



**PROVINCE OF KWAZULU-NATAL**

**ESTIMATES  
OF  
PROVINCIAL REVENUE AND  
EXPENDITURE**

**2021/22**

for the  
financial year ending 31 March 2022

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# FOREWORD

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## HARD WORK, INTEGRITY, GOOD GOVERNANCE AND HUMBLE SERVICE



The President, in his State of the Nation Address on 11 February 2021 outlined the areas that government will focus on. These include intensified efforts to deal with the Covid-19 virus by strengthening the health system and rolling out a massive vaccine drive, as well as accelerating the economic recovery of our country. There will also be a continued drive to implement economic reforms to create sustainable jobs and to drive economic growth, as well as the need to continue our fight against corruption and to strengthen the state.

There is no doubt that government must focus on the economic recovery of South Africa over the MTEF considering the negative impact the Covid-19 pandemic has had. As ever, attention must be paid to taking steps to address our high unemployment rate while also ensuring adequate access to basic services. It is important to focus on policy issues that can help unlock the economy, such as investment in infrastructure.

Also important will be the roll-out of the Covid-19 vaccine as this will allow us to develop the population immunity needed to conquer this virus and thus allow us to return to a more normal way of doing business. While the vaccine will be procured centrally, the roll-out of the vaccine programme will be administered by provinces.

As a result of the impact that the Covid-19 pandemic has had on the economy with the country recording a significant contraction since the prior year. There are thus significant fiscal constraints, yet there are huge demands on the fiscus. As a result of this low economic growth, a high debt burden and rising debt service costs, the country had to take drastic steps to rein in government spending as the current trajectory of spending and low economic growth would have resulted in a fiscal crisis. As such, the province sees significant and unprecedented budget cuts


over the 2021/22 MTEF and the budget cuts were implemented against all 15 Votes.

In this *Estimates of Provincial Revenue and Expenditure (EPRE)*, all 15 Votes provide detail on the service delivery plans they have and, where relevant, what steps are being taken to positively impact the provincial economy. All Votes also indicated, what the impact of these budget cuts is and steps taken to, as far as possible, protect priority areas from such budget cuts. There are some additions made to the provincial fiscus, partly to provide for the vaccine roll-out by the Department of Health, while the annual updates of the data that informs the Provincial Equitable Share formula provides some additions to the baseline from 2022/23 onward. Some priority areas are funded from the 2020/21 Net Financial Position and thus some Votes receive an allocation in 2021/22 from the Provincial Economic Recovery Fund.

It is my honour to present the 2021/22 *EPRE* which gives details of the provincial fiscal framework to the people of KZN and beyond. These estimates provide an opportunity for the Provincial Legislature and citizens to hold the provincial departments and public entities accountable for the public funds they spend.

Over the 2021/22 MTEF, government has undertaken to strengthen service delivery and to monitor customer satisfaction.

As we focus on the efficient and prudent use of limited government financial resources, our focus is on deploying resources to rebuild the economy of this province in response to the destruction caused by Covid-19.



Ms Nomusa Dube-Ncube  
MEC for Finance



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# LIST OF ABBREVIATIONS

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<b>Abbreviation</b>	<b>Full description</b>
ACTT	Anti-Corruption Task Team
ADA	Agri-business Development Agency
AEPRE	Adjustments Estimate of Provincial Revenue and Expenditure
AET	Adult Education and Training
AFS	Annual Financial Statements
A-G	Auditor-General
AOP	Annual Oversight Plan
APP	Annual Performance Plan
ARV	Anti-retroviral
ASP	Automotive Supplier Park
AU	African Union
AWGs	Action Work Groups
BAS	Basic Accounting System
BANC	Basic Ante-Natal Care
B-BBEE	Broad-Based Black Economic Empowerment
BEE	Black Economic Empowerment
BNG	Breaking New Ground
BUR	Bed Utilisation Rate
CANE	Child Abuse, Neglect and Exploitation
CARA	Conservation of Agricultural Resources Act
CARC	Cluster Audit and Risk Committee
CASP	Comprehensive Agricultural Support Programme
CBOs	Community-Based Organisations
CBPEI	Community-Based Prevention and Early Intervention
CBR	Community-Based Rehabilitation
CCGs	Community Care-Givers
CDW	Community Development Worker
CED	Civil Engineering Designer
CEM	Council of Education Ministers
CETA	Construction Education Training Authority
CFO	Chief Financial Officer
CHC	Community Health Centre
CHE	Council for Higher Education
CIA	Certified Internal Auditors
CiDP	Communities-in-Dialogue Programme
CMP	Contract Management Project
CNDC	Community Nutrition and Development Centre
COGTA	Co-operative Governance and Traditional Affairs
COHOD	Committee of Heads of Departments
CPA	Commonwealth Parliamentary Association
CPF	Community Policing Forum
CPI	Consumer Price Index
CSI	Corporate Social Investment
CSIR	Council for Scientific and Industrial Research
CRU	Community Residential Unit
CSC	Community Service Centre
CSD	Central Supplier Database
CSFs	Community Safety Forums
CWP	Community Work Programme
DAC	Department of Arts and Culture
DACT	Downstream Aluminium Centre of Technology
DALRRD	Department of Agriculture, Land Reform and Rural Development
DARD	Department of Agriculture and Rural Development
DBE	Department of Basic Education
DBSA	Development Bank of South Africa
DCSL	Department of Community Safety and Liaison

## List of Abbreviations

<b>Abbreviation</b>	<b>Full description</b>
DDA	District Development Agency
DDG	Deputy Director General
DDM	District Development Model
DEFF	Department of Environment, Forestry and Fisheries
DHA	Department of Home Affairs
DHET	Department of Higher Education and Training
DHIS	District Health Information Services
DIRCO	Department of International Relations and Co-operation
DOE	Department of Education
DOH	Department of Health
DOHS	Department of Human Settlements
DOPW	Department of Public Works
DORA	Division of Revenue Act
DOSR	Department of Sport and Recreation
DOT	Department of Transport
DPME	Department of Performance, Monitoring and Evaluation
DPSA	Department of Public Service and Administration
DPWI	Department of Public Works and Infrastructure
DRDLR	Department of Rural Development and Land Reform
DS	Drug-susceptible
DSBD	Department of Small Business Development
DSD	Department of Social Development
DTIC	Department of Trade, Industry and Competition
DTPC	Dube TradePort Corporation
DUT	Durban University of Technology
DVA	Domestic Violence Act
EAC	Enhanced Adherence Counselling
EADP	Elite Athlete Development Programme
ECD	Early Childhood Development
ECE	Estimates of Capital Expenditure
ECM	Electronic Content Management
EDTEA	Economic Development, Tourism and Environmental Affairs
EEDBS	Enhanced Extended Discount Benefit Scheme
EIAs	Environmental Impact Assessments
EIG	Education Infrastructure grant
EKZMW	Ezemvelo KZN Wildlife
e-LMS	electronic Liquor Management System
EMF	Environmental Management Framework
EMIS	Education Management Information System
EMS	Emergency Medical Services
EPRE	Estimates of Provincial Revenue and Expenditure
EPWP	Expanded Public Works Programme
ERP	Extension Recovery Plan
ESMOE	Essential Steps in Managing Obstetric Emergencies
ESRI	Environmental System Research Institute
ETAT	Emergency Triage, Assessment and Treatment
ETDP	Education, Training and Development Practices
EU	European Union
EXCO	Executive Council
FAL	First Additional Language
FDI	Foreign Direct Investment
FET	Further Education and Training
FITI	Film Industry Transformation Initiative
FIS	Focused Intervention Studies
FLA	Financial Literacy Association
FLISP	Finance Linked Individual Subsidy Programme
FMAA	Financial Matters Amendment Act
FMPPLA	Financial Management of Parliament and Provincial Legislatures Act

<b>Abbreviation</b>	<b>Full description</b>
FSP	Financial Services Provider
FTE	Full-time Equivalent
GBV	Gender-Based Violence
GBVF	Gender-Based Violence and Femicide
GDP	Gross Domestic Product
GEPF	Government Employees Pension Fund
GIAMA	Government Immoveable Asset Management Act
GIS	Geographical Information System
GROP	Gaming Regulator Online Portal
GWEA	Government Wide Enterprise Architecture
HCBC	Home Community-Based Care
HDA	Housing Development Agency
HIV	Human Immunodeficiency Virus
HOD	Head of Department
HPCSA	Health Professions Council of South Africa
HPV	Human Papillomavirus
HR	Human Resources
HRM	Human Resource Management
HRM&D	Human Resource Management and Development
HSDG	Human Settlements Development grant
HSMSP	Human Settlements Master Spatial Plan
HTS	Health Technology Services
HWSETA	Health and Welfare Sector Education Training Authority
IALCH	Inkosi Albert Luthuli Central Hospital
IASP	Invasive Alien Species Programme
ICT	Information Communication Technology
IDA	Inter-Departmental Account
IDFC	Ithala Development Finance Corporation
IDIP	Infrastructure Delivery Improvement Programme
IDMS	Infrastructure Delivery Management System
IDP	Integrated Development Plan
IDT	Independent Development Trust
IDZ	Industrial Development Zone
IEC	Independent Electoral Commission
IGCC	Inter-Governmental Cash Co-ordination
IGR	Inter-Governmental Relations
IMCI	Integrated Management of Childhood Illnesses
IPID	Independent Police Investigation Department
IPIP	Infrastructure Programme Implementation Plan
IPMP	Infrastructure Programme Management Plan
IPMU	Infrastructure Programme Management Unit
IRDP	Integrated Residential Development Programme
IRM	Infrastructure Reporting Model
ISU	Informal Settlements Upgrade
ISUPG	Informal Settlement Upgrading Partnership grant
IT	Information Technology
ITCMS	Integrated Traffic Contravention Management Systems
IYM	In-Year Monitoring
JME	Joint Medical Establishment
KIMS	KZN Integrated Maritime Strategy
KMC	Kangaroo Mother Care
KSIA	King Shaka International Airport
KUMISA	KwaZulu-Natal Music Cluster
KWANABUCO	KwaZulu-Natal Bus Council
KZN	KwaZulu-Natal
KZNCCPA	KwaZulu-Natal Community Crime Prevention Association
KZNFC	KwaZulu-Natal Film Commission
KZNGBB	KwaZulu-Natal Gaming and Betting Board
KZNGFT	KwaZulu-Natal Growth Fund Trust
KZN-IMP	KwaZulu-Natal Infrastructure Master Plan
KZNLA	KwaZulu-Natal Liquor Authority

## List of Abbreviations

<b>Abbreviation</b>	<b>Full description</b>
KZNPDH	KwaZulu-Natal Property Development Holdings
KZNSB	KwaZulu-Natal Sharks Board
LA	Legislature Assembly
LED	Local Economic Development
LOES	Laboratory Order Entry System
LOGIS	Local Government Information Systems
LPID	Learners with Profound Intellectual Disabilities
LSEN	Learners with Special Education Needs
LTPD	Long-Term Participant Development
LTSM	Learner Teacher Support Material
LURITS	Learner Unit Record Information and Tracking System
MBAT	Municipal Bid Appeals Tribunal
MCC	Men Championing Change
MCOE	Maritime Centre of Excellence
MEC	Member of Executive Council
MERSETA	Manufacturing, Engineering and Related Services Sector Education and Training Authority
MFIP	Municipal Finance Improvement Programme
MFMA	Municipal Finance Management Act
MICT SETA	Media, Information and Communication Technologies Sector Education and Training Authority
MISA	Municipal Infrastructure Support Agent
MISP	Municipal In-Service Programme
MKI	Moses Kotane Institute
MMC	Male Medical Circumcision
MOA	Memorandum of Agreement
MPD	Management Development Programme
MPLs	Members of Provincial Legislature
MPRA	Municipal Property Rates Act
MPSD	Mass Participation and Sport Development
MSP	Municipal Support Programme
MST	Mathematics, Science and Technology
MTBPS	Medium-Term Budget Policy Statement
MTEC	Medium-Term Expenditure Committee
MTEF	Medium-Term Expenditure Framework
MTSF	Medium-Term Strategic Framework
MuniMEC	Municipalities and Members of the Executive Council
NACCW	National Association of Child Care Workers
NCOP	National Council of Provinces
nCPAP	nasal Continuous Positive Airways Pressure
NDA	National Development Agency
NDMC	National Disaster Management Centre
NDOH	National Department of Health
NDOHS	National Department of Human Settlements
NDOT	National Department of Transport
NDP	National Development Plan
NDPWI	National Department of Public Works and Infrastructure
NDT	National Department of Tourism
NEMA	National Environmental Management Act
NFVF	National Film and Video Foundation
NGO	Non-Government Organisation
NHBRC	National Home Builders Registration Council
NHI	National Health Insurance
NHLS	National Health Laboratory Service
NMT	National Monitoring Tool
NNSSF	National Norms and Standards for School Funding
NPA	National Prosecuting Authority
NPC	National Planning Commission
NPOs	Non-Profit Organisations
NQF	National Qualifications Framework
NSC	National Senior Certificate
NSF	National Skills Fund
NSNP	National School Nutrition Programme

<b>Abbreviation</b>	<b>Full description</b>
NSRP	National Sport and Recreation Plan
NURCHA	National Urban Reconstruction and Housing Agency
NYDA	National Youth Development Agency
OHS	Occupational Health and Safety
OPRE	Overview of Provincial Revenue and Expenditure
OPSCAP	Operational Capital
OSCA	Owen Sithole College of Agriculture
OSD	Occupational Specific Dispensation
OSS	Operation Sukuma Sakhe
OTP	Office of the Premier
OVC	Orphans, Vulnerable Children
OVCY	Orphans, Vulnerable Children and Youth
PARMED	Parliamentary Medical Aid
PCR	Polymerase Chain Reaction
PDA	Planning and Development Act
PDMC	Provincial Disaster Management Centre
PDRG	Provincial Disaster Recovery grant
PEC	Provincial Executive Council
PEHG	Provincial Emergency Housing grant
PEMP	Poverty Eradication Master Plan
PEPFAR	President's Emergency Plan for AIDS Relief
PES	Provincial Equitable Share
PFMA	Public Finance Management Act
PGDP	Provincial Growth and Development Plan
PGDS	Provincial Growth and Development Strategy
PHC	Primary Health Care
PIAS	Provincial Internal Audit Service
PIC	Public Investment Corporation
PILIR	Policy on Incapacity Leave and Ill Health Retirement
PKISMH	Dr Pixely Ka Isaka Seme Memorial Hospital
PMG	Pay Master-General
PMS	Performance Management System
PMTCT	Prevention of Mother to Child Transmission
PPC	Provincial Planning Commission
PPE	Personal Protective Equipment
PPECB	Perishable Product Export Control Board
PPF	Political Parties' Fund
PPN	Post Provisioning Norm
PPP	Public Private Partnership
PPPFA	Preferential Procurement Policy Framework Act
PPSD	Provincial Pharmaceutical Supply Depot
PRE	Provincial Regulatory Entity
PRF	Provincial Revenue Fund
PRMG	Provincial Roads Maintenance grant
PSDF	Provincial Spatial Development Framework
PSETA	Public Sector Education and Training Authority
PSRIP	Primary School Reading Improvement Programme
PTDI	Provincial Teacher Development Institute
PTOG	Public Transport Operations grant
QCTO	Quality Council for Trades and Occupations
QMS	Quality Management System
QPR	Quarterly Performance Report
RAF	Road Accident Fund
RASET	Radical Agrarian Socio-Economic Transformation
RBIDZ	Richards Bay Industrial Development Zone
RLED	Regional and Local Economic Development
RRT	Rapid Response Teams
RTMC	Road Traffic Management Corporation
SA	South Africa
SAA	South African Airways
SAAMBR	South African Association for Marine Biological Research

## List of Abbreviations

<b>Abbreviation</b>	<b>Full description</b>
SABC	South African Broadcasting Corporation
SAC	Severity Assessment Code
SACE	South African Council for Educators
SAFDA	South African Food and Development Agency
SAICA	South African Institute of Chartered Accountants
SALGA	South African Local Government Association
SANAC	South African National AIDS Council
SANC	South African Nursing Council
SANDF	South African National Defence Force
SANRAL	South African National Roads Agency Limited
SANTACO	South African National Taxi Council
SAP	Systems, Applications and Products
SAPS	South African Police Service
SAQA	South African Qualifications Authority
SARB	South African Reserve Bank
SARS	South African Revenue Service
SASA	South African Schools Act
SA-SAMS	South African Schools Administration Management System
SASRI	South African Sugarcane Research Institute
SBC	Social and Behaviour Change
SBGE	Small Business Growth Enterprise
SCCU	Specialised Commercial Crime Unit
SCM	Supply Chain Management
SCOA	Standard Chart of Accounts
SCOPA	Standing Committee on Public Accounts
SCP	Social Crime Prevention
SDBIP	Service Delivery and Budget Improvement Plans
SDF	Spatial Development Framework
SDG	Sustainable Development Goals
SECO	State Secretariat of Economic Affairs
SEDA	Small Enterprise Development Agency
SEFA	Small Enterprise Finance Agency
SERO	Socio-Economic Review and Outlook
SETA	Sector Education and Training Authority
SEZ	Special Economic Zone
SHERQ	Safety Health Environment Risk and Quality
SHRA	Social Housing Regulatory Authority
SIDA	Strategic Infrastructure Development Agency
SIPDM	Standard for Infrastructure Procurement and Delivery Management
SITA	State Information Technology Agency
SLIMS	SITA Library Information Management System
SMME	Small, Medium and Micro Enterprise
SOC	State-Owned Company
SMT	School Management Team
SONA	State of the National Address
SP	Strategic Plan
SPCHD	Social Protection, Community and Human Development
SPLUMA	Spatial Planning and Land Use Management Act
SRC	Shark Repellent Cable
SRD	Social Relief of Distress
SSG	Shark Safety Gear
ST	Stock Theft
STACOV	Standing Committee on Oversight
STEM	Science, Technology, Engineering and Mathematics
STI	Sexually Transmitted Infections
SUD	Substance Use Disorder
TAFTA	The Association for the Aged
TB	Tuberculosis
TC	Traditional Council
TDRG	Title Deeds Restoration grant
TETA	Transport Education and Training Authority

<b>Abbreviation</b>	<b>Full description</b>
THETA	Tourism, Hospitality, Education and Training Authority
TIK	Trade and Investment KwaZulu-Natal
TKZN	KwaZulu-Natal Tourism Authority
TLTP	Taking Legislature to the People
TSCs	Thusong Service Centres
TVET	Technical and Vocational Education and Training
UAGYP	Unemployed Agricultural Graduates Youth Programme
UIFW	Unauthorised, Irregular, Fruitless and Wasteful
UKZN	University of KwaZulu-Natal
ULAM	Urine LipoArabinoMannan
UNIZULU	University of Zululand
UNPF	United Nations Population Fund
UTT	Universal Test-and-Treat
VECA	Vukuzakhe Emerging Contractors Association
VFFs	Victim Friendly Facilities
VL	Viral Load
VSCPP	Volunteer Social Crime Prevention Programme
WESSA	Wildlife and Environmental Society of South Africa
WOW	Wentworth Organisation of Women
WSA	Water Service Authorities
WTO	World Trade Organisation
ZRHT	Zulu Royal House Trust

<b>Zulu words</b>	<b>English translation</b>
Amakhosi (pl.)	Traditional leaders or chiefs
I(zi)nduna (pl.)	Headmen
Imikhosi KaZulu	Zulu Ceremonies
Imizi Yezizwe	Houses for the chiefs
Inkosi	King
Izigodi	Region
Izimbizo	Meetings
Izizwe	Tribes
Nhliziyonye	One heart
Ukukhonza	Homage
Umgidi wamaShembe	Shembe ceremony
Umkhosi KaNomkhubulwane	Festival in honour of the Zulu goddess
Umkhosi Wamaganu/Umthayi	Amarula Festival
Umkhosi WeLembe	King Shaka commemoration
Umkhosi Wesivivane	First Fruit ceremony
Umkhosi woMama	Women festival
Umkhosi Womhlanga	Royal reed dance
Umkhosi Woselwa	Thanksgiving
Vulindlela	Open the way

<b>Other words</b>	<b>English translation</b>
Abakhwetha	Group of initiates
Lekgotla/ Makgotla	Executive Council Forum/s





**OVERVIEW  
OF  
PROVINCIAL REVENUE  
AND  
EXPENDITURE**



## 1. SOCIO-ECONOMIC OUTLOOK

### 1.1 Introduction

This section provides a review of the provincial socio-economic landscape. It also provides an analysis of the population dynamics of KwaZulu-Natal (KZN), while also discussing the global, national and provincial economic outlook.

