPWP Integrated Grant for Provinces	7 308					-	7 308
Vote 4: Economic Dev., Tourism & Enviro Affairs	3 740	-	-	-	-	-	3 740
EPWP Integrated Grant for Provinces	3 740					-	3 740
Vote 5: Education	3 577 672	-	-	-	-	150 000	3 727 672
Education Infrastructure grant	1 866 435					150 000	2 016 435
HIV and AIDS (Life-Skills Education) grant	58 922					-	58 922
Maths, Science and Technology grant	61 203					-	61 203
National School Nutrition Programme grant	1 534 878					-	1 534 878
Learners with Profound Intellectual Disabilities grant	27 230					-	27 230
Social Sector EPWP Incentive Grant for Provinces	27 004					-	27 004
EPWP Integrated Grant for Provinces	2 000					-	2 000
Vote 7: Health	9 103 605	-	-	-	-	199 508	9 303 113
Comprehensive HIV, AIDS and TB grant	5 677 225					-	5 677 225
Human Papillomavirus Vaccine grant	44 976					-	44 976
Social Sector EPWP Incentive Grant for Provinces	24 182					-	24 182
Health Professions Training and Development grant	351 197					-	351 197
National Tertiary Services grant	1 794 649					-	1 794 649
Health Facility Revitalisation grant	1 202 480					199 508	1 401 988
EPWP Integrated Grant for Provinces	8 896					-	8 896
Vote 8: Human Settlements	3 265 663	-	-	-	-	100 000	3 365 663
Human Settlement Development grant	3 152 757					100 000	3 252 757
EPWP Integrated Grant for Provinces	11 484					-	11 484
Title Deeds Restoration grant	101 422					-	101 422
Vote 9: Community Safety and Liaison	10 321	-	-	-	-	-	10 321
Social Sector EPWP Incentive Grant for Provinces	10 321					-	10 321
Vote 10: Sport and Recreation	102 151	-	-	-	-	-	102 151
Mass Participation and Sport Development grant	98 739					-	98 739
EPWP Integrated Grant for Provinces	2 000					-	2 000
Social Sector EPWP Incentive Grant for Provinces	1 412					-	1 412
Vote 11: COGTA	4 552	-	-	-	-	11 328	15 880
EPWP Integrated Grant for Provinces	4 552					-	4 552
Provincial Disaster Recovery grant						11 328	11 328
Vote 12: Transport	3 009 461	-	-	-	-	-	3 009 461
Provincial Roads Maintenance grant	1 826 745					-	1 826 745
EPWP Integrated Grant for Provinces	76 562					-	76 562
Public Transport Operations grant	1 106 154					-	1 106 154
Vote 13: Social Development	178 888	-	-	-	-	4 976	183 864
Social Sector EPWP Incentive Grant for Provinces	13 490					-	13 490
Early Childhood Development grant	107 543					-	107 543
Social Worker Employment grant	57 855					-	57 855
Provincial Disaster Recovery grant						4 976	4 976
Vote 14: Public Works	6 023	-	-	-	-	-	6 023
EPWP Integrated Grant for Provinces	6 023					-	6 023
Vote 15: Arts and Culture	176 397	-	-	-	-	-	176 397
Community Library Services grant	174 397					-	174 397
EPWP Integrated Grant for Provinces	2 000					-	2 000
Provincial own receipts	3 236 438						3 236 438
Total	122 253 154	-	-	-	-	475 662	122 728 816
Total new receipts							475 662

3. 2018/19 Net financial position

KZN continues to maintain a healthy cash positive position, as it has since May 2010. However, this positive cash balance has been on a downward trend, mainly due to fiscal consolidation, unforeseen spending pressures such as medico-legal claims, as well as unfunded above-budget wage agreements.

The net financial position of the province determines the amount of funds available for allocation in the Adjustments Budget. The province under-spent its 2017/18 budget allocation by R691.255 million and own revenue was over-collected by R296.103 million. The province also continued to budget for a Contingency Reserve in 2017/18, which was R108.613 million. A portion of the revenue over-collection

was already allocated to departments in the 2017/18 Adjustments Estimate and must therefore be excluded from the net financial position calculation, along with a minor technical adjustments that had to be made. As such, R17.577 million is deducted from the net financial position. Various allocations were made to fund a number of provincial commitments, and these are discussed in detail below. These factors all resulted in the province ending the year with an unallocated surplus of R281.469 million. The detail is provided below.

Further details of all provincial commitments funded in this Adjustments Estimate are provided under each departmental chapter.

4. 2018 wage adjustment

The National Treasury guidelines instructed departments to provide for an annual wage increase of 6.5, 6.3 and 6.5 per cent of the three years of the 2018/19 MTEF, respectively. Departments were also required to make provision for the 1.5 per cent pay progression. However, the agreement was reached at a sliding scale increase of 7 per cent for all Level 1 – 7 staff, 6.5 per cent for all Level 8 – 10 staff and 6 per cent for all Level 11 – 12 staff. In addition to the wage increments, there were some amendments made to the housing allowance applicable to public servants. In this regard, the housing allowance was increased by CPI which, for that period, stood at 4.7 per cent. The monthly housing allowance therefore increased by R60.22 from R1276.00 to R1336.22. It was also agreed that, where both spouses are employed as public servants, both qualify to receive the housing allowance whereas, previously, only one spouse was permitted to receive this allowance. The cost implication of the latter part of the agreement is not easily calculated as the information needed to determine what this means for the province is not recorded on PERSAL. For the balance of the wage agreement, this additional cost was calculated at some R315 million for which no additional funding was received from National Treasury, which implies that departments had to undertake internal reprioritisation for this shortfall.

It was noted, though, that a number of departments did not budget adequately for the wage increment as per the guide provided by National Treasury and these, therefore, have a larger shortfall to absorb from within their baselines.

It is noted that, at the time of the preparation of this document, confirmation had not been received regarding the 2018 increase in the Members' remuneration (inclusive of MECs). As a result, no adjustments in this regard are included in this document.

5. 2017/18 unspent conditional grants

In aggregate, the province recorded net under-expenditure of R228.455 million on the conditional grants received for 2017/18. These funds cannot be used for any other purpose and, if not rolled over, then the unspent portion must be surrendered to the National Revenue Fund. National Treasury approved the roll-over of R174.692 million and the balance of the under-spent conditional grant allocation, amounting to R53.763 million, had to be repaid to the National Revenue Fund.

The approved roll-overs per grant are as follows:

- R15.291 million for the CASP grant.
- R22.816 million for the Ilima/ Letsema Projects grant.
- R1.100 million for the LPID grant.
- R6.148 million for the Maths, Science and Technology (MST) grant.
- R129.337 million for the NSNP grant.