### 1.2 Provincial population dynamics

There are currently significant world population dynamics changes, including continued growth in size and major changes in age structures associated with population ageing, growth in spatial redistribution related to migration and urbanisation. The Covid-19 pandemic and its high transmission and fatality rate also had an effect on global population dynamics. Population trends affect consumption, employment, income distribution and social protection, and place pressure on constrained resources, as well as the government fiscus. Hence, the demographic structure analysis has an important role in the efficient allocation of resources in all government spheres.

#### 1.2.1 Total population

The country's population is increasing gradually. Statistics South Africa's (StatsSA) Mid-Year Population Estimates (2020)<sup>1</sup> indicate that the total national population was estimated at 59.6 million in 2020, a 1.4 per cent growth from 58.8 million in 2019. Table 1.1 shows that eight of the nine provinces recorded an increase in their total population, while only Limpopo (LP) showed a moderate decline of 2.2 per cent. KZN's population was estimated at 11.532 million in 2020, which constitutes a 19.3 per cent share of the national population, down from 21.4 per cent recorded in 2011. This marked decline is mainly attributed to a high rate of out-migration, particularly to Gauteng (GP) and the Western Cape (WC), presumably searching for work opportunities.

It is projected that out-migration will exceed in-migration by 88 163 between 2016 and 2021. Migration is cited as one of the main factors contributing to the decline in KZN's share of the national population and its portion of the Provincial Equitable Share (PES), as this formula is largely population driven. Other factors contributing to changes in the population size include the mortality rate and the fertility rate.

**Table 1.1 : South African population by province in 2011, 2019 and 2020**

	2011		2019		2020		Year-on-year population growth (2019-2020)
	Population	% Share of National Population	Population	% Share of National Population	Population	% Share of National Population	
<b>South Africa</b>	<b>50 586 757</b>	<b>100.0</b>	<b>58 775 020</b>	<b>100.0</b>	<b>59 622 350</b>	<b>100.0</b>	<b>1.4</b>
Eastern Cape	6 829 958	13.5	6 712 276	11.4	6 734 001	11.3	0.3
Free State	2 759 644	5.5	2 887 465	4.9	2 928 903	4.9	1.4
Gauteng	11 328 203	22.4	15 176 115	25.8	15 488 137	26.0	2.1
<b>KwaZulu-Natal</b>	<b>10 819 130</b>	<b>21.4</b>	<b>11 289 086</b>	<b>19.2</b>	<b>11 531 628</b>	<b>19.3</b>	<b>2.1</b>
Limpopo	5 554 657	11.0	5 982 584	10.2	5 852 553	9.8	-2.2
Mpumalanga	3 657 181	7.2	4 592 187	7.8	4 679 786	7.8	1.9
North West	3 253 390	6.4	4 027 160	6.9	4 108 816	6.9	2.0
Northern Cape	1 096 731	2.2	1 263 875	2.2	1 292 786	2.2	2.3
Western Cape	5 287 863	10.5	6 844 272	11.6	7 005 741	11.8	2.4

Source StatsSA , 2011, 2019 and 2020

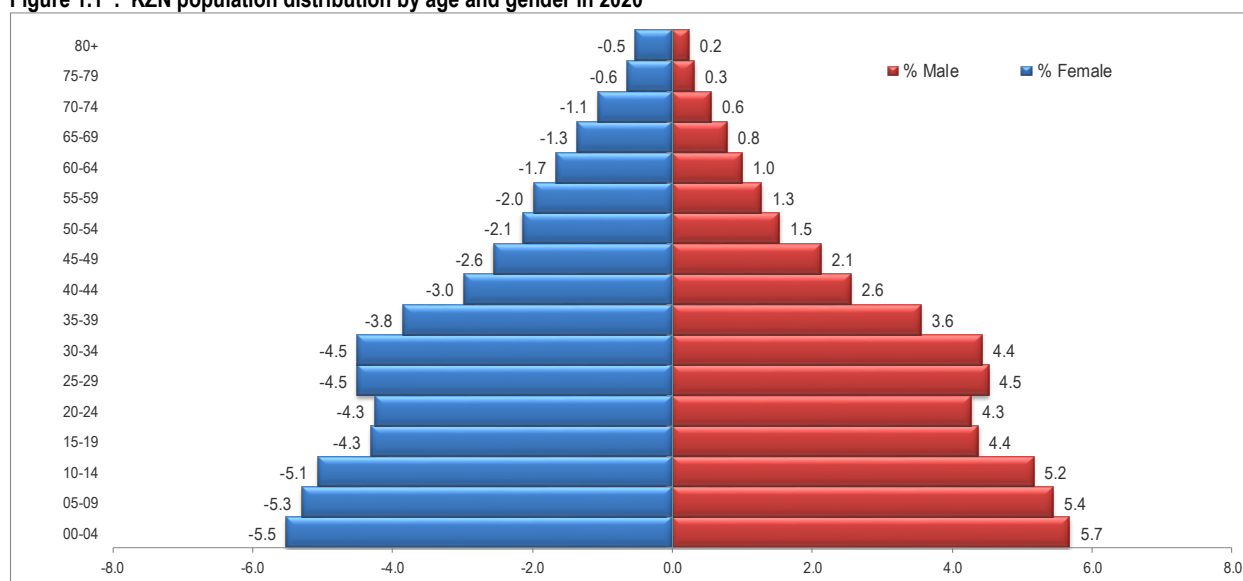
<sup>1</sup> StatsSA (2020): Mid-year population estimates, Available online: <http://www.statssa.gov.za/publications/P0302/P03022020.pdf> [Accessed on 20 February 2021]

## 1.2.2 Population distribution by age and gender

Figure 1.1 shows KZN’s population distribution by age and gender in 2020. The provincial population is predominantly youthful as children aged between 00 and 14 years, and youth (up to the age of 35) constitute approximately 67.3 per cent of the total population. The total dependent population in KZN is estimated at 4 340 459 while the working-age population is estimated at 7 191 173, which translates to a dependency ratio<sup>2</sup> of 60.4 per cent.

A high dependency ratio can impede economic growth and the country’s development. It places pressure on government finances, which can lead to higher tax rates on a declining working-age population, thereby creating a disincentive for work with the ultimate result of a reduction in disposable income. In such a situation, government may be forced to collect more revenue from indirect taxes or wealth taxes. If the country experiences a higher dependency ratio than the global average, this could affect its international competitiveness resulting in a small number of active workers and a greater tax burden. Hence, productivity may be lower, and the country would experience a resultant decline in competitiveness.

Figure 1.1 : KZN population distribution by age and gender in 2020



Source: StatsSA, 2020

## 1.3 Global, national and provincial economic outlook

### 1.3.1 Global economic review and outlook

The global economic prospects changed dramatically in 2020 amid the unprecedented disruption to economic activity caused by the Covid-19 pandemic and its associated lockdown regulations. This global health crisis brought economic activity to a near standstill in the first half of 2020. Economic activity was impacted by the lockdown regulations enforced in countries to slow transmission of the virus, while preparing healthcare systems to handle rapidly rising caseloads. Several business entities were forced to cut back investments due to an unexpected decline in demand coupled with supply interruptions and uncertain future earnings prospects. The economic turmoil triggered by Covid-19 resulted in larger contractions in service-oriented sectors, particularly those reliant on face-to-face interactions, such as wholesale and retail trade, hospitality, and arts and entertainment.

However, the global economy began to recover in the second half of 2020 as most economies cautiously re-opened and eased their lockdowns. This faster-than-expected rebound was short-lived because there was a second wave of Covid-19 infections, forcing many countries that had previously flattened the infection curve to reinstate partial lockdowns. Despite the rise in infections, optimism about the global

<sup>2</sup> Dependency Ratio = [(No. of people under 15 years) + (No. of people aged 65 and over) ÷ (No. of people between 15 and 64)] × 100 = (4 340 459 ÷ 7 191 173) × 100 = 60.4 per cent. The dependency ratio is an age population ratio of those not in the labour force.

fight against the virus has intensified following the approval of multiple vaccines and the launch of vaccination campaigns in some countries in December (IMF<sup>3</sup>, 2021 and World Bank<sup>4</sup>, 2021).

Table 1.2 depicts the world economic estimates and projections from 2018 to 2022. Given the stronger than expected rebound on average across regions in the second part of the year, global growth is estimated to have contracted by 3.5 per cent in 2020. The global gross domestic product (GDP) growth is expected to strengthen further to 5.5 per cent in 2021 before moderating to 4.2 per cent in 2022. The improved outlook is particularly large for advanced economies, reflecting additional fiscal support in countries like the United States (US) and Japan, together with expectations of earlier than expected widespread vaccine availability.

**Table 1.2 : Percentage change in global economic performance measured in GDP, 2018 to 2022**

	GDP Estimate (Per cent)			GDP Forecast (Per cent)	
	2018	2019	2020 e	2021 f	2022 f
<b>World</b>	<b>3.5</b>	<b>2.8</b>	<b>-3.5</b>	<b>5.5</b>	<b>4.2</b>
<b>Advanced economies</b>	<b>2.2</b>	<b>1.7</b>	<b>-4.9</b>	<b>4.3</b>	<b>3.1</b>
United States	3.0	2.2	-3.4	5.1	2.5
Euro area	1.8	1.3	-7.2	4.2	3.6
Japan	0.3	0.7	-5.1	3.1	2.4
United Kingdom	1.3	1.5	-10.0	4.5	5.0
<b>Emerging market and developing economies</b>	<b>4.5</b>	<b>3.7</b>	<b>-2.4</b>	<b>6.3</b>	<b>5.0</b>
Russia	2.5	1.3	-3.6	3.0	3.9
China	6.8	6.1	2.3	8.1	5.6
India	6.1	4.2	-8.0	11.5	6.8
Brazil	1.3	1.1	-4.5	3.6	2.6
<b>Sub-Saharan Africa</b>	<b>3.3</b>	<b>3.2</b>	<b>-2.6</b>	<b>3.2</b>	<b>3.9</b>
Nigeria	1.9	2.2	-3.2	1.5	2.5
South Africa	0.8	0.2	-7.5	2.8	1.4

Source: International Monetary Fund, 2021

### *Advanced economies*

The real output growth in advanced economies is gradually improving from the lows reached during the hard lockdown. The region's modest recovery was supported significantly by robust GDP improvements in the second quarter, particularly in the US and Euro Area. Consequently, economic growth in advanced economies reported an estimated 4.9 per cent contraction in 2020. Output growth is expected to recover significantly to 4.3 per cent in 2021 before declining marginally to 3.1 per cent in 2022.

### *Emerging countries*

The real economic activity in Emerging Market and Developing Economies contracted by an estimated 2.4 per cent in 2020, following notable decreases in activity in various economies due to the Covid-19 pandemic. EMDEs output is expected to recover significantly to 6.3 per cent in 2021 as external demand improves and amid the roll-out of the vaccine in major economies. The forecast recovery reflects China's robust economic prospects, which outpaced most others in the EMDEs group. Nevertheless, growth in the category is projected to moderate to 5 per cent in 2022.

China was the only country to report positive growth in 2020 reflecting effective control of the pandemic and public investment-led stimulus. Economic growth in China decelerated to an estimated 2.3 per cent in 2020, the slowest pace since 1976. The recovery has been solid but uneven, with consumer services trailing industrial production. Fiscal policy support, which initially focused on providing relief and boosting public investment, is starting to moderate. GDP growth is projected to rise to 8.1 per cent in 2021 due to the release of pent-up demand and will then moderate to 5.6 per cent in 2022 as deleveraging efforts resume.

<sup>3</sup> IMF (2021): World Economic Outlook Update, January 2021. Policy Support and Vaccines Expected to Lift Activity. Available from <https://www.imf.org/en/Publications/WEO/Issues/2021/01/26/2021-world-economic-outlook-update>; [Accessed on 27 January 2021]

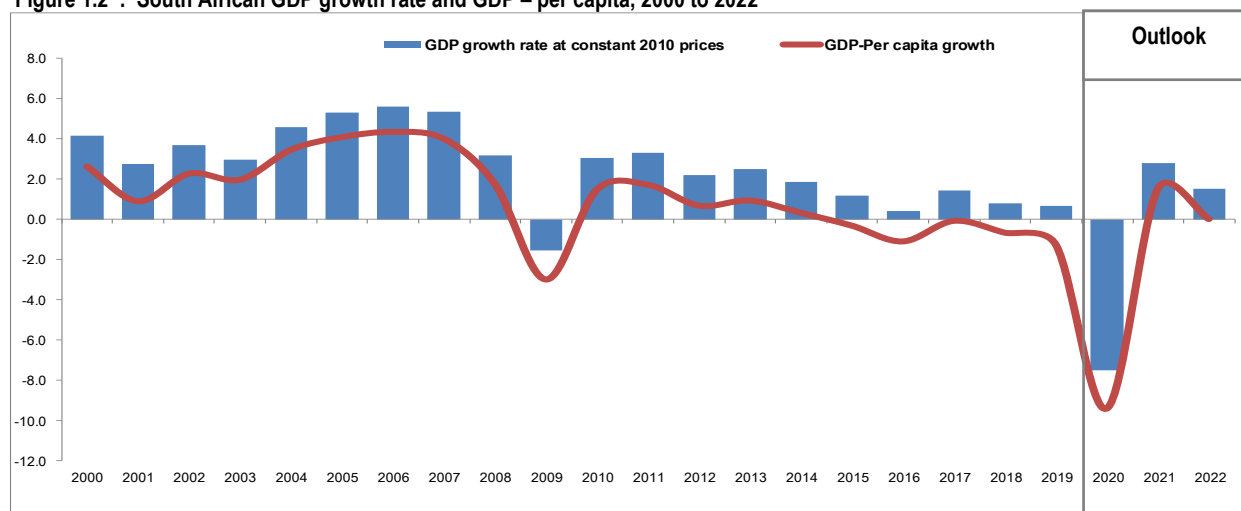
<sup>4</sup> World Bank (2021): Global economic prospects, January 2021. Subdued Global Economic Recovery. Available online <https://www.worldbank.org/en/publication/global-economic-prospects>. [Accessed on 21 January 2021]

Economic activity in Sub-Saharan Africa is estimated to have shrunk to 2.6 per cent in 2020, setting living standards in many countries back by a decade. Growth is forecast to rebound modestly by 3.2 per cent in 2021. The projected moderate recovery in 2021 reflects the anticipated prolonged impact of Covid-19 as the roll-out of vaccines in the region is expected to lag behind major economies and many other EMDEs.

### 1.3.2 South African Economic review and outlook

The South African economy has not been spared from the global economic turmoil caused by the Covid-19 pandemic. In South Africa (SA), real GDP contracted substantially at a seasonally adjusted and annualised rate of 51.7 per cent in the second quarter of 2020. The economic activity was severely affected by the hard national lockdown restrictions enforced towards the end of March 2020. The detrimental effects of Covid-19 came at a difficult time for SA as the economy was already growing at a much slower pace than expected, with real GDP growth estimated at 0.7 per cent, while real GDP *per capita* contracted by 1.3 per cent in 2019. The national economy was already facing a technical recession prior to the pandemic.

Figure 1.2 : South African GDP growth rate and GDP – per capita, 2000 to 2022



Source: International Monetary Fund, 2021

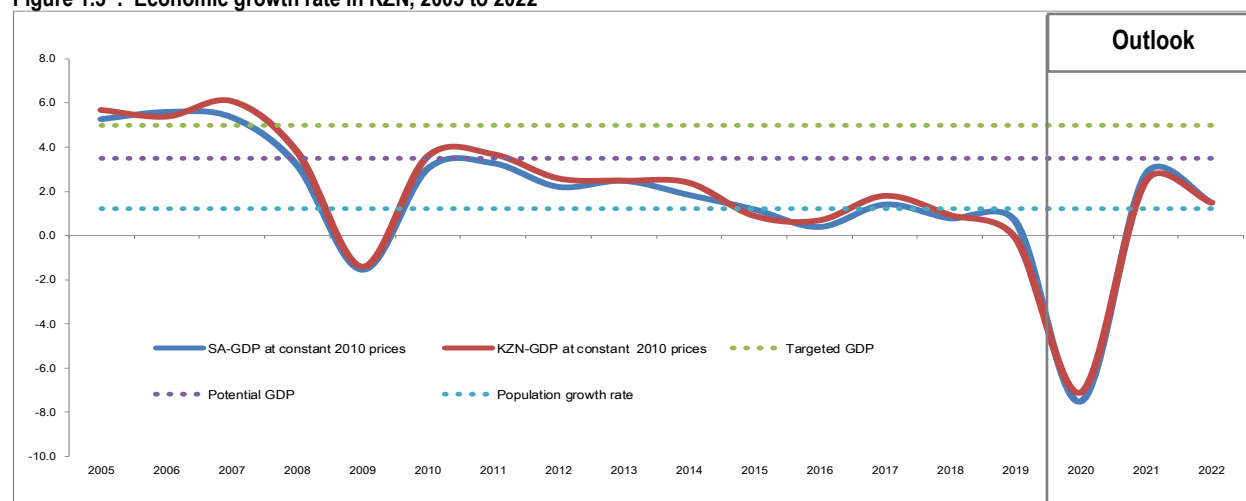
Overall, the real GDP and GDP *per capita* growth are estimated to have declined considerably by 7.5 per cent and 9.5 per cent in 2020, respectively. This economic estimate reflects improved economic activity in almost all sectors which supported a higher-than-expected real GDP growth in the third quarter of 2020. The national economy is expected to rebound significantly by 2.8 per cent in 2021 before moderating to 1.5 per cent in 2022. Similar to the global economy, the robust forecast for the local economy in 2021 will be supported by the anticipated improvement in the management of Covid-19 as vaccines become widely available to the largest share of the population later in the year. It is expected that approximately 60 per cent of the population should receive the vaccination to achieve population immunity.

### 1.3.3 KZN economic review and outlook

KZN's economy continued to deteriorate in 2019, with real regional GDP (R-GDP) growth contracting by 0.1 per cent. This economic decline prevails despite various government strategic initiatives seeking to promote inclusive and sustainable economic growth in line with the Provincial Growth and Development Strategy (PGDS). The provincial economic performance entered a technical recession even before the global pandemic. It contracted by 0.6 per cent in the first quarter of 2020, the third consecutive quarterly contraction. The Covid-19 pandemic worsened the economic downturn as the provincial economy reported a substantial contraction in the second quarter of 2020. The real R-GDP contracted substantially at a revised seasonally adjusted and annualised rate of 52.1 per cent, following the abrupt suspension of various economic activities during the hard national lockdown.

Nevertheless, the provincial economy expanded markedly by 64.1 per cent in the third quarter of 2020, reflecting increased economic activity in many sectors as lockdown restrictions were eased. Thus, the provincial economy is estimated to have contracted by 7.1 per cent in 2020. It is projected to strengthen to 2.5 per cent in 2021 before moderating to 1.5 per cent in 2022. The forecast of strong economic recovery, particularly in 2021, is due to the vaccine roll-out. Implementing the provincial economic reconstruction and recovery plan, which seeks to address the economic impact caused by the Covid-19 crisis and the pre-existing low level of economic growth, will further support the projected growth rate.

Figure 1.3 : Economic growth rate in KZN, 2005 to 2022



Source: International Monetary Fund, 2021 and IHS Markit, 2020

### Sector analysis

The robust recovery on KZN's R-GDP in the third quarter of 2020 was driven largely by substantial increases in economic activity in all sectors, including those that were hard-hit during the extensive lockdown in the second quarter. The largest increase in economic activity was reported in *mining, manufacturing, and trade industries*. The real gross value added by *mining* increased markedly by 298.5 per cent in the third quarter of 2020, following a substantial contraction of 70.4 per cent in the preceding quarter. This was because of improved economic activity as the national lockdown restrictions were eased further, and the fact that growth was from a low base. Thus, *mining* is estimated to have averaged -8.7 per cent in 2020 and is expected to improve significantly to 7.7 per cent in 2021.

*Manufacturing's* real gross value added expanded with robust growth of 209.7 per cent in the third quarter of 2020 after it had dropped sharply by 74.9 per cent in the previous quarter. The marked increase in manufacturing output was supported by a notable improvement in subsectors impacted by the national lockdown, such as basic iron and steel, non-ferrous metal products, metal products and machinery, food and beverages, petroleum, chemical products, rubber and plastic products, among others. Food, especially beverages, was boosted by lifting restrictions on the sale of alcohol in mid-August. The industry is estimated to have contracted by 9.9 per cent in 2020. It is, however, projected to show a modest expansion of 3.9 per cent in 2021.

*Trade's* economic activity rebounded significantly by 136.8 per cent in the third quarter of 2020, following a contraction of 67.7 per cent in the second quarter. The marked increase in activity was supported by lifting restrictions on various goods such as alcoholic beverages and domestic travel, particularly interprovincial, which boosted the increase in output within the catering and accommodation subsectors. *Trade* contracted by an estimated 12.4 per cent in 2020 and is expected to register a rebound of about 5 per cent in 2021.

### Travel and tourism in KZN

The benefits of the *Travel and tourism* sector at a global, national and provincial level are clear. Data by the World Travel and Tourism Council (WTTC) 2020<sup>5</sup> indicate that, in 2019, the sector contributed a total

<sup>5</sup> World Travel and Tourism Council (2020a): Economic Impact, 2019 World. Available online: <https://www.wttc.org/media/files/reports/economic-impact-research/regions-2019/world2019.pdf>, [Accessed on 12 January 2020]

of US\$8.9 trillion toward global GDP. According to the WTTC (2020)<sup>6</sup>, *Travel and tourism's* total contribution to SA's GDP was R354.9 billion in 2019. For job creation, the sector employed 1.5 million persons (9.1 per cent of total employment) in 2019.

Due to the devastation caused by Covid-19 on the tourism industry, the SA government developed a Tourism Relief Fund amounting to R200 million, with a capped amount of R50 000 per entity. The fund aims to assist small, medium and micro enterprises (SMMEs) in the tourism and hospitality industry under stress due to the travel restrictions. The R200 million relief fund successfully supported 4 000 businesses (National Department of Tourism (2021)<sup>7</sup>).

*Travel and tourism* is one of the major contributors to KZN's employment. In 2019, the number of people directly employed in *Travel and tourism* was approximately 83 783, while its total contribution to employment in KZN was estimated at 165 890. In the same year, *Travel and tourism's* direct contribution to real R-GDP in KZN was estimated at R14.4 billion, while the total contribution to real R-GDP was approximated at R28.8 billion.<sup>8</sup>

## 1.4 Provincial labour market

The substantial economic contraction caused immense damage to labour markets worldwide, including SA. The global pandemic came at a difficult time for SA as the national economy was already on a downward trajectory in 2019, leading to a rise in the structural unemployment rate due to a skills mismatch and discouraged job seekers.

The Quarterly Labour Force Survey by StatsSA shows that the employment levels dropped sharply by 2.23 million, taking the number of people employed to about 14.15 million in the second quarter of 2020. However, as the lockdown restrictions were lifted to allow a cautious resumption of economic activities, employment improved modestly by 543 000 in the third quarter of 2020. Thus, the number of people employed increased to about 14.69 million.

The official unemployment rate increased in the third quarter as people actively searched for jobs following the further lifting of the lockdown restrictions. StatsSA (2020)<sup>9</sup> indicates that the official unemployment rate reached 30.8 per cent in the third quarter of 2020. This implies that approximately 6.53 million people were out of work during the third quarter. The sectors that reported the largest job losses include finance (200 000), community and social services (137 000), and private households (116 000). In KZN, the official unemployment rate was reported at 26.4 per cent over the same period.

## 1.5 Development Indicators

### 1.5.1 Poverty and human development

The impact of Covid-19 will almost certainly be felt in most countries through to 2030. Under these conditions, the goal of bringing the global absolute poverty rate to less than 3 per cent by 2030, which was already at risk before the crisis, is now beyond reach without swift, significant, and substantial policy action.

SA uses three measures of poverty, namely the food poverty line (FPL), the lower-bound poverty line (LBPL), and the upper-bound poverty line (UBPL) for statistical reporting. The data reported helps identify patterns, facilitating the planning, implementation, monitoring, and evaluation of poverty reduction programmes (StatsSA, 2018). As defined by StatsSA (2018), the food poverty line shows the

<sup>6</sup> World Travel and Tourism Council (2020b): South Africa 2019 Annual Research: Key highlights. Available online: <https://www.wttc.org/economic-impact/country-analysis/country-data/>, [Accessed on 15 January 2020]

<sup>7</sup> National Department of Tourism (2021a): Tourism Relief Fund 4000 beneficiaries made public. Available online: <https://www.tourism.gov.za/AboutNDT/Publications/Tourism%20Relief%20Fund%204000%20beneficiaries%20made%20public.pdf>, [Accessed 3 January 2021]

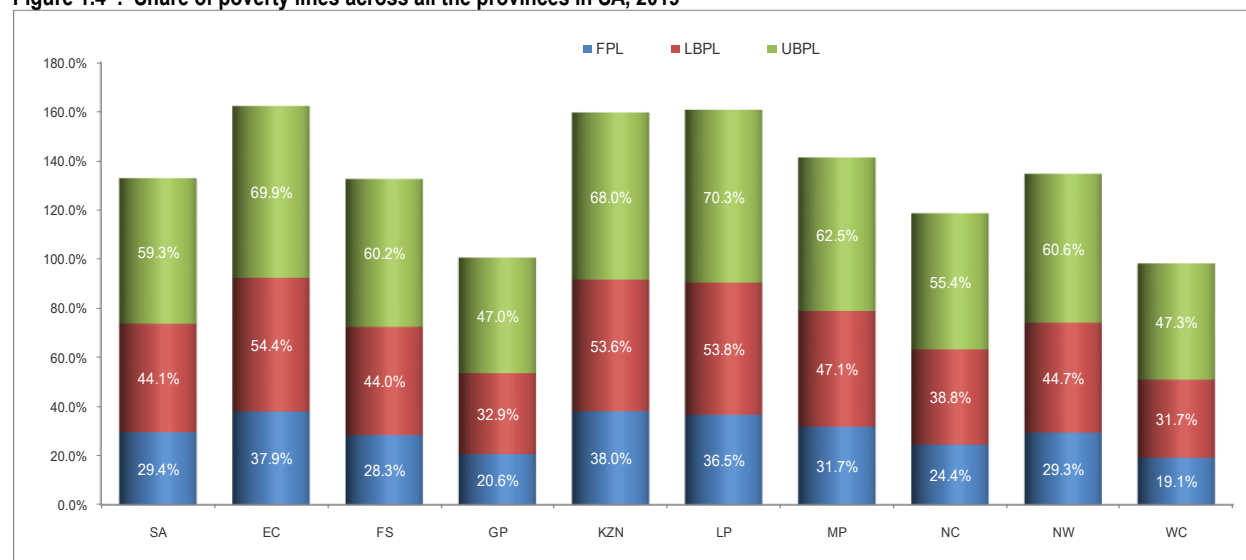
<sup>8</sup> Zulu Kingdom (2021): Tourism KwaZulu-Natal Statistics Report, Available online: [http://www.zulu.org.za/files/images/files/Some%20Useful%20Stats%202020%20\(FINAL\)\(1\).pdf](http://www.zulu.org.za/files/images/files/Some%20Useful%20Stats%202020%20(FINAL)(1).pdf), [Accessed 10 February 2021]

<sup>9</sup> StatsSA (2020): *Quarterly Labour Force Survey*, Quarter three 2020, Statistical release P0211. Available online: <http://www.statssa.gov.za/publications/P0211/P0211fourthQuarter2020.pdf> [Accessed on 17 January 2020].



level of consumption below which individuals cannot purchase sufficient food to provide them with an adequate diet. Those living below this line are thus consuming insufficient calories for their nourishment. The LBPL denotes food and non-food items required by households. However, those living below this line must sacrifice some food to get these non-food items, such as transport and airtime. Finally, individuals living below the UBPL can consume both food and non-food items but cannot meet other necessities such as shelter, education, security and healthcare.

**Figure 1.4 : Share of poverty lines across all the provinces in SA, 2019**



Source: IHS Markit, 2021

Figure 1.4 shows the share of people living below the FPL, the LBPL, and the province's UBPL in 2019. The WC (19.1 per cent) had the lowest share of people living below the FPL, followed by GP (20.6 per cent), NC (24.4 per cent) and FS (28.3 per cent). Approximately 38 per cent of the KZN population was still living below the FPL in 2019. This figure was the second-highest in the country and had increased slightly (0.8 per cent) from 37.2 per cent in 2018. In terms of the share of people living below the LBPL, KZN had 53.6 per cent of its population living within this poverty classification. This was the third-highest rate in the country and increased marginally from 52.6 per cent in the previous year. The share of KZN people living below the UBPL in 2019 stood at 68 per cent, the third-highest in the country. The impacts of the Covid-19 pandemic could deepen these inequalities.

### 1.5.2 Household income and income inequality

In 2019, the bulk (38.7 per cent) of KZN households were categorised as being lower-income earners (between R0 and R54 000 per annum), while approximately 20.8 per cent were categorised as low emerging middle-income earners (between R54 000 and R96 000 per annum). An estimated 27.8 per cent were emerging middle class (earning between R96 000 and R360 000 per annum). Approximately 6.5 per cent of households in the province were categorised as realised middle-class earners (R360 000 to R600 000), 4.5 per cent were upper-middle-class (R600 000 to R1 200 000), with only 1.7 per cent of KZN households considered affluent, earning over R1.200 million per annum shown in Table 1.3.

**Table 1.3 : Income distribution in KZN, 2019**

Income category	Income level (R'000)	African	White	Coloured	Asian	Grand total
Lower income	0 - 54	45%	2%	16.3%	4.2%	38.7%
Low emerging middle income	54 - 96	23%	3%	15.5%	10.5%	20.8%
Emerging middle class	96 - 360	25%	33%	42.6%	49.8%	27.8%
Realised middle class	360 - 600	4%	25%	12.9%	17.3%	6.5%
Upper middle class	600 - 1 200	2%	24%	9.7%	12.6%	4.5%
Affluent	1 200 +	0%	12%	3%	5.6%	1.7%
<b>Grand total</b>		<b>100%</b>	<b>100%</b>	<b>100%</b>	<b>100.0%</b>	<b>100.0%</b>

Source: IHS Markit, 2021

About 45 per cent of African households earned less than R54 000 per annum, and a further 23 per cent earned between R54 000 and R96 000 per annum. In contrast, most white, coloured and Asian households fell within the emerging middle class at 33 per cent, 42.6 per cent and 49.8 per cent, respectively. The white population made up the highest percentage of the middle class, upper-middle-class and affluent income categories. It is evident that significant income disparities still exist among the four population groups in the country. The Africans remain least favoured by the current conditions.

### **1.5.3 Grant beneficiaries**

In a country like SA, where unemployment levels are high and there is severe inequality, social grants play an important role in supporting households to attain a minimum standard of living. Thus, social grants have made a substantial contribution towards reducing food poverty in the country. KZN continued to have the highest number of social grant beneficiaries in the country at 4.04 million, followed by EC at 2.83 million and GP at 2.81 million people.

KZN had the highest number of social grant beneficiaries at the end of December 2020 on a national scale, with a total number of 4 025 633 recipients (22.2 per cent). The province had the highest share of all categories of social grants. The grant make-up in KZN is Old Age grant (720 430 beneficiaries, 19.7 per cent), Disability grant (197 385 beneficiaries, 22.2 per cent), Grant-in-Aid (79 619 beneficiaries, 30.2 per cent), Care Dependency grant (38 764 beneficiaries, 25.9 per cent), Foster Child grant (54 914 beneficiaries, 19.1 per cent) and the Child Support grant (2 941 807 beneficiaries, 22.2 per cent).

## 2. BUDGET STRATEGY AND AGGREGATES

### 2.1 Introduction: Budget strategy – An overview

The Minister of Finance tabled the Medium Term Budget Policy Statement (MTBPS) in Parliament on 28 October 2020 where he set out the country's poor economic performance and the need to stabilise the country's debt. The changes to the 2021/22 MTEF made by National Treasury thus reflect significant and unprecedented reductions made to the PES. These cuts include a combination of freezing salary increases, as well as additional reductions implemented to support fiscal consolidation with these cuts weighted heavily towards reductions in *Compensation of employees*. KZN has in the past lost significant funds from the national allocation as a result of data updates to the PES formula and from fiscal consolidation budget cuts. While the cuts that relate to the wage freeze do not impact on the service delivery spending of the province, the fiscal consolidation cuts are likely to have an impact, though departments were asked to minimise this impact as far as possible.

KZN loses R10.628 billion, R16.616 billion and R22.085 billion in PES funding over the MTEF as a result of these cuts, as well as amendments made due to the annual updates to the PES formula. Included in this cut are the wage freeze cuts of R7.501 billion in 2021/22 and R9.211 billion in 2022/23. There are also fiscal consolidation cuts that relate specifically to *Compensation of employees* and these amount to R3.462 billion, R6.509 billion and R9.895 billion over the MTEF. These cuts were specifically effected by National Treasury across government in order to rein in *Compensation of employees* spending which is crowding out service delivery. These fiscal consolidation cuts that specifically target *Compensation of employees* require that departments carefully assess their organograms and take decisions to not fill certain non-essential posts when they become vacant. There were also further fiscal consolidation budget cuts, and these amount to R1.318 billion, R1.743 billion and R3.152 billion. In addition, the conditional grants were updated resulting in an additional R142.336 million in 2021/22 and a reduction of R810.941 million and R408.792 million in 2022/23 and 2023/24, respectively.

Also impacting are budget cuts relating to the PES data updates to the formula with the budget in 2021/22 being cut by R335.548 million, while there are additions in the two outer years of R417.731 million and R89.043 million in 2023/24.

There were no structural changes made to the equitable share formula, but there were data updates made to the various components of the formula, and these are detailed in Chapter 4.

The Provincial Executive Council resolved that all budget cuts be effected proportionately against each Vote, while the additions in 2022/23 are as a result of the PES data updates be used to fund the shortfall in municipal property rates and learner transport, as well as the carry-through allocation of the Provincial Legislature's Job Evaluation results, with this also receiving funding in the outer year.

It would seem that most departments were able to deal with the cuts without a significant negative impact on service delivery, except for Health and Education. The cuts have resulted in some current posts being unfunded in Education and Health and this will also limit the department's ability to fill current vacant posts (vacated through natural attrition). Health has also effected these cuts against the medicines budget, which will affect services provided in this regard.

The province continues to budget for a Contingency Reserve, which is set at around the R370 million mark over the MTEF.

### 2.2 Aligning provincial budgets to achieve government's prescribed outcomes

In preparing the 2021/22 budget, departments were requested to focus on aligning and integrating their plans to the national outcomes, as contained in the MTSF implementation plan of 2021/22, national sector plans and the PGDS. The following are some of the provincial initiatives funded in this budget, mainly from reprioritisation:

1. Inkululeko Development Project Phase 2, which is a project implemented by all service delivery departments, will continue in 2021/22 in the uMzinyathi and uThukela Districts, and the uMvoti Local Municipality, including Weenen and Muden. The project is being integrated into the District Development Model.
2. Upgrade of infrastructure in Health facilities including the eradication of asbestos roofs in all provincial clinics and community health centres.
3. Establish focus schools, namely an Agricultural School of Excellence in the uMgungundlovu District and a Maritime School of Excellence in Pinetown, as well as the refurbishment and rehabilitation of schools around the province.
4. Social Development will continue with the implementation of government's response to Gender-based Violence (GBV) through the execution of the KZN Provincial GBV Plan in partnership with cluster departments.
5. Monitor the implementation of service delivery programmes relating to electricity, water and sanitation, indigent policies, as well as operational and maintenance plans in all municipalities. COGTA will continue with the Provincial Water Master Plan to be completed by May 2021.
6. Operation Vula will continue to be implemented by EDTEA. This project provides grant funding in areas such as manufacturing, SMME development, tourism, economic infrastructure development and job creation, with the aim of providing skills and business opportunities at a local level.
7. The Youth Vukayibambe Routine Road Maintenance Programme will continue to be implemented by Transport. It is expected that 3 200 youth employment work opportunities will be created.

## 2.3 Summary of budget aggregates

Table 2.1 provides an analysis of the overall provincial budget performance by comparing total receipts against total payments, resulting in a surplus or deficit before financing over the seven-year period. The table also provides the details on financing to provide the net position after financing for each year.

In aggregate, KZN recorded a surplus after financing in 2017/18, 2018/19 and 2019/20. Careful cash and budget management has meant that the province has spent very close to a balanced budget for the past few years, and has remained cash positive in terms of the provincial bank balance.