6. Summary of adjustments allocations

Table 3 provides a summary of the additional funds allocated to the various provincial departments and forms the basis of the 2018/19 Adjustments Estimate. Further details of these adjustments, which resulted in an overall increase of R1.213 billion, are provided under the specific department's chapter.

These adjustments include roll-overs, additional funding provided to departments, function shifts across Votes, as well as any virements and shifts within Votes.

Table 3 : Summary of adjustments for 2018/19

R thousand	Roll-overs	Unforeseeable/ unavoidable	Virement	Shifts	Other adjustments	Total adjustment
Vote 1: Office of the Premier	3 076	-	-	-	64 079	67 155
Roll-over: Terry Street Parking and Moerane Commission of Inquiry	3 076					3 076
Removal of KZN Gaming and Betting Board office accommodation					(821)	(821)
Youth Development Fund					50 000	50 000
Moses Mabhidha Building roof repairs					1 000	1 000
Moerane Commission of Inquiry					7 000	7 000
Relocation costs of ex-Ulundi staff					6 900	6 900
Vote 2: Provincial Legislature	-	-	-	-	26 334	26 334
Retention of over-collected revenue in terms of PFMA and FMPPLA					3 813	3 813
Appropriation of unspent funds from 17/18 in terms of PFMA and FMPPLA					2 742	2 742
Allocation of interest from Political Parties' Fund					3 000	3 000
Voter education					7 000	7 000
In-year spending pressures					9 779	9 779
Vote 3: Agriculture and Rural Development	57 138	-	-	-	9 850	66 988
Roll-over: CASP grant from 17/18	15 291					15 291
Roll-over: Ilima/Letsema Projects grant from 17/18	22 816					22 816
PES roll-over: Capital infrastructure projects	19 031					19 031
Land Care grant: Drought relief					9 850	9 850
Vote 4: Economic Dev., Tourism & Enviro Affairs	9 292	-	-	-	-	9 292
Roll-over: Invasive Alien Species Programme	9 292					9 292
Vote 5: Education	136 585	-	-	-	(56 630)	79 955
Roll-over: NSNP grant from 17/18	129 337					129 337
Roll-over: MST grant from 17/18	6 148					6 148
Roll-over: LPID grant from 17/18	1 100					1 100
Learner Transport function shift from DOE to DOT					(206 630)	(206 630)
Education Infrastructure grant: Flood disaster relief					150 000	150 000
Vote 6: Provincial Treasury	11 000	-	-	-	20 000	31 000
Roll-over: Treasury/Health assistance plan	11 000					11 000
Treasury/Health assistance plan					20 000	20 000
Vote 7: Health	-	-	-	-	199 508	199 508
Health Facility Revitalisation grant: Flood disaster relief					199 508	199 508
Vote 8: Human Settlements	-	-	-	-	137 842	137 842
Reallocation of funds from sale of units at Ridgeview Gardens					37 842	37 842
Human Settlements Development grant: Flood disaster relief					100 000	100 000
Vote 9: Community Safety and Liaison	-	-	-	-	-	-
Vote 10: Sport and Recreation	20 000	-	-	-	675	20 675
Roll-over: Upgrade and renovation of existing sport facilities	20 000					20 000
Reallocation of KZN Sport Awards sponsorships from 17/18 and 18/19					675	675
Vote 11: Co-operative Governance and Traditional Affairs	29 955	-	-	-	16 328	46 283
Traditional Council elections					40 000	40 000
Suspension of TC election funds to 19/20					(35 000)	(35 000)
Roll-over: Nelson Mandela Exhibition centre, water tanks, vehicles, etc.	29 955					29 955
Provincial Disaster Recovery grant: Flood disaster relief					11 328	11 328
Vote 12: Transport	222 000	-	-	-	281 630	503 630
Roll-over: Flood disaster and cross-border crime fighting structure	222 000					222 000
Suspension of cross-border crime fighting funds - held in PRF					(50 000)	(50 000)
Learner Transport function shift from DOE to DOT					206 630	206 630
Learner Transport pressures					125 000	125 000
Vote 13: Social Development	16 400	-	-	-	5 053	21 453
Roll-over: Various capital projects, e.g. Madadeni rehab, Vuma youth	16 400					16 400
PES funded: Flood disaster relief (10 October 2017)					77	77
Provincial Disaster Recovery grant: Flood disaster relief					4 976	4 976
Vote 14: Public Works	1 079	-	-	-	92 000	93 079
Outstanding property rates					92 000	92 000
Roll-over: Provincial Infrastructure Master Plan	1 079					1 079
Vote 15: Arts and Culture	931	-	-	-	(91 000)	(90 069)
Roll-over: Various transfer payments	931					931
Funds susp. to 19/20: Archive Repository					(68 000)	(68 000)
Funds susp. to 19/20: Music Academy					(5 000)	(5 000)
Funds susp. to 19/20: Winston Churchill Theatre					(9 000)	(9 000)
Funds susp. to 19/20: Osizweni Art Centre					(9 000)	(9 000)
Total	507 456	-	-	-	705 669	1 213 125

The largest share of the additional allocations was given to Transport (R503.630 million), though this is inclusive of the learner transport function shift from Education, followed by Health (R199.508 million), Human Settlements (R137.842 million) and Public Works (R93.079 million). It should be noted that

Arts and Culture had a net reduction in their budget of R90.069 million largely due to funds that they asked to be suspended from their budget in 2018/19 for re-allocation in 2019/20.

The main adjustments per category are as follows:

Roll-overs: The total amount rolled over from 2017/18 to 2018/19 is R507.456 million, of which national conditional grant roll-overs amounted to R174.692 million, leaving R332.764 million as provincial roll-overs. The provincial roll-overs relate to various commitments arising from 2017/18, with the largest amount rolled over being R222 million to Transport relating to the disaster relief allocation given to the department in 2017/18 in respect of the October 2017 flooding (R172 million), as well as the construction of a cross border crime fighting structure between KZN and Mozambique (R50 million). The next highest roll-over was for various capital commitments under the Department of Co-operative Governance and Traditional Affairs (COGTA).

Other adjustments: Funds were allocated to various provincial pressures, with these being funded from provincial cash resources. Some departments requested that funds be suspended from the 2018/19 budget and be allocated back to them in 2019/20. These *Other adjustments* are detailed here:

- *Transport – Learner Transport:* Additional funds of R125 million are allocated with regard to the provision of provincial learner transport services. The funds are to cover a shortfall relating to the existing learner transport services where 55 568 learners are transported, as well as the addition of 2 933 learners from the Nquthu area following a court decision in this regard.
- *Human Settlements – allocation of funds received in-year to be used for housing projects:* The department requested that funds amounting to R37.842 million received in 2017/18 from profits realised from the sale of 330 units at Ridgeview Gardens be allocated back to them to spend largely on various housing projects.
- *Sport and Recreation – KZN Sport Awards:* The department is allocated R675 000 relating to various sponsorships received toward hosting the KZN Sport Awards.
- *Office of the Premier – Youth Development Fund:* In the State of the Province Address earlier this year, as well as in his Vote 1 Budget Speech, the Honourable Premier announced that the KwaZulu-Natal Youth Development Fund would be launched in 2018 and that R50 million would be allocated toward this fund and this is formalised in this Adjustments Budget.
- *Office of the Premier – Repairs to Moses Mabhida building:* An amount of R6.932 million is allocated for urgent repairs to the roof of the Moses Mabhida building in Pietermaritzburg. In terms of project requirements, R1 million will be needed in 2018/19, while the balance of R5.932 million is to be allocated in 2019/20.
- *Office of the Premier – Moerane Commission of Inquiry and Relocation costs of ex-Ulundi staff:* An amount of R13.900 million is allocated relating to the Moerane Commission of Inquiry (R7 million) and relocation payments to staff dating back to when government departments were relocated from Ulundi to Pietermaritzburg (R6.900 million).
- *Provincial Legislature – Own revenue retention:* The Provincial Legislature retains any own revenue over-collection from the prior year in terms of Section 22 of the PFMA, as well as the Financial Management for Parliament and Provincial Legislatures Act (FMPPLA) and receives R3.813 million in this regard.
- *Provincial Legislature – Appropriation of unspent funds from 2017/18:* The Provincial Legislature retains its surplus voted (operational) funds every year, without having to submit a request to Provincial Treasury for the roll-over of committed funds like provincial departments do. This is in line with both the PFMA and the FMPPLA. As such, the audited under-expenditure of R2.742 million in respect of the operational budget is appropriated back to the Legislature.
- *Provincial Legislature – Allocation of interest from Political Parties’ Fund (PPF):* An amount of R3 million, being interest derived from the PPF, was allocated back to the Legislature to offset in-year spending pressures.

- *Provincial Legislature – Civic education campaigns relating to the 2019 elections:* An amount of R7 million is allocated to conduct civic education campaigns in partnership with the Independent Electoral Commission (IEC) ahead of the 2019 elections.
- *Provincial Legislature – Various spending pressures:* The Legislature receives R9.779 million in additional funds for various in-year spending pressures.
- *Public Works – Outstanding property rates:* The department requested additional funds toward pressures in the payment of property rates on government-owned properties and receives R92 million in this regard.
- *Social Development – Disaster relief funding:* The department had requested additional funds *via* the Provincial Disaster Management Centre with respect to the flood disaster that occurred in the province on 10 October 2017. The department receives the bulk of the additional funding needed for these disaster repairs from the Provincial Disaster Recovery grant, but there is an amount of R77 000 allocated from the provincial fiscus, as the amount from national was slightly less than the R5.503 million that the department had requested *via* the National Disaster Management Centre.
- *Provincial Treasury – Treasury/Health assistance plan:* An amount of R60 million is allocated in this regard, with R20 million allocated in 2018/19 and the balance of R40 million in 2019/20, being the funds required for the complete take-over of the Supply Chain Management, Internal Control and Asset Management functions in the Department of Health.
- *Various suspensions:* Various suspensions of funds are undertaken, with R50 million suspended from Transport relating to the cross-border crime fighting structure. This will be held in the Provincial Revenue Fund until needed (the detail is discussed in Vote 12’s chapter of this document). Funds are suspended from COGTA relating to the Traditional Council elections and R35 million will be allocated back to the department in 2019/20. Arts and Culture requested that funds relating to the Archive Repository (R68 million), the Music Academy in Ladysmith (R5 million), the Winston Churchill Theatre (R9 million) and the Osizweni Art Centre (R9 million) be suspended to 2019/20 (again discussed in detail in Vote 15’s chapter of this document).

7. Expenditure

Tables 4 and 5 present a summary of the adjusted appropriation by Vote and economic classification.

Further to the additional allocation received by the departments, as highlighted in the above sections, departments have moved funds between programmes, sub-programmes and economic classifications. In most instances, these movements are within the prescripts governing the limitations to which Accounting Officers and Provincial Treasury may approve the movement of funds to utilise savings in one area to offset excess expenditure in another area. In cases where these limitations are exceeded, the approval of the Legislature is required and these are therefore highlighted in this Adjustments Estimate. These movements are fully explained under each Vote in Section 2 of this document.

It is noted that the following definitions/guidelines are applicable to determine the type/category of adjustments reflected under the various columns in all Expenditure tables in this document:

- Roll-overs:* Funds from 2017/18 that were committed but not spent in that year, and are to be re-appropriated in 2018/19.
- Unforeseeable/unavoidable:* Expenditure that could not be anticipated at the time of finalising the 2018/19 main budget.
- Virement:* The utilisation of savings or under-spending under one main division/ sub-division/ economic classification of a Vote toward the defrayment of excess expenditure under another main division/ sub-division/ economic classification of the same Vote. That is, the original purpose of the funds has changed.
- Shifts:* The re-allocation of funds incorrectly allocated during the 2018/19 *EPRE* budget process, or where the funds are shifted due to the re-classification of expenditure (e.g. in line with SCOA definitions). This also includes functions shifted within a

Vote to follow the internal transfer of functions (e.g. from one programme to another). That is, the original purpose of the funds remains the same.

Other adjustments: Any additional funding that is allocated to the department during the year, other than roll-overs. This also includes funds shifted between Votes to follow the transfer of functions (i.e. function shifts between departments), funds suspended to other financial years and surrendered funds.

The amount reflected against *Statutory payments* is the remuneration of the Members of the Legislature.