Table 2.1 : Provincial budget summary

R thousand	Audited Outcome			Main	Adjusted	Revised	Medium-term Estimates		
	2017/18	2018/19	2019/20	Appropriation	Appropriation	Estimate	2021/22	2022/23	2023/24
<b>Provincial receipts</b>									
Transfer receipts from national	113 120 179	119 494 354	127 607 051	133 453 039	129 007 604	129 007 604	129 860 858	129 735 265	130 104 425
Equitable share	93 756 530	99 263 681	106 014 289	111 441 977	107 607 567	107 607 567	107 126 399	106 927 994	106 895 005
Conditional grants	19 363 649	20 230 673	21 592 762	22 011 062	21 400 037	21 400 037	22 734 459	22 807 271	23 209 420
Provincial own receipts	3 334 730	3 579 209	3 847 536	3 552 929	3 652 929	3 337 341	3 721 916	3 885 070	4 057 501
<b>Total provincial receipts</b>	<b>116 454 909</b>	<b>123 073 563</b>	<b>131 454 587</b>	<b>137 005 968</b>	<b>132 660 533</b>	<b>132 344 945</b>	<b>133 582 774</b>	<b>133 620 335</b>	<b>134 161 926</b>
<b>Provincial payments*</b>									
Current payments	95 608 712	102 237 594	109 458 932	117 610 483	114 720 691	115 386 336	112 595 006	111 386 411	111 362 414
Transfers and subsidies	12 486 750	12 605 894	13 718 615	12 433 613	13 487 977	13 554 311	12 569 348	13 090 350	13 420 686
Payments for capital assets	8 000 173	7 236 570	6 920 008	8 138 068	8 080 027	8 107 878	8 505 668	8 782 922	8 990 053
Payments for financial assets	154 086	14 535	20 390	-	1 152	5 967	-	-	-
<b>Total provincial payments</b>	<b>116 249 721</b>	<b>122 094 593</b>	<b>130 117 945</b>	<b>138 182 164</b>	<b>136 289 847</b>	<b>137 054 492</b>	<b>133 670 022</b>	<b>133 259 683</b>	<b>133 773 153</b>
<b>Surplus/(deficit) before financing</b>	<b>205 188</b>	<b>978 970</b>	<b>1 336 642</b>	<b>(1 176 196)</b>	<b>(3 629 314)</b>	<b>(4 709 547)</b>	<b>(87 248)</b>	<b>360 652</b>	<b>388 773</b>
<b>Financing</b>	<b>1 426 948</b>	<b>1 341 547</b>	<b>1 278 321</b>	<b>1 566 196</b>	<b>3 759 924</b>	<b>3 759 924</b>	<b>453 880</b>	<b>5 477</b>	<b>-</b>
Provincial roll-overs	177 567	507 456	344 166	-	263 258	263 258	-	-	-
Provincial cash resources	1 301 365	811 090	899 125	1 569 264	4 137 763	4 137 763	189 880	5 477	-
Surplus Own Revenue surrendered	(3 813)	(812)	(2 166)	-	-	-	-	-	-
Surplus Own Revenue from prior year	6 829	3 813	812	-	2 166	2 166	-	-	-
Suspension to ensuing years	(55 000)	20 000	36 384	6 932	(257 068)	(257 068)	264 000	-	-
Allocations from the Contingency Reserve	-	-	-	-	(386 195)	(386 195)	-	-	-
<b>Surplus/(deficit) after financing</b>	<b>1 632 137</b>	<b>2 320 517</b>	<b>2 614 963</b>	<b>390 000</b>	<b>130 610</b>	<b>(949 623)</b>	<b>366 632</b>	<b>366 129</b>	<b>388 773</b>

\* Estimated actual expenditure for 2020/21 is as at 31 December 2020

The 2020/21 Revised Estimate in Table 2.1, which is based on the December 2020 IYM, indicates that the province will end the year with deficit of R949.623 million, however, this is after taking into account the Contingency Reserve and projected under-collection of Provincial Own Revenue. In aggregate, departments were projecting to over-spend by R764.646 million according to the December 2020 IYM.

As mentioned above, KZN continues to budget for a Contingency Reserve over the 2021/22 MTEF. The Contingency Reserve is being kept for a number of reasons, but mainly to protect the provincial fiscus against the impact of unforeseen expenditure pressures when they arise.

## 2.4 Financing

### *Contingency Reserve*

The total provincial receipts exceed total provincial payments over the MTEF, thereby reflecting a surplus budget. This indicates that not all funds available to the province have been allocated to the 15 Votes.

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

The first charge rule (in terms of Section 34(2) of the PFMA) means that the affected departments will see a reduction in their budgets available for spending, in order to pay back over-expenditure incurred in prior years. These amounts are not removed from their budgets, but are allocated to *Payments for financial assets* to allow for the necessary accounting treatment thereof.

### *Sources of financing*

The paragraphs below aim to provide an explanation for some of the terms contained in Table 2.1. The province has three sources of financing available, namely provincial roll-overs, provincial cash resources, and suspensions to the ensuing financial year.

*Provincial roll-overs* refer to funds that were appropriated and committed but not spent in that financial year. These unspent funds are then re-allocated to the relevant department during the Adjustments Estimate in the following year.

*Provincial cash resources* refer to surplus funds in the provincial revenue fund, after taking into account all commitments and roll-overs. This includes unspent appropriated funds in departments that were not rolled over to the ensuing financial year, as well as surplus provincial own revenue that was collected in a prior financial year. This category also includes unspent funds which were surrendered in one financial year and allocated back to the same department in ensuing years. This source of financing also relates to any internal provincial reprioritisation that is undertaken to finance provincial commitments.

*Suspension to ensuing years* is when a department requests that funds be stopped from their budget in one year, but allocated back in the next or ensuing years when the project for which the funds was stopped is ready to continue. It also relates to the Provincial Legislature and occurs when the Legislature, in terms of S22(1) of the PFMA, as well as the Financial Management of Parliament and Provincial Legislatures Act (FMPPLA), retains its own revenue.

The cost-cutting measures are updated and re-issued to departments each year and remain in place as they are critical elements of good governance. National Treasury issued Instruction Note 03 of 2017/18, which lists the national cost-cutting measures which all departments must adhere to. This Instruction Note is available on National Treasury's website ([www.treasury.gov.za](http://www.treasury.gov.za)). The latest provincial cost-cutting measures are:

### *Compensation of employees related:*

1. Vacant posts are frozen for both departments and public entities. Departments and public entities are permitted to fill critical vacant posts, as long as they remain within their baselines and receive permission to fill these posts from the Premier and the MEC for Finance. Departments and public entities to ensure that only funded vacant posts appear on PERSAL.
2. Where posts become vacant through natural attrition, or where departments and public entities elect to fill critical posts from within their baselines, these may not be filled without receiving approval from the Premier and the MEC for Finance.
3. Any revised organograms which have the effect of increasing a department's or public entity's total staff number may not be implemented. Any revisions to organograms must be approved by the Premier and the MEC for Finance prior to submission to DPSA.

***Procurement related:***

4. Furniture and equipment purchases to be approved by the Accounting Officer and the CFO. All furniture and equipment to be purchased should be standardised according to staff designations.
5. Energy saving projects to be explored with the aim of reducing electricity and water usage.
6. Timeous planning to be undertaken to ensure market-related prices are charged by service providers.
7. Cellphone, landline and data bundle costs to be reviewed and limitations in respect of usage and approval of these services to be effected. Stricter cell phone limits to be introduced.
8. Hiring of offices: government-owned properties to be utilised as far as possible to limit costs, except where these come at a cost, in that case, quotes should be sourced and the cheapest venue be used.
9. Transversal contracts to be used for inventory items such as stationery, nappies, baby food, medication, etc.
10. Essential training to be done in-house (exceptions to be approved by the HOD/CEO).
11. Catering for meetings to be stopped (exceptions to be approved by the HOD/CEO, but there should be no catering for internal meetings).
12. When printing APPs, SPs, Annual Reports, speeches etc., the use of colour pages to be minimised and lighter weight of pages and covers to be used. Feasibility of using electronic distribution to be looked at to reduce costs. Gold and silver embossed letterheads may not be used.
13. No bottled water may be procured for meetings, etc. Where it is not practically possible to provide water in jugs, Provincial Treasury approval must be sought.
14. All newspapers and other publications purchased for employees must be discontinued and where there are purchases, these must be in line with National Treasury's Instruction Note.
15. New expenditure items/projects/mandates will be permitted only if they are funded through internal reprioritisation by the department and/or entity. Motivation for items/projects/mandates that require new funding from the provincial fiscus must be submitted to Provincial Treasury who will assess these critically.

***Travelling related:***

16. S&T – only essential trips to be undertaken.
17. Monthly mileage restrictions to be adhered to and officials to use one hired car for meetings outside KZN (synergy between departments and public entities attending same meetings). Kilometre controls to be implemented on travelling (average of 2 500 kilometres per month per official unless there are exceptional circumstances – exceptions to be approved by the HOD).
18. Responsibility managers to ensure co-ordinated travel to reduce costs, and officials to travel together unless absolutely unavoidable.
19. Meetings and workshops to be held where the majority of the officials reside/work (50 per cent).
20. Meetings need to start at a reasonable time to reduce the need to sleepover. Overnight accommodation, where required, needs to be cost-effective. Departments and public entities need to determine the most economical option when considering stay-overs vs commuting.
21. Assessment to be done between road travel to end destination vs distance to airport (e.g. cheaper for a person from Newcastle to travel to Jhb by road than to drive to Dbn to take flight to Jhb).
22. Overseas trips to be rationalised with the number of delegates being kept to a minimum. Submissions seeking Provincial Treasury approval must reach Provincial Treasury at least 7 days before the planned travel. The submission must include quotations for all items. Annual trips need to be planned in advance to take advantage of travel discounts.
23. The updated new ministerial handbook issued in 2019 states that ministers and their partners must travel economy class for all official domestic travel, as well as international travel where the travel time is less than two hours. As such, the provincial cost-cutting measures are updated to state that HODs, CEOs and Chairs of Boards and Members of Parliament (MPLs) should also travel economy

for all official domestic flights, as well as international flights where the travel time is less than two hours.

24. Departments need to provide evidence that the official has liaised with Department of International Relations and Corporation (DIRCO) if it is official international business and the province is representing the country, such as with climate change. DIRCO also has facilities where official delegations can stay over in the embassy/consulate, as well as provide ground transport available.
25. Departments and public entities to plan meetings carefully and rationalise the number of meetings held (sometimes staff from regions/districts are called to head office meetings organised by different units on various different days, requiring them to travel to and from the regions/districts frequently. These meetings must be co-ordinated and planned between the various units to reduce the wastage of time and money).
26. Where there are one-day meetings in other provinces, officials to travel there and back on the same day (where possible). The use of virtual platforms to hold meetings is encouraged.

**Events related (including workshops/meetings, etc.):**

27. Departments and public entities must ensure total enforcement of the current cost-cutting measures. Lavish and expensive events will not be approved by Provincial Treasury. Furthermore, events should be limited to service delivery events or campaigns only and the costs associated with such events should be rationalised. The following should be noted when requesting approval:
  - a) No. of service delivery events held by departments and public entities must be kept at no more than 24 per annum, as approved by the Provincial Executive Council (for an event with 3 500 community members, this event should not cost more than R1.200 million to host. Events with 1 500 community members should cost no more than R600 000 – R750 000, for 2 000 community members, these events may not cost more than R750 000 – R900 000 per event). The cost per event to be adhered to, as per guidelines given. Three quotations should be requested for all aspects relating to the event.
  - b) Date of the event must be stipulated.
  - c) Venue of the event must be stipulated.
  - d) Motivation showing the purpose and objective of the event, and linking its contribution to the service delivery mandate of the department or public entity.
  - e) Total cost of the event – with the breakdown cost of each item. The submission should be signed by the CFO and the HOD before forwarding to Provincial Treasury for approval.
  - f) Requests must be submitted to Provincial Treasury no later than 5 working days before the event is to take place. **If requests do not reach Provincial Treasury within this stipulated timeframe with all the required supporting documentation, approval will not be granted.**
28. Musicians and other performing artists to be sourced from a database administered by the Department of Arts and Culture (DAC). The Arts Development unit can be contacted on 033 – 341 3608/09 in this regard. DAC will ensure that the rate charged by the musicians and performing artists falls in line with the rates set out in Provincial Government’s “Departmental Honoraria and Special Payment Policy”. While the artists will be selected by DAC, the payment to these artists is the responsibility of the department or public entity requesting the services of the artist/s. Provincial Treasury will ensure that the amount to be paid to the artist/s falls in line with the policy when departments submit the request for an event to be held to Provincial Treasury.
29. Programme Director or MC services at service delivery events should be rendered by a departmental official to reduce costs. Exceptions to be motivated and approval to be requested from Provincial Treasury.
30. With regards to catering at service delivery events, departments and entities are requested to provide catering at no more than R100 – R120 per meal per person.
31. Morning Tea should be no more than R55 per head, which should cover tea/coffee and muffin.

32. No tracksuits, t-shirts, caps, bags or other promotional materials to be purchased or handed out at events (exceptions to be approved by Provincial Treasury). Procurement of uniforms for staff working at service delivery events/functions must be approved by Provincial Treasury.
33. Departments and public entities to share databases for government and community venues to minimise use of private venues.
34. Marquees and catering costs for events to be reduced through timeous procurement (departments and public entities should end fixed contracts with just one service provider – look at a panel of event co-ordinators instead).
35. Proper planning of events to be undertaken to reduce costs. Core planning team to co-ordinate all events in the departments and public entities to ensure value for money.
36. Number of departmental/public entity officials attending events to be kept at an absolute minimum.
37. Internal meetings, strategic planning sessions and workshops to be held in departments' and public entities' offices instead of private venues (exceptions to be approved by Provincial Treasury). Where Provincial Treasury approval is requested, proof must be given that all other avenues have been exhausted before a private venue will be approved.
38. External meetings, workshops and events to be held in government facilities instead of private venues (exceptions to be approved by Provincial Treasury). Use of marquees to only be considered where such events could not be held in municipal halls, school halls, FET College facilities, etc. Where Provincial Treasury approval is being requested, proof must be provided that all other avenues have been exhausted before a private venue will be approved.
39. No team-building exercises or year-end/Christmas functions to be held (only permitted if paid for by the staff themselves).
40. Procurement and/or hiring of VIP / stakeholder and facilities such as marquees, toilets and catering, etc. for events is strictly prohibited.
41. Donations and sponsorships made by departments and public entities towards events must be submitted to Provincial Treasury prior to making such donations or sponsorships. The submission must indicate what value for money will be achieved and what aspects of the proposed events are being sponsored.



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

#### 3.1 The 2021/22 MTEF budget process in brief

##### 3.1.1 Treasury Guidelines

The 2021/22 MTEF budget process was different from prior years in that it was not possible to hold a physical Treasury Guidelines workshop due to the lockdown regulations associated with the Covid-19 pandemic which placed restrictions on the gathering of people. Nonetheless, the process commenced with each Budget Analyst informing their respective departments and public entities of what is required in terms of the budget process. KZN's budget was cut again over the MTEF due to fiscal consolidation budget cuts implemented by National Treasury, as well as budget cuts made as a result of no cost-of-living salary increments provided for over the MTEF. There were some additions to the PES, partly due to additions made to Health toward the provincial Covid-19 response, as well as additions in 2022/23 and 2023/24 as a result of the data updates of the PES formula. The province will continue to budget for a Contingency Reserve, but with the level decreasing to around the R370 million mark as opposed to the R400 million set in the past.

##### 3.1.2 Initiative measurement criteria

Unlike previous years, and as a result of the significant and unprecedented budget cuts, departments and public entities were not requested to submit requests for additional funding as the budget cuts meant that there were no resources available to fund such requests.

##### 3.1.3 Allocation process

No MTECs were held to assess the budget submissions as a result of the Covid-19 lockdown regulations but engagements happened virtually between Provincial Treasury and the departments (and their entities). Also, meetings were held with the Provincial Legislature in terms of the FMPPLA, with some of these engagements taking place virtually.

National Treasury added funds to the provincial fiscus toward the Covid-19 provincial response, with these funds intended for the Department of Health. There were budget cuts as a result of the wage freeze where R7.501 billion in 2021/22 and R9.211 billion in 2022/23 were cut from the provincial equitable share. There were also *Compensation of employees* budget cuts which resulted from fiscal consolidation and these aim to reduce the headcount in provinces. The cuts in this regard were R3.432 billion, R6.509 billion and R9.895 billion over the MTEF. Further fiscal consolidation budget cuts were also made and these amount to R1.315 billion, R1.743 billion and R3.152 billion over the MTEF. When the budget cuts relating to *Compensation of employees* were initially communicated by National Treasury, their calculations assumed that all public servants are paid from the provincial equitable share and the full cut was thus effected against the provincial equitable share of provinces. As some public servants are paid from the conditional grants, a part of the budget cut was shifted to the conditional grant allocations and the reductions erroneously made against the equitable share were returned to provinces. In this regard, KwaZulu-Natal received R350.632 million in 2021/22 and R428.519 million in 2022/23 and this was allocated to those departments who have conditional grant funded staff. The data updates of the PES formula resulted in 2021/22 being cut by R335.548 million, while there were additions of R417.731 million in 2022/23 and R89.043 million in 2023/24. All these amendments and the fact that National Treasury did not grow the outer year by 4.4 per cent as was expected, meant that the PES was reduced by R10.628 billion, R16.616 billion and R22.085 billion over the MTEF.

These budget cuts were made proportionately, in terms of the PES formula updates and fiscal consolidation budget cuts in line with each Votes proportion of the total non-*Compensation of employees* budget and also proportionately for the *Compensation of employees* budget cuts in line with each Votes proportion of the total *Compensation of employees* budgets. The conditional grant budgets were excluded from this calculation as the budget cuts against the conditional grant budgets follow a different process.

### 3.2 Provincial fiscal framework

Table 3.1 summarises the provincial fiscal framework for the 2021/22 MTEF. The PES formula was updated with new data as described in Chapter 4. The impact of this is a 0.02 per cent increase of KZN's share of the PES, and the province thus loses R335.548 million in 2021/22, while there are additions of R417.731 million in 2022/23 and R89.043 million in 2023/24. There were also fiscal consolidation budget cuts, as mentioned above.

The detail of the budget cuts is provided in Chapter 2. As a foundation to finding ways to respond to the budget cuts, the cost-cutting measures remain in place so that the province focuses its funding on service delivery. These cuts are unprecedented and significant, though, and there is no doubt that there will be an impact on service delivery, though departments were requested to minimise this as far as possible. Provincial own revenue sees a slight downward revision over the MTEF, partly influenced by the impact of Covid-19 on the revenue collection streams of some departments.