Table 4 : Expenditure summary by vote

R thousand	Main appropriation	Additional appropriation				Total additional appropriation	Adjusted appropriation
		Roll-overs	Unforeseeable/unavoidable	Virement	Shifts		
1. Office of the Premier	787 137	3 076	-	-	-	64 079	854 292
2. Provincial Legislature	474 963	-	-	-	-	26 334	501 297
3. Agriculture and Rural Development	2 324 108	57 138	-	-	-	9 850	2 391 096
4. Economic Dev., Tourism and Enviro Affairs	3 009 296	9 292	-	-	-	-	3 018 588
5. Education	50 903 682	136 585	-	-	-	(56 630)	50 983 637
6. Provincial Treasury	650 900	11 000	-	-	-	20 000	681 900
7. Health	42 347 664	-	-	-	-	199 508	42 547 172
8. Human Settlements	3 647 237	-	-	-	-	137 842	3 785 079
9. Community Safety and Liaison	224 949	-	-	-	-	-	224 949
10. Sport and Recreation	451 953	20 000	-	-	-	675	472 628
11. Co-operative Governance and Traditional Affairs	1 679 082	29 955	-	-	-	16 328	1 725 365
12. Transport	10 062 047	222 000	-	-	-	281 630	10 565 677
13. Social Development	3 287 882	16 400	-	-	-	5 053	3 309 335
14. Public Works	1 587 932	1 079	-	-	-	92 000	1 681 011
15. Arts and Culture	962 571	931	-	-	-	(91 000)	872 502
Sub-total	122 401 403	507 456	-	-	-	705 669	123 614 528
Statutory payments	90 251	-	-	-	-	-	90 251
Total	122 491 654	507 456	-	-	-	705 669	123 704 779
Amount to be voted							1 213 125

Table 5 : Expenditure summary by economic classification

R thousand	Main appropriation	Adjustments appropriation				Total adjustments appropriation	Adjusted appropriation
		Roll-overs	Unforeseeable/unavoidable	Virement	Shifts		
Current payments	102 716 170	360 364	-	(225 522)	458 200	248 089	841 131
Compensation of employees	77 113 679	-	-	(14 785)	8 522	-	(6 263)
Goods and services	25 598 379	360 364	-	(213 288)	449 678	248 089	26 443 222
Interest and rent on land	4 112	-	-	2 551	-	-	6 663
Transfers and subsidies to:	11 851 129	32 775	-	249 978	(247 238)	210 191	245 706
Provinces and municipalities	1 269 843	31 051	-	37 848	46 040	87 000	201 939
Departmental agencies and accounts	2 133 888	-	-	(181 089)	(18 794)	(821)	(200 704)
Higher education institutions	31 138	-	-	(300)	(25 838)	-	(26 138)
Foreign governments and international organisations	241	-	-	-	-	-	241
Public corporations and private enterprises	1 463 896	793	-	276 827	(12 207)	-	265 413
Non-profit institutions	3 226 229	931	-	47 757	(204 687)	2 500	(153 499)
Households	3 725 894	-	-	68 935	(31 752)	121 512	158 695
Payments for capital assets	7 834 104	114 317	-	(24 739)	(210 962)	247 389	126 005
Buildings and other fixed structures	6 652 716	106 051	-	(55 161)	(212 000)	246 889	85 779
Machinery and equipment	1 162 031	8 266	-	28 633	1 038	500	38 437
Heritage assets	4 819	-	-	-	-	-	4 819
Specialised military assets	-	-	-	-	-	-	-
Biological assets	550	-	-	-	-	-	550
Land and subsoil assets	-	-	-	-	-	-	-
Software and other intangible assets	13 988	-	-	1 789	-	-	1 789
Payments for financial assets	-	-	-	283	-	-	283
Sub-total	122 401 403	507 456	-	-	-	705 669	1 213 125
Statutory payments	90 251	-	-	-	-	-	90 251
Total	122 491 654	507 456	-	-	-	705 669	123 704 779
Amount to be voted							1 213 125

8. Infrastructure

Tables 6 and 7 show the summary of the adjusted infrastructure budgets by Vote and main category. Further details are provided under each Vote in Section 2.

In aggregate, infrastructure spending is set to increase to R12.857 billion from the original budget of R12.440 billion, an increase of R416.915 million. This is due to roll-overs approved mainly to Transport for unspent specifically and exclusively allocated funds which were allocated to the department in the

2017/18 Adjustments Estimate for flood disaster repairs following the floods that occurred in the province in October 2017. In addition, additional allocations for infrastructure were made, mainly to Education and Health from National Treasury *via* various conditional grants. Some departments decreased their infrastructure budgets, and this is discussed in detail below the table.

The reduction in *Capital* resulting from virements (i.e. the utilisation of savings against capital) requires Legislature approval and this has been indicated against each Vote.

Table 6 : Summary of infrastructure expenditure by vote

R thousand	Main appropriation	Additional appropriation					Total additional appropriation	Adjusted appropriation
		Roll-overs	Unforeseeable/unavoidable	Virement	Shifts	Other adjustments		
1. Office of the Premier	20 502	2 686	-	1 000	-	1 000	4 686	25 188
2. Provincial Legislature	4 995	-	-	1 900	-	4 000	5 900	10 895
3. Agriculture and Rural Development	139 825	38 965	-	-	-	-	38 965	178 790
4. Economic Dev., Tourism and Enviro Affairs	530 513	-	-	(111 484)	-	-	(111 484)	419 029
5. Education	2 230 607	-	-	-	-	150 000	150 000	2 380 607
6. Provincial Treasury	-	-	-	-	-	-	-	-
7. Health	1 806 771	-	-	12 593	-	199 508	212 101	2 018 872
8. Human Settlements	128 706	-	-	20 000	-	10 000	30 000	158 706
9. Community Safety and Liaison	-	-	-	-	-	-	-	-
10. Sport and Recreation	48 391	20 000	-	-	-	-	20 000	68 391
11. Co-operative Governance and Traditional Affairs	43 054	-	-	(24 105)	(5 000)	11 328	(17 777)	25 277
12. Transport	7 108 198	220 000	-	-	-	(48 000)	172 000	7 280 198
13. Social Development	135 114	16 400	-	-	-	5 053	21 453	156 567
14. Public Works	61 139	-	-	(13 858)	-	-	(13 858)	47 281
15. Arts and Culture	182 324	-	-	(4 071)	-	(91 000)	(95 071)	87 253
Total	12 440 139	298 051	-	(118 025)	(5 000)	241 889	416 915	12 857 054
Amount to be voted							416 915	