**Table 3.1 : Summary of provincial fiscal framework**

R thousand	2021/22	2022/23	2023/24
<b>1. Receipts</b>			
<b>Baseline allocation</b>	<b>144 073 615</b>	<b>151 052 462</b>	<b>156 659 569</b>
Transfer receipts from national	140 347 001	147 162 468	152 598 415
<i>Equitable share</i>	117 754 878	123 544 256	128 980 203
<i>Conditional grants</i>	22 592 123	23 618 212	23 618 212
Provincial own receipts	3 726 614	3 889 994	4 061 154
<b>Increase / (Decrease) in allocation</b>	<b>(10 490 841)</b>	<b>(17 432 127)</b>	<b>(22 497 643)</b>
Transfer receipts from national	(10 486 143)	(17 427 203)	(22 493 990)
<i>Equitable share</i>	(10 628 479)	(16 616 262)	(22 085 198)
<i>Conditional grants</i>	142 336	(810 941)	(408 792)
Provincial own receipts	(4 698)	(4 924)	(3 653)
<b>Revised allocation</b>	<b>134 036 654</b>	<b>133 625 812</b>	<b>134 161 926</b>
Transfer receipts from national	129 860 858	129 735 265	130 104 425
<i>Equitable share (after update of formula data and additions)</i>	107 126 399	106 927 994	106 895 005
<i>Conditional grants</i>	22 734 459	22 807 271	23 209 420
Provincial own receipts	3 721 916	3 885 070	4 057 501
Provincial cash resources	453 880	5 477	-
<b>2. Planned spending by departments</b>	<b>133 670 022</b>	<b>133 259 683</b>	<b>133 773 153</b>
<b>3. Contingency Reserve</b>	<b>366 632</b>	<b>366 129</b>	<b>388 773</b>

Amendments are also made to the province's conditional grant allocation. Some amendments appear to provide for inflationary growth in the outer year, but there are also fiscal consolidation cuts made against this budget. In total, KZN's grants increased by R142.336 million in 2021/22, while decreasing by R810.941 million and R408.792 million in the two outer years. The following are the main amendments:

The **Comprehensive Agriculture Support Programme grant** reduces by R5.592 million, R8 million and R4.429 million over the MTEF.

The **Ilima/Letsema Projects grant** sees a reduction of R8.106 million, R8.904 million and R7.643 million over the MTEF.

The **Education Infrastructure grant** shows an increase of R75.019 million in 2021/22, a minor decrease of R3.562 million in 2022/23 and an increase of R89.382 million in 2023/24. This grant is incentive based and the increase in 2021/22 is due to an incentive allocation.

The **National School Nutrition Programme grant** increases by R27.064 million in 2021/22, with a minor decrease of R1.453 million in 2022/23, while increasing by R73.077 million in the outer year.

The **Health Facility Revitalisation grant** is decreased by R59.972 million and R35.582 million in 2021/22 and 2022/23, respectively, while increasing by R25.422 million in the outer year.

The **National Health Insurance grant** is cut by R7.029 million, R8.717 million and R8.699 million over the MTEF.

The **National Tertiary Services grant** sees budget cuts of R139.183 million, R182.078 million and R179.150 million over the MTEF.

The **Human Resources and Training grant** is cut by R52.051 million, R65.792 million and R58.827 million over the MTEF.

The **HIV, TB, Malaria, Community Outreach and HPV Vaccine grant** is cut by significant amounts over the MTEF, with these cuts amounting to R184.202 million, R456.242 million and R615.009 million, respectively. This grant has a Covid-19 component and amount of R302.270 million is added to this component in 2021/22 and R181.362 million in 2022/23. This addition is made for the purpose of rolling out the Covid-19 vaccine programme. While funding is allocated to the National Department of Health for the procurement of the vaccines for the whole country, the Covid-19 component of this grant covers the costs associated with the administration of the vaccine programme, including service delivery costs and vaccine administering related supplies (such as syringes and swabs).

The **Human Settlements Development grant** sees relatively minor cuts of R8.484 million in 2021/22 and R9.913 million in 2022/23, while increasing by R109.847 million in the outer year.

The **Informal Settlements Upgrading Partnership Grant for Provinces** sees inflationary growth in the outer year of R33.358 million, with no amendments made in the first two years of the MTEF.

The **Provincial Roads Maintenance grant** sees a significant increase of R295.234 million in 2021/22 and inflationary growth in the outer year of R96.544 million. The increase in 2021/22 relates to the incentive nature of this grant.

The **Public Transport Operations grant** sees inflationary growth of R57.706 million in the outer year of the MTEF.

The **Early Childhood Development grant** sees an upward adjustment of R11.866 million in 2021/22, no change to the allocation in 2022/23 and an increase of R10.469 million in 2023/24.

The **Community Library Services grant** is decreased by R9.805 million, R18.370 million and R15.825 million over the MTEF as a result of the fiscal consolidation cuts.

The province receives R114.398 million with regard to the **EPWP Integrated Grant for Provinces** provided for the purpose of creating jobs, and receives R98.599 million in 2021/22 with regard to the **Social Sector EPWP Incentive Grant for Provinces** allocated to various departments.

Table 3.1.1 provides the detail in terms of the provincial cash resources contained in Table 3.1.

**Table 3.1.1 : Provincial priorities funded using provincial cash resources**

Description	2021/22	2022/23	2023/24
V1: KZN Youth Empowerment Fund funded by suspension from 2020/21	50 000	-	-
V2: JE Results funded from 19/20 NFP	8 000	-	-
V3: Econ Recov. Fund - Livestock	26 021	-	-
V3: Econ Recov. Fund - Food security	44 000	-	-
V3: Econ Recov. Fund - ADA River Valley Farm	5 900	-	-
V4: Econ Recov. Fund - Operation Vula	10 000	-	-
V4: Econ Recov. Fund - EKZNW roads	44 884	-	-
V4: Funds to be recalled from Ithala	45 324	-	-
V8: Funds from FLISP sale for housing register	5 476	5 477	-
V10: KZN Sport Awards Sponsorship	275	-	-
V12: Learner Transport funded by suspension from 2020/21	214 000	-	-
<b>Total</b>	<b>453 880</b>	<b>5 477</b>	<b>-</b>

Line 1 indicates the funds suspended from Office of the Premier in the 2020/21 Second Adjustments Estimate, and allocated back to the department in 2021/22 in line with their request and this relates to the KZN Youth Empowerment Fund. Line 2 shows the amount allocated to the Provincial Legislature from the 2019/20 Net Financial Position and is funding toward the implementation of the Job Evaluation process. Lines 3 to 7 are funds allocated from the KZN Economic Recovery Fund. This fund had R300 million and the first portion was allocated towards various projects in the 2020/21 Second Adjustments Estimate and the balance of this fund is allocated in 2021/22. Line 8 relates to funds recalled from Ithala during the 2020/21 MTEF budget process and these funds were unspent by Ithala and were returned to the Provincial Revenue Fund towards increasing the Contingency Reserve. Line 9 relates to funds collected by Human Settlements in 2019/20 from the sale of housing units and allocated back to the

department for various purposes. Line 10 relates to funds collected by Sport and Recreation from sponsorships towards the annual Sport Awards and these funds are allocated to the department for this purpose. Line 11 shows that Transport is allocated funds in 2021/22 towards the learner transport pressures from existing services, with these funds having been suspended from their budget in 2020/21, at the department's request. Details of allocations over the 2021/22 MTEF, per department, are provided in Table 3.3 in Section 3.3.2.

### 3.3 Summary of additional allocations for the 2021/22 MTEF

#### 3.3.1 Existing growth in the 2020/21 MTEF baseline allocation

Table 3.2 shows the baseline budgets for the 2020/21 MTEF before any changes were made as part of the 2021/22 budget process. This serves as a reminder that all departments' baselines for the MTEF showed positive rates of growth, although this may differ in terms of level.

**Table 3.2 : Existing growth rates in 2020/21 MTEF baseline budgets**

R thousand	Main Appropriation 2020/21	Medium-term baseline budgets			Ann. % growth 20/21-23/24
		2021/22	2022/23	2023/24	
1. Office of the Premier	800 198	775 388	812 290	848 031	2.0
2. Provincial Legislature	653 102	682 180	706 764	737 862	4.2
3. Agriculture and Rural Development	2 548 157	2 662 634	2 785 139	2 856 238	3.9
4. Economic Development, Tourism and Enviro. Affairs	3 346 813	3 489 635	3 650 507	3 811 129	4.4
5. Education	57 246 803	59 649 720	62 627 493	63 709 182	3.6
6. Provincial Treasury	718 763	749 437	785 279	819 831	4.5
7. Health	48 057 681	50 892 076	53 394 118	53 594 176	3.7
8. Human Settlements	3 929 897	3 629 485	3 775 130	3 971 846	0.4
9. Community Safety and Liaison	249 103	251 506	263 532	275 127	3.4
10. Sport and Recreation	481 217	502 219	525 077	556 269	4.9
11. Co-operative Governance and Traditional Affairs	1 879 146	1 957 001	2 050 847	2 141 084	4.4
12. Transport	11 635 486	11 619 298	12 090 463	12 383 752	2.1
13. Social Development	3 836 327	3 965 056	4 174 669	4 109 847	2.3
14. Public Works	1 778 409	1 840 449	1 927 199	2 011 996	4.2
15. Arts and Culture	1 021 062	1 071 555	1 095 055	1 117 167	3.0
<b>Total</b>	<b>138 182 164</b>	<b>143 737 639</b>	<b>150 663 562</b>	<b>152 943 537</b>	<b>3.4</b>

#### 3.3.2 Summary of changes to baselines

The additional provincial equitable share allocations to departments and any budget cuts are summarised in Table 3.3. The detail can be found under each Vote's chapter in the *EPRE*.

**Table 3.3 : Summary of changes to allocations, 2021/22 MTEF**

	2021/22	2022/23	2023/24	2021/22	2022/23	2023/24
	R thousand			Percentage share		
<b>Vote 1 : Office of the Premier</b>	<b>26 852</b>	<b>(44 739)</b>	<b>(72 520)</b>	<b>(0.3)</b>	<b>0.3</b>	<b>0.3</b>
Fiscal Consolidation budget cut	(19 840)	(20 912)	(37 820)	0.2	0.1	0.2
Compensation of employees budget cut (wage freeze and fiscal consolidation)	(46 362)	(66 479)	(81 989)	0.5	0.4	0.4
Forensic Services function shift from Vote 6: Provincial Treasury	41 054	40 652	42 441	(0.4)	(0.2)	(0.2)
KZN Youth Empowerment Funds suspended from 20/21	50 000	-	-	(0.5)	-	-
Adjustment to outer year	-	-	2 848	-	-	(0.0)
District Champion of OSS/DDM responsibilities	2 000	2 000	2 000	(0.0)	(0.0)	(0.0)
<b>Vote 2 : Provincial Legislature</b>	<b>(54 395)</b>	<b>(62 442)</b>	<b>(88 433)</b>	<b>0.5</b>	<b>0.4</b>	<b>0.4</b>
Implementation of Job Evaluation results	-	8 000	8 000	-	(0.0)	(0.0)
Fiscal Consolidation budget cut	(19 892)	(20 967)	(37 921)	0.2	0.1	0.2
Compensation of employees budget cut (wage freeze and fiscal consolidation)	(34 503)	(49 475)	(61 018)	0.3	0.3	0.3
Adjustment to outer year	-	-	2 506	-	-	(0.0)
<b>Vote 3 : Agriculture and Rural Development</b>	<b>(135 335)</b>	<b>(284 014)</b>	<b>(376 943)</b>	<b>1.3</b>	<b>1.7</b>	<b>1.7</b>
Fiscal consolidation budget cut	(51 401)	(54 179)	(97 986)	0.5	0.3	0.4
Compensation of employees budget cut (wage freeze and fiscal consolidation)	(159 855)	(229 835)	(287 582)	1.6	1.4	1.3
KZN Economic Recovery Fund - Livestock	26 021	-	-	(0.3)	-	-
KZN Economic Recovery Fund - Food security	44 000	-	-	(0.4)	-	-
KZN Economic Recovery Fund - Transfer to ADA for River Valley Farm	5 900	-	-	(0.1)	-	-
Adjustment to outer year	-	-	8 625	-	-	(0.0)

### 3. Budget Process and Medium-Term Expenditure Framework

**Table 3.3 : Summary of changes to allocations, 2021/22 MTEF**

	2021/22	2022/23	2023/24	2021/22	2022/23	2023/24
	R thousand			Percentage share		
<b>Vote 4 : Economic Development, Tourism &amp; Enviro. Affairs</b>	<b>(153 040)</b>	<b>(243 914)</b>	<b>(376 418)</b>	<b>1.5</b>	<b>1.5</b>	<b>1.7</b>
Fiscal Consolidation budget cut	(145 048)	(152 886)	(276 504)	1.4	0.9	1.2
Compensation of employees budget cut (wage freeze and fiscal consolidation)	(64 876)	(93 028)	(114 732)	0.6	0.6	0.5
KZN Economic Recovery Fund - Operation Vula Fund programme	10 000	-	-	(0.1)	-	-
KZN Economic Recovery Fund - Transfer to EKZNW for road maintenance	44 884	-	-	(0.4)	-	-
Adjustment to outer year	-	-	12 818	-	-	(0.1)
District Champion of OSS/DDM responsibilities	2 000	2 000	2 000	-	-	-
<b>Vote 5 : Education</b>	<b>(6 590 991)</b>	<b>(9 359 565)</b>	<b>(11 504 336)</b>	<b>64.5</b>	<b>57.1</b>	<b>52.0</b>
Fiscal consolidation budget cut	(249 544)	(263 027)	(475 703)	2.4	1.6	2.2
Compensation of employees budget cut (wage freeze and fiscal consolidation)	(6 352 947)	(9 109 638)	(11 234 979)	62.2	55.6	50.8
Compensation of employees budget cut reversal due to CG COE	9 500	11 100	-	(0.1)	(0.1)	-
Adjustment to outer year	-	-	204 346	-	-	(0.9)
District Champion of OSS/DDM responsibilities	2 000	2 000	2 000	-	-	-
<b>Vote 6 : Provincial Treasury</b>	<b>(95 592)</b>	<b>(117 101)</b>	<b>(147 012)</b>	<b>0.9</b>	<b>0.7</b>	<b>0.7</b>
Fiscal consolidation budget cut	(17 347)	(18 285)	(33 069)	0.2	0.1	0.1
Compensation of employees budget cut (wage freeze and fiscal consolidation)	(49 524)	(71 014)	(87 582)	0.5	0.4	0.4
Forensic Services function shift to Vote 1: Office of the Premier	(41 054)	(40 652)	(42 441)	0.4	0.2	0.2
Municipal Interventions - funds moved from Vote 11: COGTA	10 333	10 850	11 327	(0.1)	(0.1)	(0.1)
Adjustment to outer year	-	-	2 753	-	-	-
District Champion of OSS/DDM responsibilities	2 000	2 000	2 000	-	-	-
<b>Vote 7 : Health</b>	<b>(2 071 287)</b>	<b>(5 163 581)</b>	<b>(7 124 543)</b>	<b>20.3</b>	<b>31.5</b>	<b>32.2</b>
Fiscal Consolidation budget cut	(586 973)	(618 688)	(1 118 940)	5.7	3.8	5.1
Compensation of employees budget cut (wage freeze and fiscal consolidation)	(3 450 783)	(4 948 157)	(6 152 596)	33.8	30.2	27.8
Compensation of employees budget cut reversal due to CG COE	327 526	401 264	-	(3.2)	(2.4)	-
Adjustment to outer year	-	-	144 993	-	-	(0.7)
Allocation for District Champion of OSS/DDM responsibilities	2 000	2 000	2 000	-	-	-
Covid-19 Support	1 636 943	-	-	(16.0)	-	-
<b>Vote 8 : Human Settlements</b>	<b>(30 919)</b>	<b>(46 093)</b>	<b>(78 748)</b>	<b>0.3</b>	<b>0.3</b>	<b>0.4</b>
Fiscal consolidation budget cut	(7 551)	(7 959)	(14 394)	0.1	0.0	0.1
Compensation of employees budget cut (wage freeze and fiscal consolidation)	(28 844)	(43 611)	(66 013)	0.3	0.3	0.3
Funds from FLISP sales etc. allocated to housing register and Youth Directorate	5 476	5 477	-	(0.1)	-	-
Adjustment to outer year	-	-	1 659	-	-	-
<b>Vote 9 : Community Safety and Liaison</b>	<b>(22 289)</b>	<b>(29 711)</b>	<b>(39 308)</b>	<b>0.2</b>	<b>0.2</b>	<b>0.2</b>
Fiscal consolidation budget cut	(6 919)	(6 238)	(11 283)	0.1	0.0	0.1
Compensation of employees budget cut (wage freeze and fiscal consolidation)	(16 370)	(23 473)	(28 949)	0.2	0.1	0.1
Adjustment to outer year	-	-	924	-	-	-
<b>Vote 10 : Sport and Recreation</b>	<b>(30 704)</b>	<b>(39 995)</b>	<b>(56 834)</b>	<b>0.3</b>	<b>0.2</b>	<b>0.3</b>
Fiscal Consolidation budget cut	(12 381)	(13 049)	(23 601)	0.1	0.1	0.1
Compensation of employees budget cut (wage freeze and fiscal consolidation)	(19 643)	(28 167)	(34 739)	0.2	0.2	0.2
Compensation of employees budget cut reversal due to CG COE	1 045	1 221	-	-	-	-
Adjustment to outer year	-	-	1 506	-	-	-
KZN Sport Awards sponsorship (collected in 2019/20)	275	-	-	-	-	-
<b>Vote 11 : Co-operative Governance and Traditional Affairs</b>	<b>(177 444)</b>	<b>(232 807)</b>	<b>(307 930)</b>	<b>1.7</b>	<b>1.4</b>	<b>1.4</b>
Fiscal Consolidation budget cut	(48 790)	(51 426)	(93 008)	0.5	0.3	0.4
Compensation of employees budget cut (wage freeze and fiscal consolidation)	(120 321)	(172 531)	(212 784)	1.2	1.1	1.0
Municipal interventions funds moved to Vote 6: Provincial Treasury	(10 333)	(10 850)	(11 327)	0.1	0.1	0.1
Adjustment to outer year	-	-	7 189	-	-	-
District Champion of OSS/DDM responsibilities	2 000	2 000	2 000	-	-	-
<b>Vote 12 : Transport</b>	<b>(343 375)</b>	<b>(268 884)</b>	<b>(1 000 231)</b>	<b>3.4</b>	<b>1.6</b>	<b>4.5</b>
Fiscal consolidation budget cut	(319 793)	(337 072)	(609 619)	3.1	2.1	2.8
Compensation of employees budget cut (wage freeze and fiscal consolidation)	(239 582)	(343 542)	(423 693)	2.3	2.1	1.9
Learner transport services - funds suspended from 2020/21	214 000	-	-	(2.1)	-	-
Allocation for shortfall in learner transport services	-	204 865	-	-	(1.2)	-
Adjustment to outer year	-	-	31 081	-	-	(0.1)
District Champion of OSS/DDM responsibilities	2 000	2 000	2 000	-	-	-
<b>Vote 13 : Social Development</b>	<b>(320 909)</b>	<b>(425 238)</b>	<b>(568 264)</b>	<b>3.1</b>	<b>2.6</b>	<b>2.6</b>
Fiscal consolidation budget cut	(94 205)	(99 295)	(179 583)	0.9	0.6	0.8
Compensation of employees budget cut (wage freeze and fiscal consolidation)	(228 704)	(327 943)	(404 455)	2.2	2.0	1.8
Adjustment to outer year	-	-	13 774	-	-	(0.1)
District Champion of OSS/DDM responsibilities	2 000	2 000	2 000	-	-	-
<b>Vote 14 : Public Works</b>	<b>(150 585)</b>	<b>7 056</b>	<b>(267 969)</b>	<b>1.5</b>	<b>(0.0)</b>	<b>1.2</b>
Fiscal Consolidation budget cut	(49 973)	(52 673)	(95 264)	0.5	0.3	0.4
Compensation of employees budget cut (wage freeze and fiscal consolidation)	(102 612)	(147 137)	(181 465)	1.0	0.9	0.8
Allocation for shortfall in municipal property rates	-	204 866	-	-	(1.2)	-
Adjustment to outer year	-	-	6 760	-	-	-
District Champion of OSS/DDM responsibilities	2 000	2 000	2 000	-	-	-
<b>Vote 15 : Arts and Culture</b>	<b>(61 942)</b>	<b>(79 045)</b>	<b>(113 852)</b>	<b>0.6</b>	<b>0.5</b>	<b>0.5</b>
Fiscal consolidation budget cut	(28 566)	(30 109)	(54 455)	0.3	0.2	0.2
Compensation of employees budget cut (wage freeze and fiscal consolidation)	(36 537)	(52 392)	(64 615)	0.4	0.3	0.3
Compensation of employees budget cut reversal due to CG COE	1 161	1 456	-	-	-	-
Adjustment to outer year	-	-	3 218	-	-	-
District Champion of OSS/DDM responsibilities	2 000	2 000	2 000	-	-	-
<b>Total</b>	<b>(10 211 955)</b>	<b>(16 390 073)</b>	<b>(22 123 341)</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>

Table 3.4 shows the revised budgets of departments for the 2021/22 MTEF, after taking into account all adjustments made. KZN's budget declines by 3.3 per cent in aggregate on 2021/22.