Table 7 : Summary of infrastructure expenditure by category

R thousand	Main appropriation	Additional appropriation					Total additional appropriation	Adjusted appropriation
		Roll-overs	Unforeseeable/unavoidable	Virement	Shifts	Other adjustments		
Existing infrastructure assets	8 049 159	210 117	-	(164 270)	(135 768)	352 889	262 968	8 312 127
Maintenance and repair: Current	3 344 884	172 000	-	(78 065)	(96 000)	-	(2 065)	3 342 819
Upgrades and additions: Capital	3 199 175	16 400	-	(186 829)	(70 557)	(14 000)	(254 986)	2 944 189
Refurbishment and rehabilitation: Capital	1 505 100	21 717	-	100 624	30 789	366 889	520 019	2 025 119
New infrastructure assets: Capital	1 941 441	67 934	-	31 044	(165 232)	(106 000)	(172 254)	1 769 187
Infrastructure transfers	686 542	20 000	-	(92 000)	-	(5 000)	(77 000)	609 542
Infrastructure transfers: Capital	684 842	20 000	-	(92 000)	-	(5 000)	(77 000)	607 842
Infrastructure transfers: Current	1 700	-	-	-	-	-	-	1 700
Infrastructure: Payments for fin assets	-	-	-	-	-	-	-	-
Infrastructure: Leases	176 654	-	-	(4 655)	-	-	(4 655)	171 999
Non infrastructure¹	1 586 343	-	-	111 856	296 000	-	407 856	1 994 199
Total	12 440 139	298 051	-	(118 025)	(5 000)	241 889	416 915	12 857 054
<i>Capital infrastructure</i>	7 330 558	126 051	-	(147 161)	(205 000)	241 889	15 779	7 346 337
<i>Current infrastructure</i>	3 523 238	172 000	-	(82 720)	(96 000)	-	(6 720)	3 516 518
Amount to be voted							416 915	

1. *Non infrastructure* is a stand-alone item, and is therefore excluded from *Capital infrastructure* and *Current infrastructure*, but it is included in the overall total

Office of the Premier increased its infrastructure budget by R4.686 million. An amount of R2.686 million was approved as a roll-over from 2017/18 and relates to funds which could not be entirely spent in 2017/18 in respect of the Terry Street Parking project, which was delayed due to inclement weather. Savings of R1 million were identified against *Machinery and equipment* due to over-budgeting for office furniture and was moved to *Refurbishment and rehabilitation: Capital* to address pressures for higher than expected costs for the tiling project at Enyokeni Palace. Also, R1 million was allocated for the urgent roof repairs of the Moses Mabhida building.

Provincial Legislature increased its infrastructure budget by R5.900 million. Savings of R1.900 million were identified under *Machinery and equipment*, largely due to a decision taken to delay the purchase of pool vehicles. These savings were moved to *Upgrades and additions: Capital* to offset spending pressures relating to the Law Society building renovation project, which was completed in August 2018. In addition, R4 million, from the additional funding of R6.555 million allocated back in line with the PFMA and FMPPLA, was allocated to *Upgrades and additions: Capital* to fund outstanding commitments from 2017/18 relating to the replacement of lifts in both the Legislature and administration buildings, and the canteen upgrade project.

Agriculture and Rural Development increased its infrastructure budget by R38.965 million due to R19.031 million rolled over from 2017/18 and allocated against *Refurbishment and rehabilitation: Capital* in respect of the equitable share for rehabilitation and upgrading of office accommodation at Cedara Head Office, as well as the repair of official houses on the department's research farms (at Dundee and Bartlow). Also, R19.934 million was rolled over in respect of the CASP and Ilima/Letsema Projects grants against *New infrastructure assets: Capital* for Ndumo A irrigation scheme (R4.670 million), installation of sub-surface drainage at Block 6 in Makhathini (R13.116 million), as well as agricultural infrastructure such as the construction of broiler houses, store rooms and fencing (R2.148 million). Of the conditional grant roll-over, R6.818 million was in respect of the CASP grant and R13.116 million was in respect of the Ilima/Letsema Projects grant.

Economic Development, Tourism and Environmental Affairs (EDTEA) decreased its infrastructure budget by R111.484 million largely as a result of a decrease in the transfer to Dube TradePort Corporation (DTPC) of R112 million related to the cancellation of a tender in respect of earthworks for the multi-storey parkade due to non-compliant bids received. These funds were moved to various areas, namely for transfer to Ithala Development Finance Corporation (Ithala) for Industrial Economic Hubs (R40 million), the Enterprise Development Fund (R20 million), Ithala SOC Limited (R19 million), the Bulk Buying programme (R3 million), the Bakery Support project (R10 million), for transfer to the KZN Growth Fund Trust for the Sheepcor project (R10 million), as well as for transfer to Ezemvelo KZN Wildlife for vehicles and weapons (R10 million). These projects are detailed in Vote 4's chapter.

Education increased its infrastructure budget by R150 million against *Refurbishment and rehabilitation: Capital* in respect of the flood disaster that occurred in October 2017, mainly in the uMlazi, Pinetown and Ugu districts. This additional allocation is from the National Disaster Relief Fund and is specifically for the 86 projects verified by National COGTA and forms part of the Education Infrastructure grant (EIG).

Health increased its infrastructure budget by R212.101 million mainly due to additional R199.508 million allocated from the National Disaster Relief Fund *via* National Treasury against *Refurbishment and rehabilitation: Capital* for repairs at 14 hospitals and clinics damaged in the storms that mainly affected eThekweni on 10 October 2017, such as King Edward VIII and Clairwood Hospitals. The balance of R12.593 million was due to savings realised from *Machinery and equipment* as a result of savings against medical equipment due to the slow implementation of the department's procurement plan and minimal impact of the intervention plan for Health Technology Services. The savings were moved to *Refurbishment and rehabilitation: Capital* to cater for carry-over costs from 2017/18 related to the Addington Hospital core block project, as well as repairs to storm damaged facilities in eThekweni on 10 October 2017.

Human Settlements increased its infrastructure budget by R30 million. Savings of R20 million were identified against *Transfers and subsidies to: Households* due to the Newcastle Community Residential Units (CRU) projects, being delayed as a result of challenges related to the conversion of the project classification from CRU to the Social Housing programme. The savings were moved to *Infrastructure transfers: Capital* in respect of the eThekweni Hostel Upgrade programme that was under-budgeted for due to budget constraints as a result of budget cuts against the HSDG in 2018/19. The balance of R10 million was allocated against *New infrastructure assets: Capital* for the Social and Economic Amenities programme. The department was anticipating to finalise the programme in 2017/18 and this was therefore not budgeted for in 2018/19. These funds are in respect of the scope of the programme being extended in order to complete the remaining work within various districts.

Sport and Recreation increased its infrastructure budget by R20 million against *Infrastructure transfers: Capital* in respect of roll-overs relating to funding initially intended for transfer to the eThekweni Metro for the construction of a sport development centre. The department requested that the R20 million instead be allocated to them in 2018/19 to be used for the upgrade and renovation of existing sport facilities, including district fitness centres in four municipalities, namely iMpindle, uMfolozi, Mtubatuba and eDumbe.