**Table 3.4 : Summary of revised budgets by Vote, 2021/22 MTEF**

R thousand/ percentage	Main Appropriation	Medium-term Estimates			Annual Percentage Growth		
	2020/21	2021/22	2022/23	2023/24	2021/22	2022/23	2023/24
1. Office of the Premier	800 198	802 240	767 551	775 511	0.3	(4.3)	1.0
2. Provincial Legislature	653 102	627 785	644 322	649 429	(3.9)	2.6	0.8
3. Agriculture and Rural Development	2 548 157	2 520 302	2 485 946	2 506 055	(1.1)	(1.4)	0.8
4. Economic Development, Tourism and Environmental Affairs	3 346 813	3 341 675	3 406 593	3 434 711	(0.2)	1.9	0.8
5. Education	57 246 803	53 184 040	53 254 018	53 850 861	(7.1)	0.1	1.1
6. Provincial Treasury	718 763	653 845	668 178	672 819	(9.0)	2.2	0.7
7. Health	48 057 681	48 412 269	47 482 126	47 304 974	0.7	(1.9)	(0.4)
8. Human Settlements	3 929 897	3 597 231	3 719 124	3 860 303	(8.5)	3.4	3.8
9. Community Safety and Liaison	249 103	233 378	233 821	235 819	(6.3)	0.2	0.9
10. Sport and Recreation	481 217	475 629	481 924	477 348	(1.2)	1.3	(0.9)
11. Co-operative Governance and Traditional Affairs	1 879 146	1 781 551	1 818 040	1 833 154	(5.2)	2.0	0.8
12. Transport	11 635 486	11 644 409	11 616 714	11 633 894	0.1	(0.2)	0.1
13. Social Development	3 836 327	3 698 571	3 749 431	3 789 702	(3.6)	1.4	1.1
14. Public Works	1 778 409	1 695 329	1 934 255	1 744 027	(4.7)	14.1	(9.8)
15. Arts and Culture	1 021 062	1 001 768	997 640	1 004 546	(1.9)	(0.4)	0.7
<b>Total</b>	<b>138 182 164</b>	<b>133 670 022</b>	<b>133 259 683</b>	<b>133 773 153</b>	<b>(3.3)</b>	<b>(0.3)</b>	<b>0.4</b>

## 4. RECEIPTS

### 4.1 National Fiscal Framework and Division of Revenue for the 2020/21 MTEF

#### 4.1.1 Background

The Division of Revenue Act (DORA) provides for the division of revenue between the three spheres of government on an annual basis, as per Section 214(1)(a) to (c) of the Constitution. In terms of Section 10(1) of the Intergovernmental Fiscal Relations Act, 1997, DORA must be tabled when the annual budget is tabled in the National Assembly. The Act also sets out the process to determine the equitable allocation of nationally raised revenue and sets out the consultation process to be followed, including consultation on recommendations made by the Financial and Fiscal Commission (FFC).

#### 4.1.2 Division of revenue and fiscal framework

##### 4.1.2.1 Fiscal policy and trends

The combination of low growth, high levels of debt and growing unemployment meant that South Africa was already on an unsustainable economic path before the Covid-19 pandemic. Real economic growth is projected at 3.3 per cent in 2021, with growth projected at 2.2 per cent in 2022. Consolidated government expenditure over the medium-term is projected to be R6.160 trillion, with reductions made in compensation spending from 2020/21 to 2023/24. The budget continues to prioritise social objectives to reduce poverty and inequality. Government's economic recovery plan includes a comprehensive health response to save lives and curb the spread of the pandemic, interventions to restore economic activity, as well as reforms to support a sustainable, resilient and inclusive economy. In the short-term, the plan focuses on high-impact reforms, including the expansion of electricity generation, creating jobs to sustain livelihoods, rolling out infrastructure and supporting manufacturing, localisation and beneficiation, which will be accelerated through the implementation of Operation Vulindlela.

##### 4.1.2.2 Division of revenue

Table 4.1 sets out the division of nationally raised revenue between the three spheres of government.

**Table 4.1 : Division of revenue between spheres of government, 2017/18 – 2023/24**

R million	Audited Outcome			Revised Estimate	Medium-term Estimates		
	2017/18	2018/19	2019/20	2020/21	2021/22	2022/23	2023/24
<b>National departments</b>	<b>555 643</b>	<b>592 640</b>	<b>634 322</b>	<b>739 463</b>	<b>757 725</b>	<b>768 870</b>	<b>797 832</b>
<i>Of which:</i>							
<i>Indirect transfers to provinces</i>	3 813	3 909	3 941	4 160	4 401	4 944	4 882
<i>Indirect transfers to local government</i>	7 803	7 887	7 024	6 865	7 055	8 200	8 481
<b>Provinces</b>	<b>538 553</b>	<b>571 954</b>	<b>613 450</b>	<b>628 311</b>	<b>639 469</b>	<b>643 343</b>	<b>646 824</b>
Equitable share	441 331	470 287	505 554	520 717	523 686	524 088	525 304
Conditional grants	97 222	101 667	107 896	107 594	115 783	119 255	121 520
<b>Local government</b>	<b>111 103</b>	<b>118 488</b>	<b>122 986</b>	<b>138 528</b>	<b>138 093</b>	<b>146 098</b>	<b>148 423</b>
Equitable share	55 614	60 758	65 627	84 483	77 999	83 085	83 570
Conditional grants	43 704	45 262	44 191	40 018	45 477	47 679	49 419
General fuel levy sharing with metros	11 785	12 469	13 167	14 027	14 617	15 335	15 433
Provisional allocation not assigned to Votes <sup>1</sup>	-	-	-	-	(7 786)	(16 077)	(34 887)
<b>Non-interest allocations</b>	<b>1 242 295</b>	<b>1 324 756</b>	<b>1 486 154</b>	<b>1 571 323</b>	<b>1 552 511</b>	<b>1 557 821</b>	<b>1 567 455</b>
<i>Percentage increase</i>	7.2%	6.6%	12.2%	5.7%	-1.2%	0.3%	0.6%
Debt-service costs	162 645	181 849	204 769	232 852	269 741	308 013	338 591
Contingency reserves	-	-	-	-	12 000	5 000	5 000
<b>Main budget expenditure</b>	<b>1 404 940</b>	<b>1 506 605</b>	<b>1 690 923</b>	<b>1 804 174</b>	<b>1 834 252</b>	<b>1 870 833</b>	<b>1 911 046</b>
<i>Percentage increase</i>	7.6%	7.2%	12.2%	6.7%	1.7%	2.0%	2.1%
<i>Percentage shares</i>							
National departments	47.7%	47.9%	50.4%	51.2%	49.5%	48.3%	48.2%
Provinces	43.4%	43.2%	41.3%	40.0%	41.5%	42.2%	42.2%
Local government	8.9%	8.9%	8.3%	8.8%	9.0%	9.6%	9.7%

Source: National Treasury

<sup>1</sup> Support to Eskom, amounts for budget facility for infrastructure projects and other provisional allocations

The budget was reprioritised taking into account the weaker than expected economic and fiscal environment, policy priorities, each sphere’s revenue-raising capacity and responsibilities, and input from various intergovernmental forums and the FFC, among others. Provincial and municipal governments face multiple pressures, such as providing schooling for growing population numbers and improving health services. Local government is expected to continue to expand access to free basic services for poor households and ensure that those that can afford to pay for services, do so.

Excluding debt-service costs and the contingency reserves, allocated expenditure shared between the three spheres amounts to R1.553 trillion, R1.558 trillion and R1.567 trillion over the MTEF. In 2021/22, national departments receive 49.5 per cent of available funds, provinces 41.5 per cent and local government 9 per cent. Of the total transfer to provinces in 2021/22, R523.686 billion is allocated to the PES and R115.783 billion is allocated to conditional grants.

Table 4.2 shows how the changes to the baselines are distributed across the three spheres of government.

**Table 4.2 : Changes to baselines, 2021/22 – 2022/23**

R million	2021/22	2022/23	Total	% Share
National departments	(5 566)	(61 546)	(67 112)	(31.0)
Provinces	(52 482)	(87 347)	(139 829)	(64.5)
Local government	(4 349)	(5 347)	(9 696)	(4.5)
<b>Increases/ (Decreases)</b>	<b>(62 397)</b>	<b>(154 239)</b>	<b>(216 637)</b>	<b>-</b>

The combined baseline decreases by R62.397 billion in 2021/22 and decreases by R154.239 billion in 2022/23, compared to indicative figures published in the 2020 MTBPS. The provincial baseline decreases by R52.482 billion and R87.347 billion in 2021/22 and 2022/23, respectively.

### 4.1.3 Provincial Equitable Share

Provincial revenue consists of the PES, conditional grants and Provincial Own Revenue. The PES is the main source of revenue for provinces and is allocated *via* a formula using objective data. The formula is largely population-driven, designed to ensure fair, stable and predictable revenue shares, and to address economic and fiscal disparities. Although the division is based on the equitable shares as outlined in Table 4.3, provinces have the prerogative to allocate funds in line with their specific provincial priorities.

The formula’s six components capture the relative demand for services across provinces and take into account specific provincial circumstances, as outlined in Table 4.3. The periodic review of the formula to assess its continued appropriateness and equity started in 2015 and is ongoing. During 2021/22, the review will focus on developing options for how the formula can account for rurality, revising and updating the risk-adjusted factor as part of a broader overhaul of the health component, developing options for how to account for the different funding needs of different types of schools and learners, as well as revising the poverty component in the formula.

**Table 4.3 : Equitable share components and weighting, 2021/22 MTEF**

Component	Share (weighting) %
<b>Education share</b> - based on the size of the school-age population (ages 5 - 17) and the number of learners (Grade R to 12) enrolled in public ordinary schools	48
<b>Health share</b> - based on each province’s risk profile and health system caseload	27
<b>Basic share</b> - derived from each province’s share of the total population of the country	16
<b>Institutional component</b> - divided equally among the provinces	5
<b>Poverty component</b> - based on income data and used to reinforce the redistributive bias of the formula	3
<b>Economic activity component</b> - based on the final GDP by Region (province) data	1

The formula is reviewed and updated with new data annually. For the 2021/22 MTEF, the formula was updated with data from StatsSA’s 2020 mid-year population estimates (2020 MYPE) on population and age cohorts and the 2020 preliminary data published by the Department of Basic Education on school enrolment from the Learner Unit Record Information and Tracking System (LURITS) database. Data from the health sector, the 2018 General Household Survey (GHS) for medical aid coverage and the Risk Equalisation Fund for the risk-adjusted capitation index is also used to update the formula. At the time of determining the equitable share for each province, the 2019 GHS was not published, so data from the 2018 GHS was used instead. Allocation changes tend to mirror shifts in population across provinces, which result in changes in the relative demand for public services across these areas. The impact of these



data updates are phased in over three years from 2021/22 to 2023/24, to ensure some stability in the revenue stream to allow for sound planning. The impact of the data updates on KZN is as follows:

***Education component (48 per cent)***

The education component has two sub-components, accounting for school-age population (5 to 17 years) and enrolment data. Each element is assigned a weight of 50 per cent. As a result of the review of the PES formula, the data used for the school-age population sub-component was changed. The use of StatsSA's annual mid-year population estimates for the 5 to 17 age cohort was phased in over three years, from 2019/20 to 2021/22. This data is updated annually, unlike the 2011 Census data, which was used to update the school-age population previously. This change is now fully phased in and the change will help to limit the shocks of updating the sub-component after a lag between Census updates. Despite the school enrolment in KZN increasing by 23 000 from 2020/21 to 2021/22, the weighted average was revised downward by 0.08 per cent, from 21.6 to 21.5 per cent.

***Health (27 per cent)***

The health component uses a risk-adjusted capitation index, using data from the Council for Medical Schemes' Risk Equalisation Fund and output data from public hospitals to estimate each province's share of the health component. These methods work together to balance needs (risk-adjusted capitation) and demands (output component). The percentage of the population with medical insurance, based on the 2018 GHS, is deducted from the 2020 MYPE to estimate the uninsured population per province. The risk-adjusted index, which is an index of each province's health risk profile, is applied to the uninsured population to estimate the weighted population, which is used to estimate the province's share of the risk-adjusted sub-component. The output sub-component uses patient load data from the District Health Information Services. The average number of visits to primary healthcare clinics in 2018/19 and 2019/20 is calculated to estimate each province's share, which makes up 5 per cent of the health component. For hospitals, each province's share of the total patient-day equivalents at public hospitals in 2018/19 and 2019/20 is used to estimate their share of this part of the output sub-component, making up 20 per cent of the health component. In total, the output component is 25 per cent of the health component. The composite result of data updates applied to the health component result in an increase in the weighted share to 20.6 per cent in 2021, an increase of 0.09 per cent.

***Basic component (16 per cent)***

The basic component is derived from the province's proportion of the national population. The updated data from the 2020 MYPE shows that KZN's population decreased by 243 000, to 11.532 million.

***Institutional component (5 per cent)***

The institutional component recognises that some costs associated with running a provincial government and providing services are not directly related to the size of the population and other factors included in the other PES components. Hence, the institutional component is distributed equally between the nine provinces, with each province receiving 11.1 per cent.

***Poverty component (3 per cent)***

The poverty component introduces a redistributive element to the formula and is assigned a weight of 3 per cent. The estimated size of the poor population in each province is calculated by multiplying the proportion that fall into the poorest 40 per cent of households as per the 2010/11 Income and Expenditure Survey by the population figure for the province from the 2020 MYPE. The proportion of poor households in KZN from the 2010/11 Income and Expenditure Survey is 45.3 per cent. Based on the data updates, the poor population represents a weighted share of 22 per cent, up by 0.2 per cent from 2020.

***Economic activity component (1 per cent)***

The economic activity component is a proxy for provincial tax capacity and expenditure assignments and, for the 2021/22 MTEF, 2018 GDP-R data is used. KZN's weighted share of the economic activity component decreases by 0.1 per cent, to 16 per cent.

***Phasing in of changes to the data updates***

Table 4.4 shows the full impact of the data updates on the PES per province. It compares the shares for the 2020/21 and 2021/22 MTEF periods. The weighted average share of KZN decreased by 0.02 per cent from the 2020/21 to the 2021/22 MTEF.

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

Percentage	2020/21 MTEF weighted average	2021/22 MTEF weighted average	Difference
Eastern Cape	13.0%	12.7%	-0.2%
Free State	5.5%	5.5%	0.0%
Gauteng	21.4%	21.7%	0.3%
<b>KwaZulu-Natal</b>	<b>20.3%</b>	<b>20.4%</b>	<b>0.0%</b>
Limpopo	11.5%	11.3%	-0.2%
Mpumalanga	8.2%	8.2%	0.0%
Northern Cape	2.6%	2.6%	0.0%
North West	7.0%	7.1%	0.0%
Western Cape	10.4%	10.5%	0.1%
<b>Total</b>	<b>100.0%</b>	<b>100.0%</b>	<b>0.0%</b>

To mitigate the impact of annual data updates, the new shares are phased in. Table 4.5 shows that KZN receives 20.3 per cent of the PES in 2023/24, down from the indicative 20.5 per cent in 2021/22.

**Table 4.5 : Implementation of the equitable share weights, 2021/22 – 2023/24**

Percentage	2021/22	2021/22	2022/23	2023/24
	Indicative weighted shares from 2020/21 MTEF	2021 MTEF weighted shares 3-year phasing		
Eastern Cape	13.1%	13.0%	12.9%	12.7%
Free State	5.6%	5.5%	5.5%	5.5%
Gauteng	21.1%	21.3%	21.5%	21.7%
<b>KwaZulu-Natal</b>	<b>20.5%</b>	<b>20.5%</b>	<b>20.4%</b>	<b>20.3%</b>
Limpopo	11.5%	11.5%	11.4%	11.3%
Mpumalanga	8.2%	8.2%	8.2%	8.2%
Northern Cape	2.6%	2.7%	2.7%	2.7%
North West	7.0%	7.0%	7.0%	7.1%
Western Cape	10.3%	10.4%	10.5%	10.5%
<b>Total</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>

Table 4.6 reflects the weighted share distribution of each of the PES formula's components, given the weighted average share of 20.4 per cent for KZN when the data updates are implemented fully over the MTEF. The phase-in mechanism provides a smooth path to achieving these new weighted shares by the third year of the MTEF.

**Table 4.6 : Distributing the equitable shares by province, 2021/22 MTEF**

Percentage	Education	Health	Basic share	Poverty	Economic activity	Institu- tional	Weighted average
	<b>48.0%</b>	<b>27.0%</b>	<b>16.0%</b>	<b>3.0%</b>	<b>1.0%</b>	<b>5.0%</b>	<b>100%</b>
Eastern Cape	13.7%	12.2%	11.3%	14.8%	7.7%	11.1%	12.7%
Free State	5.3%	5.4%	4.9%	5.1%	5.0%	11.1%	5.5%
Gauteng	19.9%	24.2%	26.0%	18.8%	34.3%	11.1%	21.7%
<b>KwaZulu-Natal</b>	<b>21.5%</b>	<b>20.6%</b>	<b>19.3%</b>	<b>22.0%</b>	<b>16.0%</b>	<b>11.1%</b>	<b>20.4%</b>
Limpopo	12.6%	9.9%	9.8%	13.0%	7.4%	11.1%	11.3%
Mpumalanga	8.3%	7.4%	7.8%	9.3%	7.5%	11.1%	8.2%
Northern Cape	2.3%	2.1%	2.2%	2.2%	2.1%	11.1%	2.6%
North West	6.8%	6.8%	6.9%	8.3%	6.4%	11.1%	7.1%
Western Cape	9.8%	11.4%	11.8%	6.5%	13.6%	11.1%	10.5%
<b>Total</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>

Table 4.7 depicts the revisions to KZN's PES for the 2021/22 MTEF.

**Table 4.7 : Revisions to the KZN PES – 2021/22 MTEF**

R thousand	2021/22 MTEF			Total Revisions
	2021/22	2022/23	2023/24	
PES as per 2020/21 MTEF allocation letter <sup>1</sup>	117 754 878	123 544 256	119 852 600	361 151 734
Adjustments to baseline due to data updates in PES formula (phased-in from 2020/21)	(335 548)	417 731	89 043	171 226
<b>Total: Technically adjusted PES before adjustments to baselines</b>	<b>117 419 330</b>	<b>123 961 987</b>	<b>119 941 643</b>	<b>361 322 960</b>
<b>Adjustments to baseline</b>	<b>(10 292 931)</b>	<b>(17 033 993)</b>	<b>(13 046 638)</b>	<b>(40 373 562)</b>
Less: Compensation of employees wage freeze reductions (2020/21 MTEF)	(7 501 156)	(9 211 270)	-	(16 712 426)
Less: Compensation of employees fiscal consolidation reduction (2021/22 MTEF)	(3 461 705)	(6 508 630)	(9 894 665)	(19 865 000)
Less: Non-compensation of employees fiscal consolidation reduction (2021/22 MTEF)	(1 317 645)	(1 742 612)	(3 151 973)	(6 212 230)
Plus: Compensation of employees reduction reversal	350 632	428 519	-	779 151
Plus: Covid-19 Support (Health Sector)	1 636 943	-	-	1 636 943
<b>Total PES for 2021/22 MTEF<sup>2</sup></b>	<b>107 126 399</b>	<b>106 927 994</b>	<b>106 895 005</b>	<b>320 949 398</b>
Variance 2020/21 MTEF vs 2021/22 MTEF	(10 628 479)	(16 616 262)	(12 957 595)	(40 202 336)

<sup>1</sup>Total PES Baseline for 2023/24 was calculated using the 2022/23 baseline after taking into consideration the wage freeze reduction

<sup>2</sup>Included are funds for Food relief, GBV and STI, Infrastructure Dev. Improvement Prog., Municipal interventions, Sanitary Dignity project, Social Worker conditional grant and Social Worker addition

The PES is revised downward by a total of R10.628 billion in 2021/22, compared to the 2020/21 MTEF, which is the net effect of adjustments to the PES due to data updates, wage freeze reductions, fiscal consolidation reductions, plus additions relating to Covid-19 support for the Health sector.

***Adjustment to baseline due to impact of data updates in the PES formula (R171.226 million)***

As discussed, the PES formula was updated with new data, to be phased in over three years from 2021/22, and sees KZN losing R335.548 million in 2021/22, after which the province gains R417.731 million and R89.043 million in 2022/23 and 2023/24.

***Adjustment to baseline in respect of Compensation of employees wage freeze reductions (R16.712 billion)***

Reductions in respect of the *Compensation of employees* (COE) wage freeze amount to R7.501 billion in 2021/22 and R9.211 billion in 2022/23. This reduction is based on the assumption that there will be no annual increments given to public servants.

***Adjustment to baseline in respect of Compensation of employees fiscal consolidation reductions (R19.865 billion)***

The COE fiscal consolidation decreases the 2021/22 baseline by R3.462 billion, R6.509 billion and R9.895 billion over the MTEF. The reduction anticipates that the headcount numbers of provinces will reduce significantly over the MTEF.

***Adjustments to baseline in respect of non-Compensation of employees fiscal consolidation (R6.212 billion)***

Reductions of R1.318 billion, R1.743 billion and R3.152 billion are made over the MTEF in respect of fiscal consolidation in relation to non-COE items, to aid the fiscal sustainability of the country.

***Adjustment to baseline to accommodate reversal of the Compensation of employees reduction (R779.151 million)***

The baseline increases by R350.632 million and R428.519 million in 2021/22 and 2022/23, respectively, to reverse the COE components of conditional grants which were incorrectly included in the cuts made to the PES, whereas the reductions should have been accounted for in conditional grants that fund COE.

***Adjustment to baseline toward Covid-19 support for the Health sector (R1.637 billion)***

The baseline is adjusted upward by R1.637 billion to assist provinces to cover costs associated with the Health sector's response to the Covid-19 pandemic.

***Total transfers to provinces***

Table 4.8 reflects total transfers to the nine provinces for 2021/22, after the revisions. KZN receives the second highest share of PES at R107.126 billion, after GP, which now receives the highest share of PES and conditional grant funding. KZN receives conditional grants amounting to R22.734 billion. In total, KZN receives transfers of R129.861 billion in 2021/22.

**Table 4.8 : Total transfers to provinces, 2021/22**

R million	Equitable share	Conditional grants	Total transfers
Eastern Cape	68 060	13 296	81 357
Free State	29 055	8 459	37 514
Gauteng	111 429	24 968	136 398
<b>KwaZulu-Natal</b>	<b>107 126</b>	<b>22 734</b>	<b>129 861</b>
Limpopo	60 028	10 523	70 551
Mpumalanga	42 828	8 913	51 741
Northern Cape	13 919	4 685	18 604
North West	36 793	8 222	45 014
Western Cape	54 448	13 530	67 978
Unallocated	-	451	451
<b>Total</b>	<b>523 686</b>	<b>115 783</b>	<b>639 469</b>

#### 4.1.4 Conditional grants to provinces

Table 4.9 reflects the conditional grant baseline at a national level from 2020/21 to 2023/24. Taking into account the slow economic growth projections and the high debt-service costs, cuts were effected to the baselines of a number of poor performing conditional grants. Grants directly linked to service delivery were largely protected from the cuts. More detailed information for each grant is provided in the chapter in the *EPRE* that deals with the relevant Vote. Where no amendments were made to the structure of the grants, or where they merely are adjusted for inflation or fiscal consolidation, these are not discussed here. Direct conditional grant baselines total R115.783 billion in 2021/22, R119.255 billion in 2022/23

and R121.520 billion in 2023/24. Indirect conditional grants amount to R4.401 billion, R4.944 billion and R4.882 billion, respectively, for each year of the same period.

**Table 4.9 : Conditional grants to provinces 2020/21 – 2023/24**

R million	Adj. Budget	Medium-term Estimates			MTEF Total
	2020/21	2021/22	2022/23	2023/24	
<b>Agriculture, Land Reform and Rural Development</b>	<b>1 695</b>	<b>2 238</b>	<b>2 287</b>	<b>2 325</b>	<b>6 850</b>
Comprehensive Agricultural Support Programme grant	1 191	1 558	1 592	1 618	4 768
Ilima/Letsema Projects grant	423	597	610	620	1 828
Land Care grant	81	83	85	86	255
<b>Basic Education</b>	<b>17 216</b>	<b>20 701</b>	<b>21 649</b>	<b>22 583</b>	<b>64 932</b>
Education Infrastructure grant	8 787	11 689	12 229	12 768	36 687
HIV and AIDS (Life-Skills Education) grant	187	242	241	242	725
Learners with Profound Intellectual Disabilities grant	243	243	249	260	753
Maths, Science and Technology grant	333	412	425	433	1 270
National School Nutrition Programme grant	7 666	8 115	8 504	8 879	25 498
<b>Co-operative Governance</b>	<b>138</b>	<b>140</b>	<b>145</b>	<b>146</b>	<b>431</b>
Provincial Disaster Relief grant	138	140	145	146	431
<b>Health</b>	<b>52 107</b>	<b>52 062</b>	<b>53 068</b>	<b>52 617</b>	<b>157 747</b>
HIV, TB, Malaria, Community Outreach and HPV Vaccine grant	27 222	27 585	27 910	27 090	82 585
Health Facility Revitalisation grant	6 315	6 445	6 886	7 235	20 566
National Tertiary Services grant	14 013	13 708	14 000	14 024	41 732
National Health Insurance grant	246	269	272	272	813
Human Resources and Training grant	4 309	4 054	3 999	3 997	12 050
<b>Human Settlements</b>	<b>15 454</b>	<b>17 604</b>	<b>18 305</b>	<b>19 112</b>	<b>55 020</b>
Human Settlements Development grant	14 892	13 403	13 858	14 469	41 730
Title Deeds Restoration grant	163	-	-	-	-
Provincial Emergency Housing grant	400	311	326	340	977
Informal Settlements Upgrading Partnership Grant for Provinces	-	3 890	4 121	4 303	12 314
<b>Public Works</b>	<b>834</b>	<b>837</b>	<b>858</b>	<b>861</b>	<b>2 556</b>
EPWP Integrated Grant for Provinces	421	422	433	435	1 290
Social Sector EPWP Incentive Grant for Provinces	414	414	425	426	1 266
<b>Social Development</b>	<b>1 411</b>	<b>1 057</b>	<b>1 192</b>	<b>1 242</b>	<b>3 491</b>
Early Childhood Development grant	1 411	1 057	1 192	1 242	3 491
<b>Sport, Arts and Culture</b>	<b>1 521</b>	<b>2 087</b>	<b>2 156</b>	<b>2 175</b>	<b>6 417</b>
Community Library Services grant	1 153	1 496	1 554	1 571	4 620
Mass Participation and Sport Development grant	368	591	602	604	1 797
<b>Transport</b>	<b>17 217</b>	<b>19 057</b>	<b>19 596</b>	<b>20 460</b>	<b>59 113</b>
Provincial Roads Maintenance grant	10 467	11 937	12 506	13 057	37 499
Public Transport Operations grant	6 750	7 121	7 090	7 403	21 614
<b>Total direct conditional allocations</b>	<b>107 594</b>	<b>115 783</b>	<b>119 255</b>	<b>121 520</b>	<b>356 558</b>
<b>Indirect transfers</b>	<b>4 160</b>	<b>4 401</b>	<b>4 944</b>	<b>4 882</b>	<b>14 227</b>
<b>Agriculture, Land Reform and Rural Development</b>	<b>36</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
Ilima/Letsema Indirect grant	36	-	-	-	-
<b>Basic Education</b>	<b>2 415</b>	<b>2 284</b>	<b>2 403</b>	<b>2 079</b>	<b>6 765</b>
School Infrastructure Backlogs Indirect grant	2 415	2 284	2 403	2 079	6 765
<b>Health</b>	<b>1 710</b>	<b>2 118</b>	<b>2 541</b>	<b>2 803</b>	<b>7 462</b>
National Health Insurance Indirect grant	1 710	2 118	2 541	2 803	7 462

### ***Agriculture, Land Reform and Rural Development***

An indirect Ilima/Letsema Projects grant was created in the 2019/20 Adjustments Budget, to make provision for the Department of Agriculture, Land Reform and Rural Development to pay the Human Sciences Research Council directly for a National Food and Nutrition Survey that is being conducted on behalf of provinces. The funds for the Ilima/Letsema Indirect grant are discontinued from 2021/22.

### ***Health***

In response to the ongoing Covid-19 pandemic, a new Covid-19 component was created in the HIV, TB, Malaria and Community Outreach grant in the 2020 Special Adjustments budget. The country is rolling out vaccines as widely as possible during 2021, with the aim of achieving population immunity through vaccinations in three phases over the next 12 months. The National Department of Health (NDOH) will co-ordinate the vaccination campaign and be responsible for procuring and distributing vaccines across the country, whereas provincial departments will be responsible for administering the vaccines. To this end, R9 billion is allocated over two years, split between the national and provincial DOH. NDOH is allocated R6.600 billion for procuring and distributing the vaccine, and provinces are allocated R2.400 billion for the administration of the vaccine to subsidise the service delivery costs. Two new components for Mental Health Services and Oncology are introduced in the grant in 2021/22, with funds reprioritised from the National Health Insurance: Personal Services component. The grant amounts to R82.585 billion over the MTEF.

The name for the Statutory Human Resources Training and Development grant has changed to the Human Resources and Training grant, with a Training component and a Statutory Human Resources component. The Training component funds the training of health sciences professionals, including specialists, registrars and their supervisors, whereas the Statutory Human Resources component funds intern and community service posts, as well as some posts previously funded from the equitable share. An amount of R140 million was reprioritised from the Health Facility Revitalisation grant and the NHI Indirect grant towards the Human Resources and Training grant to fund the shortfall of appointing medical interns funded within the conditional grant. Over the MTEF, the grant's baseline is R12.050 billion.

### Human Settlements

The Informal Settlements Upgrading Partnership Grant for Provinces, to upgrade informal settlements in partnership with communities, is a new stand-alone grant, and is allocated R12.314 billion over the MTEF.

The Human Settlements Development grant (HSDG) previously had funds ring-fenced for the eradication of the pre-2014 title deeds registration backlog. The grant came to an end in 2020/21, and was incorporated back into the HSDG for 2021/22. Over the MTEF, R41.730 billion is allocated to this grant.

## 4.2 Provincial receipts

### 4.2.1 Overall provincial position

Table 4.10 shows the actual and projected total revenue for 2017/18 to 2023/24, while *Annexure I.A* provides more detail.

**Table 4.10 : Analysis of total receipts**

	Audited Outcome			Adjusted Appropriation	Medium-term Estimates			Average Annual Growth	
	2017/18	2018/19	2019/20	2020/21	2021/22	2022/23	2023/24	2017/18-2020/21	2020/21-2023/24
<b>R thousand</b>									
Transfers from national	113 120 179	119 494 354	127 607 051	129 007 604	129 860 858	129 735 265	130 104 425		
Equitable share	93 756 530	99 263 681	106 014 289	107 607 567	107 126 399	106 927 994	106 895 005		
Conditional grants	19 363 649	20 230 673	21 592 762	21 400 037	22 734 459	22 807 271	23 209 420		
Own revenue	3 334 730	3 579 209	3 847 536	3 652 929	3 721 916	3 885 070	4 057 501		
<b>Total receipts</b>	<b>116 454 909</b>	<b>123 073 563</b>	<b>131 454 587</b>	<b>132 660 533</b>	<b>133 582 774</b>	<b>133 620 335</b>	<b>134 161 926</b>		
<b>% of total revenue</b>									
Transfers from national	97.1	97.1	97.1	97.2	97.2	97.1	97.0		
Equitable share	80.5	80.7	80.6	81.1	80.2	80.0	79.7		
Conditional grants	16.6	16.4	16.4	16.1	17.0	17.1	17.3		
Own revenue	2.9	2.9	2.9	2.8	2.8	2.9	3.0		
<b>Nominal growth (%)</b>									
Transfers from national		5.6	6.8	1.1	0.7	(0.1)	0.3	4.5	0.3
Equitable share		5.9	6.8	1.5	(0.4)	(0.2)	(0.0)	4.7	(0.2)
Conditional grants		4.5	6.7	(0.9)	6.2	0.3	1.8	3.4	2.7
Own revenue		7.3	7.5	(5.1)	1.9	4.4	4.4	3.1	3.6
<b>Total</b>		<b>5.7</b>	<b>6.8</b>	<b>0.9</b>	<b>0.7</b>	<b>0.0</b>	<b>0.4</b>	<b>4.4</b>	<b>0.4</b>
<b>Real growth (%)</b>									
Transfers from national		0.1	2.5	(1.5)	(3.5)	(4.2)	(3.9)	0.6	(3.9)
Equitable share		0.4	2.5	(1.1)	(4.5)	(4.3)	(4.3)	0.9	(4.4)
Conditional grants		(1.0)	2.4	(3.4)	1.9	(3.8)	(2.5)	(0.4)	(1.5)
Own revenue		1.7	3.2	(7.5)	(2.3)	0.1	0.0	(0.7)	(0.7)
<b>Total receipts</b>		<b>0.2</b>	<b>2.5</b>	<b>(1.6)</b>	<b>(3.4)</b>	<b>(4.1)</b>	<b>(3.8)</b>	<b>0.6</b>	<b>(3.8)</b>

The national transfers received by the province decrease from 97.2 to 97 per cent of the total provincial receipts over the MTEF. The PES, which makes up the bulk of the national transfers, declines from 80.2 to 79.7 per cent due to the budget cuts. In monetary terms, the national transfers received as PES amount to R107.126 billion, R106.928 billion and R106.895 billion over the MTEF. Conditional grant funding provides a further R22.734 billion, R22.807 billion and R23.209 billion. The balance of the total receipts is from Provincial Own Revenue which is revenue collected by provincial departments, which grows marginally over the MTEF. It contributes 2.8 per cent, 2.9 per cent and 3 per cent over the MTEF. Overall total receipts show negative real growth of 3.8 per cent from 2020/21 to 2023/24 due to the budget cuts.

### 4.2.2 Provincial Equitable Share

The weighting of the various PES components is a policy decision that takes a number of factors into account, and this is discussed in more detail in Section 4.1.3 of this chapter.

### 4.2.3 National conditional grants

Table 4.11 shows conditional grant transfers per Vote and more detail is given in *Annexure I.C*.