COGTA's infrastructure budget decreased by a net amount of R17.777 million, due to savings of R24.105 million from *Maintenance and repair: Current* (R4.037 million) due to maintenance projects relating to Community Service Centres (CSCs) that were considered capital, *Refurbishment and rehabilitation: Capital* (R3.830 million) attributed to the late commencement of refurbishment and rehabilitation of the Matimatole and Ngwenya CSCs and *New infrastructure assets: Capital* (R16.238 million) due to slow commencement of the procurement process for the communication system for the Provincial Disaster Management Centre (PDMC) and the Ntshangase CSC. The total savings of R24.105 million were moved to *Machinery and equipment* for the procurement of an articulated bus fitted with work stations, Wi-Fi and media equipment for the PDMC, and a long ladder fire engine for high rise buildings for effective support to municipalities. The decrease against *Capital infrastructure* does not require Legislature approval, as there is no reduction in capital for the Vote as a whole. Also, R5 million was shifted from *Refurbishment and rehabilitation: Capital* (R4.500 million) and *New infrastructure assets: Capital* (R500 000) to *Transfers and subsidies to: Provinces and municipalities* for CSCs Infrastructure Support in municipalities. This was budgeted for under these categories as the department's Project Management unit was going to undertake these projects on behalf of the recipient municipalities. However, the department later decided that the recipient municipalities have the capacity to undertake the projects themselves. An amount of R11.328 million was allocated to *Refurbishment and rehabilitation: Capital* for disaster relief relating to the flood disaster which occurred in the province on 10 October 2017. These funds are allocated through a new grant namely, the Provincial Disaster Recovery grant, and will be used to re-construct nine CSCs in eThekweni and Ugu, which were damaged during the flood disaster.

Transport increased its infrastructure budget by a net amount of R172 million due to a roll-over of R220 million approved from 2017/18, in respect of funds specifically and exclusively allocated against *Maintenance and repair: Current* (R172 million) to cater for the flood disaster repairs following the floods that occurred in the province in October 2017 around eThekweni and Ugu. Also, R48 million relates to funds specifically and exclusively allocated against *New infrastructure assets: Capital* for the construction of the cross-border crime fighting structure between KZN and Mozambique. However, the R48 million was suspended from *New infrastructure assets: Capital* and will be held in the Provincial Revenue Fund until such time as a MOA is signed between the province and other national bodies responsible for border control. This suspension was made in line with a request from the department.

Social Development increased its infrastructure budget by R21.453 million mainly from a roll-over of R16.400 million approved from 2017/18 for various capital projects being implemented by Public Works, against *Upgrades and additions: Capital*. The balance of R5.053 million allocated against *Refurbishment and rehabilitation: Capital* was partly from the provincial fiscus (R77 000) and partly from a new grant, namely the Provincial Disaster Recovery grant (R4.976 million). This allocation deals with renovations relating to the flood disaster at various facilities, namely Izingolweni residential accommodation, Zakhe Place of Safety, as well as the uMlazi and Phoenix service offices.

Public Works decreased its infrastructure budget by R13.858 million due to savings of R9.064 million from *New infrastructure assets: Capital* as a result of slow progress in the construction of the new eThekweni Region office building and iLembe District's new office building. These savings were moved to *Goods and services* for the creation of an additional 1 710 EPWP beneficiary work opportunities. Savings of R2.540 million were identified from *Refurbishment and rehabilitation: Capital* in respect of delays in awarding various projects within the Legislative Assembly (LA) Complex project due to delays in the process encountered while trying to appoint specialised consultants. These savings were moved to *Goods and services* to fund the completion of the Provincial Infrastructure Master Plan. An amount of R2.254 million was moved from *Maintenance and repair: Current* due to delays in awarding the Horticulture Vegetation Maintenance Contract for the landscaping project in the LA Complex, as well as the late awarding of electrical and mechanical contracts. The savings were moved to *Goods and services* to offset spending pressures.

Arts and Culture decreased its infrastructure budget by R95.071 million. Savings of R4.071 million were moved from *New infrastructure assets: Capital* due to delays in the construction of various art centres, museums and libraries as a result of delays in the appointment of project managers to implement and monitor infrastructure projects, such as the Mtubatuba, Ngwelezane and Bhongweni libraries. These

funds were moved to *Machinery and equipment* for the purchase of motor vehicles, furniture and computers for newly appointed staff and completed libraries. Also, there was a reduction of R91 million and this relates to various projects such as the construction of the Archive Repository against *New infrastructure assets: Capital* (R68 million), the refurbishment of the Winston Churchill Theatre against *Upgrades and additions: Capital* (R9 million) and the upgrade and additions of the Osizweni Art Centre against *Upgrades and additions: Capital* (R9 million) that were suspended from the department in 2018/19 for reallocation in 2019/20, following a request by the department in this regard. This request was made due to capacity constraints within the department's infrastructure unit.

Table 7 also reflects that departments have made adjustments against the various categories.

9. Transfers to local government

Table 8 gives a summary of the transfers to local government. Details of these transfers are provided under each Vote in Section 2.

Transfers to municipalities are set to increase by R201.623 million, being the net effect after taking into account increases and decreases in various departments. The bulk of these transfers are administered by Public Works (R690.627 million), Arts and Culture (R258.934 million), Health (R213.394 million), Human Settlements (R128.369 million), COGTA (R92.701 million), Sport and Recreation (R53.100 million) and EDTEA (R16.500 million).

Public Works' allocation to *Transfers and subsidies to: Provinces and municipalities* relates to the payment of property rates. The department was allocated R92 million for the payment of property rates in respect of provincial properties. This was allocated to reduce spending pressures for the payment of municipal property rates in respect of Section 14 schools and outstanding government debts to municipalities dating back to 2015.

Arts and Culture's allocation to *Transfers and subsidies to: Provinces and municipalities* relates to transfers made to municipalities for library building projects, museum subsidies, and for the provincialisation of libraries and museums. The department reduced the transfer by a net amount of R3.734 million mainly due to the R5 million that was allocated as a transfer payment to the Alfred Duma Municipality in respect of the Music Academy in Ladysmith being removed from the department's budget in 2018/19 due to the department deciding to implement this project directly in 2019/20, as opposed to *via* the municipality.

Health allocates funds to *Transfers and subsidies to: Provinces and municipalities* in respect of municipal clinics. There are no changes to the main appropriation.

Human Settlements allocates funds to *Transfers and subsidies to: Provinces and municipalities* in respect of the CRU programme and operational costs of accredited municipalities. The increase by R21.440 million was mainly due to savings from *Transfers and subsidies to: Households* in respect of the Newcastle CRU projects, which were delayed due to challenges related to the project classification from CRU to Social Housing programme and the project is still in the process of conversion. The bulk of this is allocated in respect of the eThekweni Hostel Upgrade programme under the CRU programme which was under-budgeted for.

COGTA transferred funds mainly for the Small Town Rehabilitation programme, the Massification programme, the Radical Agrarian Socio-Economic Transformation (RASET) programme, CSC Infrastructure Support, among others. The increase of R79.051 million relates to these projects.

Sport and Recreation transfers funds to municipalities in respect of the construction and maintenance of sport facilities. The increase in transfers by R20 million relates to funding initially intended for a transfer to the eThekweni Metro for the construction of a sport development centre but, due to ongoing delays in this project, the department requested that the R20 million be allocated to them in 2018/19 to be used for the upgrade and renovation of existing sport facilities instead, including district fitness centres in four municipalities.

EDTEA transferred funds mainly in respect of upgrades of the King Shaka International, Margate and Mkuze Airports. The net decrease of R3.375 million largely relates to funding for the Music Academy in Ladysmith that was moved from *Transfers and subsidies to: Provinces and municipalities to Goods and services* and this was done to correctly place the budget. The purpose of the funds remains unchanged.

Table 8 : Summary of transfers to local government

R thousand	Main appropriation	Adjustments appropriation					Total adjustments appropriation	Adjusted appropriation	
		Roll-overs	Unforeseeable/ unavoidable	Virement	Shifts	Other adjustments			
A	KZN2000 eThekweni	643 799	-	-	18 500	2 440	21 148	42 088	685 887
Total: Ugu Municipalities		50 634	-	-	(24)	1 000	2 129	3 105	53 739
B	KZN212 uMdoni	12 998	-	-	(8)	-	317	309	13 307
B	KZN213 uMzambe	4 179	-	-	(8)	-	584	576	4 755
B	KZN214 uMuziwabantu	6 716	-	-	(8)	-	806	798	7 514
B	KZN216 Ray Nkonyeni	24 341	-	-	-	-	422	422	24 763
C	DC21 Ugu District Municipality	2 400	-	-	-	1 000	-	1 000	3 400
Total: uMgungundlovu Municipalities		141 264	15 551	-	1 950	3 800	9 090	30 391	171 655
B	KZN221 uMshwathi	22 694	-	-	-	-	722	722	23 416
B	KZN222 uMngeni	13 011	11 051	-	1 250	1 000	202	13 503	26 514
B	KZN223 Mpofana	2 180	-	-	50	-	785	835	3 015
B	KZN224 iMpendle	2 179	4 500	-	-	-	70	4 570	6 749
B	KZN225 Msunduzi	95 618	-	-	50	-	4 848	4 898	100 516
B	KZN226 Mkhambathini	2 310	-	-	50	-	140	190	2 500
B	KZN227 Richmond	2 772	-	-	50	2 000	2 323	4 373	7 145
C	DC22 uMgungundlovu District Municipality	500	-	-	500	800	-	1 300	1 800
Total: uThukela Municipalities		82 585	-	-	3 600	1 900	(3 459)	2 041	84 626
B	KZN235 Okhahlamba	8 526	-	-	550	2 000	324	2 874	11 400
B	KZN237 iNkosi Langalibalele	26 016	-	-	50	900	1 003	1 953	27 969
B	KZN238 Alfred Duma	47 743	-	-	-	(2 000)	(4 786)	(6 786)	40 957
C	DC23 uThukela District Municipality	300	-	-	3 000	1 000	-	4 000	4 300
Total: uMzinyathi Municipalities		42 110	-	-	(16)	500	9 026	9 510	51 620
B	KZN241 eNdumeni	13 963	-	-	(8)	500	750	1 242	15 205
B	KZN242 Nquthu	13 109	-	-	-	-	193	193	13 302
B	KZN244 uMsinga	6 201	-	-	-	-	7 547	7 547	13 748
B	KZN245 uMvoti	8 387	-	-	(8)	-	536	528	8 915
C	DC24 uMzinyathi District Municipality	450	-	-	-	-	-	-	450
Total: Amajuba Municipalities		49 144	-	-	(24)	500	9 501	9 977	59 121
B	KZN252 Newcastle	38 872	-	-	(8)	-	40	32	38 904
B	KZN253 eMadlangeni	4 098	-	-	(8)	500	6 017	6 509	10 607
B	KZN254 Dannhauser	5 774	-	-	(8)	-	3 444	3 436	9 210
C	DC25 Amajuba District Municipality	400	-	-	-	-	-	-	400
Total: Zululand Municipalities		61 762	4 500	-	(28)	3 500	10 893	18 865	80 627
B	KZN261 eDumbe	6 326	4 500	-	(39)	3 000	1 509	8 970	15 296
B	KZN262 uPhongolo	6 861	-	-	(89)	500	1 541	1 952	8 813
B	KZN263 Abaqulusi	11 602	-	-	50	1 500	1 727	3 277	14 879
B	KZN265 Nongoma	8 715	-	-	50	(1 000)	1 808	858	9 573
B	KZN266 Ulundi	25 347	-	-	-	(500)	4 308	3 808	29 155
C	DC26 Zululand District Municipality	2 911	-	-	-	-	-	-	2 911
Total: uMkhanyakude Municipalities		49 397	6 500	-	4 934	11 850	7 001	30 285	79 682
B	KZN271 uMhlabayalingana	16 638	-	-	5 992	475	-	6 467	23 105
B	KZN272 Jozini	13 213	-	-	(1 000)	(525)	5 443	3 918	17 131
B	KZN275 Mtubatuba	6 691	6 500	-	(58)	6 100	1 042	13 584	20 275
B	KZN276 Big Five Hlabisa	9 155	-	-	-	5 800	516	6 316	15 471
C	DC27 uMkhanyakude District Municipality	3 700	-	-	-	-	-	-	3 700
Total: King Cetshwayo Municipalities		62 847	4 500	-	(420)	(150)	10 920	14 850	77 697
B	KZN281 uMfolozi	3 887	4 500	-	(39)	(100)	32	4 393	8 280
B	KZN282 uMhlatuze	33 584	-	-	(8)	-	1 338	1 330	34 914
B	KZN284 uMlalazi	8 766	-	-	(89)	1 000	8 314	9 225	17 991
B	KZN285 Mthonjaneni	4 199	-	-	(275)	-	217	(58)	4 141
B	KZN286 Nkandla	11 377	-	-	-	(3 050)	1 019	(2 031)	9 346
C	DC28 King Cetshwayo District Municipality	1 034	-	-	(9)	2 000	-	1 991	3 025
Total: iLembe Municipalities		37 456	-	-	9 090	11 200	2 572	22 862	60 318
B	KZN291 Mandeni	4 552	-	-	4 164	-	31	4 195	8 747
B	KZN292 KwaDukuza	18 999	-	-	(8)	4 000	123	4 115	23 114
B	KZN293 Ndwedwe	3 164	-	-	(8)	-	781	773	3 937
B	KZN294 Maphumulo	10 741	-	-	(58)	5 000	1 637	6 579	17 320
C	DC29 iLembe District Municipality	-	-	-	5 000	2 200	-	7 200	7 200
Total: Harry Gwala Municipalities		30 969	-	-	(30)	9 500	8 179	17 649	48 618
B	KZN433 Greater Kokstad	2 968	-	-	50	5 000	2 859	7 909	10 877
B	KZN434 uBuhlebezwe	7 048	-	-	(564)	4 000	-	3 436	10 484
B	KZN435 uMzimkhulu	14 059	-	-	(8)	500	1 481	1 973	16 032
B	KZN436 Dr Nkosazana Dlamini Zuma	6 894	-	-	492	-	3 839	4 331	11 225
C	DC43 Harry Gwala District Municipality	-	-	-	-	-	-	-	-
Unallocated		60	-	-	-	-	-	-	60
Total		1 252 027	31 051	-	37 532	46 040	87 000	201 623	1 453 650
Amount to be voted								201 623	

10. Actual expenditure and revised spending projections for the rest of 2018/19

Tables 9 and 10 provide a summary of the actual expenditure as at the end of September 2018, projected expenditure for the rest of the financial year and total revised spending per department and economic classification. Details per department are provided in Section 2 of this document. The aggregated actual

expenditure after six months of the year was slightly below target at 47.5 per cent of the adjusted budget when compared to the straight-line benchmark of 50 per cent after six months.

All departments, except Health, are projecting to spend within budget. Health is projecting over-spending of R503.482 million, mainly because pressures for the storm damage repairs were not fully included in the mid-year projections, pressure against the National Health Laboratory Services fee-for-service payments due to poor savings from gate-keeping. There is also pressure related to higher than expected costs of the public-private partnership at the Inkosi Albert Luthuli Central Hospital due to under-budgeting related to VAT. In addition, the pressure was due to new contracts for security and cleaning services which were more expensive than was initially expected, as well as medical supplies due to carry-over costs from 2017/18. Also adding to the projected over-spending are higher than budgeted medico-legal claims and staff exit costs, which are demand driven and difficult to predict. All departments projecting to over-spend at mid-year were instructed by the Provincial Executive Council to prepare turnaround plans to ensure that year-end spending remains within the adjusted appropriation.

Table 9 : Actual payments and revised spending projections by vote

R thousand	2017/18 Audited outcome	Adjusted appropriation	Actual payments		Projected payments		Projected actual
			April 2018 - September 2018	% of budget	October 2018 - March 2019	% of budget	
1. Office of the Premier	752 054	854 292	449 463	52.6	404 829	47.4	854 292
2. Provincial Legislature	614 934	591 548	283 632	47.9	307 916	52.1	591 548
3. Agriculture and Rural Development	2 032 865	2 391 096	848 217	35.5	1 542 879	64.5	2 391 096
4. Economic Development, Tourism and Environmental Affairs	2 695 960	3 018 588	1 116 867	37.0	1 901 721	63.0	3 018 588
5. Education	48 316 485	50 983 637	25 041 463	49.1	25 942 174	50.9	50 983 637
6. Provincial Treasury	588 876	681 900	301 282	44.2	380 618	55.8	681 900
7. Health	39 911 321	42 547 172	21 188 708	49.8	21 861 946	51.4	43 050 654
8. Human Settlements	4 066 734	3 785 079	1 766 752	46.7	2 018 327	53.3	3 785 079
9. Community Safety and Liaison	204 572	224 949	103 016	45.8	121 933	54.2	224 949
10. Sport and Recreation	437 088	472 628	174 000	36.8	298 628	63.2	472 628
11. Co-operative Governance and Traditional Affairs	1 533 157	1 725 365	685 656	39.7	1 039 709	60.3	1 725 365
12. Transport	9 824 270	10 565 677	4 234 953	40.1	6 330 724	59.9	10 565 677
13. Social Development	2 916 210	3 309 335	1 570 080	47.4	1 739 255	52.6	3 309 335
14. Public Works	1 536 631	1 681 011	693 068	41.2	987 943	58.8	1 681 011
15. Arts and Culture	818 564	872 502	341 654	39.2	530 848	60.8	872 502
Total	116 249 721	123 704 779	58 798 811	47.5	65 409 450	52.9	124 208 261

Table 10 : Actual payments and revised spending projections by economic classification

R thousand	2017/18 Audited outcome	Adjusted appropriation	Actual payments		Projected payments		Projected actual
			April 2018 - September 2018	% of budget	October 2018 - March 2019	% of budget	
Current payments	95 608 708	103 647 552	49 514 857	47.8	54 548 102	52.6	104 062 959
Compensation of employees	71 446 110	77 194 676	37 325 420	48.4	39 857 964	51.6	77 183 384
Goods and services	24 156 719	26 446 213	12 182 994	46.1	14 689 918	55.5	26 872 912
Interest and rent on land	5 879	6 663	6 443	96.7	220	3.3	6 663
Transfers and subsidies to:	12 485 376	12 096 835	6 111 956	50.5	6 137 954	50.7	12 249 910
Provinces and municipalities	1 476 035	1 471 782	431 962	29.3	1 039 820	70.7	1 471 782
Departmental agencies and accounts	2 036 837	1 933 184	879 522	45.5	1 053 613	54.5	1 933 135
Higher education institutions	44	5 000	-	-	5 000	100.0	5 000
Foreign governments and international organisations	428	241	53	22.0	188	78.0	241
Public corporations and private enterprises	1 604 639	1 729 309	743 302	43.0	986 007	57.0	1 729 309
Non-profit institutions	3 116 278	3 072 730	2 017 861	65.7	1 066 161	34.7	3 084 022
Households	4 251 115	3 884 589	2 039 256	52.5	1 987 165	51.2	4 026 421
Payments for capital assets	8 001 551	7 960 109	3 171 686	39.8	4 723 423	59.3	7 895 109
Buildings and other fixed structures	7 044 606	6 738 495	2 790 571	41.4	3 947 924	58.6	6 738 495
Machinery and equipment	937 579	1 200 468	377 362	31.4	758 106	63.2	1 135 468
Heritage assets	2 391	4 819	988	20.5	3 831	79.5	4 819
Specialised military assets	-	-	-	-	-	-	-
Biological assets	695	550	198	36.0	352	64.0	550
Land and subsoil assets	-	-	-	-	-	-	-
Software and other intangible assets	16 280	15 777	2 567	16.3	13 210	83.7	15 777
Payments for financial assets	154 086	283	312	110.2	(29)	(10.2)	283
Total	116 249 721	123 704 779	58 798 811	47.5	65 409 450	52.9	124 208 261