**Table 4.11 : Summary of national conditional grant transfers by Vote**

R thousand	Audited Outcome			Main	Adjusted	Revised	Medium-term Estimates		
	2017/18	2018/19	2019/20	Appropriation	Appropriation	Estimate	2021/22	2022/23	2023/24
<b>Vote 3 : Agriculture and Rural Development</b>	<b>297 432</b>	<b>324 412</b>	<b>288 413</b>	<b>297 027</b>	<b>236 556</b>	<b>236 556</b>	<b>305 573</b>	<b>307 138</b>	<b>312 170</b>
CASP grant	209 598	223 975	199 351	206 446	161 086	161 086	214 053	218 604	222 175
Ilima/Letsema Projects grant	67 356	71 263	71 802	73 233	54 273	54 273	73 799	75 424	76 685
Land Care grant	12 012	21 866	12 418	12 701	12 550	12 550	13 022	13 110	13 310
EPWP Integrated Grant for Provinces	8 466	7 308	4 842	4 647	4 647	4 647	4 699	-	-
Provincial Disaster Relief grant	-	-	-	-	4 000	4 000	-	-	-
<b>Vote 4 : Econ. Dev., Tourism and Environ. Affairs</b>	<b>6 149</b>	<b>3 740</b>	<b>5 529</b>	<b>4 988</b>	<b>4 988</b>	<b>4 988</b>	<b>5 080</b>	-	-
EPWP Integrated Grant for Provinces	6 149	3 740	5 529	4 988	4 988	4 988	5 080	-	-
<b>Vote 5 : Education</b>	<b>3 913 370</b>	<b>3 727 672</b>	<b>4 094 367</b>	<b>3 899 453</b>	<b>3 382 078</b>	<b>3 382 078</b>	<b>4 144 628</b>	<b>4 195 275</b>	<b>4 366 483</b>
Education Infrastructure grant (EIG)	2 333 142	2 016 435	2 287 162	1 996 182	1 498 964	1 498 964	2 120 492	2 137 060	2 230 004
HIV and AIDS (Life-Skills Education) grant	56 115	58 922	62 155	62 450	47 362	47 362	61 450	61 095	62 910
National School Nutrition Programme (NSNP) grant	1 450 087	1 534 878	1 621 291	1 717 512	1 717 512	1 717 512	1 831 602	1 893 312	1 967 842
Maths, Science and Technology (MST) grant	61 660	61 203	64 638	65 701	60 632	60 632	67 855	70 244	71 193
Learners with Profound Intellectual Disabilities grant	5 558	27 230	32 279	32 586	32 586	32 586	32 576	33 564	34 534
Social Sector EPWP Incentive Grant for Provinces	4 808	27 004	24 814	22 842	22 842	22 842	28 543	-	-
EPWP Integrated Grant for Provinces	2 000	2 000	2 028	2 180	2 180	2 180	2 110	-	-
<b>Vote 7 : Health</b>	<b>8 085 518</b>	<b>9 303 113</b>	<b>9 770 858</b>	<b>10 401 135</b>	<b>11 030 568</b>	<b>11 030 568</b>	<b>11 011 186</b>	<b>11 244 300</b>	<b>11 156 448</b>
HIV, TB, Malaria, Community Outreach & HPV grant	4 852 495	5 677 225	5 840 629	6 453 923	6 898 890	6 898 890	7 160 537	7 276 975	7 118 208
Health Facility Revitalisation grant	1 149 355	1 401 988	1 353 497	1 271 414	1 271 414	1 271 414	1 247 730	1 347 141	1 408 145
Health Professionals Training and Development grant	331 944	351 197	370 863	-	-	-	-	-	-
National Tertiary Services grant	1 696 266	1 794 649	1 895 149	2 015 775	2 015 775	2 015 775	1 955 628	1 997 372	2 000 300
National Health Insurance grant	-	-	55 376	55 290	60 290	60 290	50 415	50 842	50 860
Human Papillomavirus Vaccine grant	-	44 976	32 303	-	-	-	-	-	-
EPWP Integrated Grant for Provinces	8 400	8 896	10 313	10 903	10 903	10 903	12 689	-	-
Social Sector EPWP Incentive Grant for Provinces	47 058	24 182	20 998	-	-	-	21 228	-	-
Human Resources Capacitaion grant	-	-	191 730	-	-	-	-	-	-
Human Resources and Training grant	-	-	-	593 830	634 378	634 378	562 959	571 970	578 935
Provincial Disaster Relief grant	-	-	-	-	138 918	138 918	-	-	-
<b>Vote 8 : Human Settlements</b>	<b>3 683 192</b>	<b>3 365 663</b>	<b>3 850 552</b>	<b>3 496 841</b>	<b>3 069 141</b>	<b>3 069 141</b>	<b>3 176 545</b>	<b>3 294 387</b>	<b>3 447 505</b>
Human Settlements Development grant	3 677 567	3 252 757	3 583 907	3 379 057	3 020 763	3 020 763	2 455 021	2 537 519	2 657 279
Title Deeds Restoration grant	-	101 422	100 612	106 146	36 740	36 740	-	-	-
EPWP Integrated Grant for Provinces	5 625	11 484	15 090	11 638	11 638	11 638	7 149	-	-
Provincial Emergency Housing grant	-	-	151 243	-	-	-	-	-	-
Informal Sett. Upgrading Part. Grant for Prov.	-	-	-	-	-	-	714 375	756 868	790 226
<b>Vote 9 : Community Safety and Liaison</b>	<b>1 487</b>	<b>10 321</b>	<b>7 007</b>	<b>7 891</b>	<b>7 891</b>	<b>7 891</b>	<b>4 161</b>	-	-
Social Sector EPWP Incentive Grant for Provinces	1 487	10 321	7 007	7 891	7 891	7 891	4 161	-	-
<b>Vote 10 : Sport and Recreation</b>	<b>112 592</b>	<b>102 151</b>	<b>107 120</b>	<b>88 023</b>	<b>38 219</b>	<b>38 219</b>	<b>96 317</b>	<b>92 726</b>	<b>86 105</b>
Mass Participation and Sport Development grant	98 427	98 739	104 673	88 023	38 219	38 219	94 208	92 726	86 105
EPWP Integrated Grant for Provinces	2 000	2 000	-	-	-	-	-	-	-
Social Sector EPWP Incentive Grant for Provinces	12 165	1 412	2 447	-	-	-	2 109	-	-
<b>Vote 11 : Co-op. Governance and Traditional Affairs</b>	<b>3 338</b>	<b>15 880</b>	<b>3 858</b>	<b>2 777</b>	<b>2 777</b>	<b>2 777</b>	<b>1 994</b>	-	-
EPWP Integrated Grant for Provinces	3 338	4 552	3 858	2 777	2 777	2 777	1 994	-	-
Provincial Disaster Recovery grant	-	11 328	-	-	-	-	-	-	-
<b>Vote 12 : Transport</b>	<b>2 934 054</b>	<b>3 009 461</b>	<b>3 122 557</b>	<b>3 386 027</b>	<b>3 152 805</b>	<b>3 152 805</b>	<b>3 526 389</b>	<b>3 240 182</b>	<b>3 394 432</b>
Provincial Roads Maintenance grant	1 828 970	1 826 745	1 882 781	2 076 547	1 843 325	1 843 325	2 138 225	1 930 879	2 027 423
Public Transport Operations grant	1 071 439	1 106 154	1 168 099	1 246 362	1 246 362	1 246 362	1 314 912	1 309 303	1 367 009
EPWP Integrated Grant for Provinces	33 645	76 562	71 677	63 118	63 118	63 118	73 252	-	-
<b>Vote 13 : Social Development</b>	<b>144 836</b>	<b>185 840</b>	<b>150 948</b>	<b>241 585</b>	<b>331 483</b>	<b>331 483</b>	<b>269 589</b>	<b>246 758</b>	<b>257 227</b>
Social Sector EPWP Incentive Grant For Provinces	19 498	13 490	34 913	48 148	48 148	48 148	42 558	-	-
Early Childhood Development grant	71 879	109 519	116 035	193 437	283 335	283 335	227 031	246 758	257 227
Social Worker Employment grant	53 459	57 855	-	-	-	-	-	-	-
Provincial Disaster Recovery grant	-	4 976	-	-	-	-	-	-	-
<b>Vote 14 : Public Works</b>	<b>6 588</b>	<b>6 023</b>	<b>4 726</b>	<b>4 243</b>	<b>4 243</b>	<b>4 243</b>	<b>5 465</b>	-	-
EPWP Integrated Grant for Provinces	6 588	6 023	4 726	4 243	4 243	4 243	5 465	-	-
<b>Vote 15 : Arts and Culture</b>	<b>175 093</b>	<b>176 397</b>	<b>186 527</b>	<b>181 072</b>	<b>143 288</b>	<b>143 288</b>	<b>187 532</b>	<b>186 505</b>	<b>189 050</b>
Community Library Services grant	173 093	174 397	184 417	181 072	143 288	143 288	185 572	186 505	189 050
EPWP Integrated Grant for Provinces	2 000	2 000	2 110	-	-	-	1 960	-	-
<b>Total</b>	<b>19 363 649</b>	<b>20 230 673</b>	<b>21 592 762</b>	<b>22 011 062</b>	<b>21 400 037</b>	<b>21 400 037</b>	<b>22 734 459</b>	<b>22 807 271</b>	<b>23 209 420</b>

National conditional grants aim to promote national priorities. Several conditional grants were introduced over the years with varying purposes, conditions and outcomes. Conditional grants are ring-fenced for specific purposes. The conditional grant allocation for KZN grows from R22.734 billion in 2021/22 to R23.209 billion in 2023/24. The detail is provided in each department's chapter in the *EPRE*.

#### 4.2.4 Total provincial own receipts (own revenue)

Table 4.12 summarises Provincial Own Revenue by economic classification. The bulk of Provincial Own Revenue is collected against *Tax receipts* which comprises *Motor vehicle licences*, *Casino taxes*, *Horse racing taxes* and *Liquor licences*.

**Table 4.12 : Summary of provincial own receipts**

R thousand	Audited Outcome			Main Appropriation	Adjusted Appropriation 2020/21	Revised Estimate	Medium-term Estimates		
	2017/18	2018/19	2019/20				2021/22	2022/23	2023/24
Tax receipts	2 294 006	2 424 087	2 591 366	2 522 864	2 522 864	2 318 672	2 679 137	2 790 818	2 912 481
Casino taxes	525 489	552 199	604 611	531 391	531 391	208 367	560 618	587 528	613 379
Horse racing taxes	85 134	85 127	94 221	83 973	83 973	106 997	88 592	92 844	96 929
Liquor licences	25 352	23 226	26 112	27 500	27 500	27 500	29 013	30 406	31 744
Motor vehicle licences	1 658 031	1 763 535	1 866 422	1 880 000	1 880 000	1 975 808	2 000 914	2 080 040	2 170 429
Sale of goods and services other than capital assets	472 159	491 896	476 113	505 239	505 239	382 331	495 001	519 651	543 427
Transfers received	445	375	380	-	-	-	-	-	-
Fines, penalties and forfeits	38 914	41 135	26 569	46 565	46 565	40 925	40 640	42 990	45 303
Interest, dividends and rent on land	365 931	473 877	616 790	390 066	490 066	419 544	415 461	435 429	456 322
Sale of capital assets	64 089	52 235	25 206	19 329	19 329	30 620	19 193	20 393	20 835
Transactions in financial assets and liabilities	99 186	95 604	111 112	68 866	68 866	145 249	72 484	75 789	79 133
<b>Total receipts</b>	<b>3 334 730</b>	<b>3 579 209</b>	<b>3 847 536</b>	<b>3 552 929</b>	<b>3 652 929</b>	<b>3 337 341</b>	<b>3 721 916</b>	<b>3 885 070</b>	<b>4 057 501</b>

*Tax receipts* shows that the major revenue sources in this category are *Motor vehicle licences* and *Casino taxes*. This category is anticipated to grow from R2.679 billion in 2021/22 to R2.912 billion in 2023/24.

*Sale of goods and services other than capital assets* ranks second highest in revenue collection and shows a steady increase over the MTEF. The main contribution to this category is patient fees collected by the Department of Health. Other items under this category include new and renewals of drivers' licences, learners' licences, abnormal loads, boarding fees, rentals, tender fees, commission on PERSAL deductions such as insurance premiums and garnishees, among others.

*Interest, dividends and rent on land* is the third highest revenue category and fluctuates over the seven-year period. This category mainly relates to interest earned on the provincial bank accounts. The significant revenue collection relates to the collective implementation of cost-cutting measures by provincial departments and the stringent cash management by Provincial Treasury. These measures are expected to continue, hence the growth over the MTEF.

Table 4.13 provides a detailed analysis of revenue per Vote.

**Table 4.13 : Summary of provincial own receipts by Vote**

R thousand	Audited Outcome			Main Appropriation	Adjusted Appropriation 2020/21	Revised Estimate	Medium-term Estimates		
	2017/18	2018/19	2019/20				2021/22	2022/23	2023/24
1. Office of the Premier	1 160	2 054	4 881	1 321	1 321	1 408	1 394	1 462	1 526
2. Provincial Legislature	4 626	1 672	3 073	956	956	2 429	1 009	1 058	1 104
3. Agriculture and Rural Development	21 343	21 387	19 121	25 107	25 107	24 597	22 598	23 760	24 990
4. Economic Development, Tourism and Enviro Affairs	637 827	664 103	774 539	646 598	646 598	394 482	682 162	714 905	746 360
5. Education	107 964	113 527	99 284	108 901	108 901	109 417	114 890	120 404	125 702
6. Provincial Treasury	339 813	471 730	602 957	388 862	488 862	415 398	414 271	434 172	455 011
7. Health	297 772	303 140	303 958	316 433	316 433	246 780	342 259	358 686	374 469
8. Human Settlements	61 283	45 806	21 085	4 741	4 741	6 632	4 835	4 891	5 106
9. Community Safety and Liaison	184	174	233	157	157	157	165	173	180
10. Sport and Recreation	1 212	1 088	470	477	477	720	503	528	552
11. Co-operative Governance and Traditional Affairs	5 072	9 828	4 780	5 477	5 477	34 359	5 125	5 299	5 466
12. Transport	1 833 338	1 913 566	1 987 394	2 032 518	2 032 518	2 075 482	2 111 608	2 197 119	2 293 793
13. Social Development	12 204	17 792	12 148	9 438	9 438	14 116	9 957	10 436	10 937
14. Public Works	9 031	12 026	12 984	9 956	9 956	9 956	10 156	11 148	11 232
15. Arts and Culture	1 901	1 316	629	1 987	1 987	1 408	984	1 029	1 073
<b>Total provincial own receipts</b>	<b>3 334 730</b>	<b>3 579 209</b>	<b>3 847 536</b>	<b>3 552 929</b>	<b>3 652 929</b>	<b>3 337 341</b>	<b>3 721 916</b>	<b>3 885 070</b>	<b>4 057 501</b>
Provincial Legislature receipts not surrendered to PRF	4 626	1 672	3 073	956	956	2 429	1 009	1 058	1 104
<b>Total adjusted provincial own receipts</b>	<b>3 330 104</b>	<b>3 577 537</b>	<b>3 844 463</b>	<b>3 551 973</b>	<b>3 651 973</b>	<b>3 334 912</b>	<b>3 720 907</b>	<b>3 884 012</b>	<b>4 056 397</b>

The most significant revenue contributors are Department of Transport (DOT), the Department of Economic Development, Tourism and Environmental Affairs (EDTEA), Provincial Treasury, the Department of Health (DOH) and the Department of Education (DOE). Details of these departments' revenue collections are provided in each Vote's chapter in the *EPRE* and largely relate to motor vehicle licences, casino taxes, health patient fees, interest collected on the provincial bank account and recoveries from previous years.

#### 4.2.5 Donor and agency funding

Table 4.14 indicates donor and agency funding, per department, over the 2021/22 MTEF. More detail is provided in *Annexure 1.F* and in each Vote's chapter in the *EPRE*.

**Table 4.14 : Donor and agency funding**

R thousand	Audited Outcome			Main Appropriation	Adjusted Appropriation 2020/21	Revised Estimate	Medium-term Estimates		
	2017/18	2018/19	2019/20				2021/22	2022/23	2023/24
<b>Donor funding</b>	<b>122 219</b>	<b>243 023</b>	-	-	<b>24 113</b>	-	-	-	-
Economic Development, Tourism and Enviro Affairs	6 034	37 363	-	-	24 113	-	-	-	-
Provincial Treasury	116 185	205 660	-	-	-	-	-	-	-
<b>Agency funding</b>	<b>40 529</b>	<b>29 625</b>	<b>30 818</b>	<b>1 463</b>	<b>4 302</b>	<b>7 664</b>	-	-	-
Office of the Premier	19 288	7 876	5 797	1 463	1 463	1 463	-	-	-
Provincial Treasury	240	-	-	-	-	-	-	-	-
Health	2 370	4 245	12 457	-	2 839	-	-	-	-
Transport	18 631	17 504	12 564	-	-	6 201	-	-	-
<b>Total</b>	<b>162 748</b>	<b>272 648</b>	<b>30 818</b>	<b>1 463</b>	<b>28 415</b>	<b>7 664</b>	-	-	-



## 5. PAYMENTS

### 5.1 Overall position

Total provincial payments increased from R116.250 billion in 2017/18 to an estimated R137.054 billion in the 2020/21 Revised Estimate. The 2021/22 MTEF shows significant reductions due to the fiscal consolidation budget cuts, as well as the wage freeze budget cuts. As such, the provincial payments are R133.670 billion, R133.260 billion and R133.773 billion over the MTEF. The budget cuts implemented over the MTEF are detailed in Chapter 3 of this *OPRE*.

### 5.2 Payments by Vote

Table 5.1 illustrates the summary of provincial payments by Vote.

**Table 5.1 : Summary of provincial payments and estimates by Vote**

R thousand	Audited Outcome			Main Appropriation	Adjusted Appropriation	Revised Estimate	Medium-term Estimates		
	2017/18	2018/19	2019/20				2021/22	2022/23	2023/24
1. Office of the Premier	667 721	722 163	704 970	800 198	640 094	640 094	802 240	767 551	775 511
2. Provincial Legislature	614 934	572 277	631 031	653 102	692 111	692 111	627 785	644 322	649 429
3. Agriculture and Rural Development	2 032 865	2 126 696	2 489 898	2 548 157	2 459 082	2 459 082	2 520 302	2 485 946	2 506 055
4. Economic Development, Tourism and Enviro Affairs	2 763 685	2 957 862	3 224 805	3 346 813	3 043 451	3 043 451	3 341 675	3 406 593	3 434 711
5. Education	48 316 485	50 343 929	54 413 496	57 246 803	56 178 438	57 156 841	53 184 040	53 254 018	53 850 861
6. Provincial Treasury	555 639	625 063	640 645	718 763	571 294	567 561	653 845	668 178	672 819
7. Health	39 911 321	42 549 830	45 226 576	48 057 681	51 408 066	51 408 066	48 412 269	47 482 126	47 304 974
8. Human Settlements	4 066 734	3 734 629	4 261 359	3 929 897	3 564 155	3 564 155	3 597 231	3 719 124	3 860 303
9. Community Safety and Liaison	204 572	224 891	233 783	249 103	203 545	203 545	233 378	233 821	235 819
10. Sport and Recreation	437 088	460 154	481 147	481 217	298 028	298 028	475 629	481 924	477 348
11. Co-operative Governance and Traditional Affairs	1 533 157	1 564 785	1 966 799	1 879 146	1 513 924	1 513 924	1 781 551	1 818 040	1 833 154
12. Transport	9 824 270	10 329 366	9 317 572	11 635 486	9 223 930	9 021 340	11 644 409	11 616 714	11 633 894
13. Social Development	2 916 210	3 296 893	3 542 075	3 836 327	3 862 000	3 854 565	3 698 571	3 749 431	3 789 702
14. Public Works	1 536 631	1 675 578	2 031 642	1 778 409	1 818 710	1 818 710	1 695 329	1 934 255	1 744 027
15. Arts and Culture	868 409	910 477	952 147	1 021 062	813 019	813 019	1 001 768	997 640	1 004 546
<b>Total</b>	<b>116 249 721</b>	<b>122 094 593</b>	<b>130 117 945</b>	<b>138 182 164</b>	<b>136 289 847</b>	<b>137 054 492</b>	<b>133 670 022</b>	<b>133 259 683</b>	<b>133 773 153</b>

National Treasury effected budget cuts over the 2021/22 MTEF and the Provincial Executive Council resolved that all budget cuts be effected proportionately against each Vote, while the additions in 2022/23 as a result of the PES data updates be used to fund the shortfall in municipal property rates (Public Works) and learner transport (Transport), as well as the carry-through allocation of the Provincial Legislature's Job Evaluation results, with this also receiving funding in the outer year.

It would seem that most departments were able to deal with the cuts without a significant negative impact on service delivery, except for Health, Education and to some extent Public Works. Due to Health and Education being the biggest departments in the province, the bulk of these cuts was effected against these two departments, which has resulted in some current posts being unfunded in Education and Health. Health has also effected these budget cuts against the medicines budget. Public Works effected a portion of the budget cuts against its property rates budget. The Provincial Legislature has indicated that the budget cuts will have negative impact in the fulfilment of its activities, mainly due to the fact that, while government employees' salaries are frozen, those of the Provincial Legislature employees have increased, compounding the pressure as a result of the cuts. Social Development had to undertake reprioritisation of funds from *Goods and services* in order to mitigate the effects of the cuts against *Compensation of employees* and provide for filling of some of the department's critical vacant posts.

Health in 2021/22 receives a once-off allocation of R1.637 billion, specifically toward the provincial Covid-19 response to cover costs associated with responding to the Covid-19 pandemic.

The conditional grant allocations increase by R142.336 million in 2021/22, but decreases by R810.941 million and R407.792 million over the two outer years of the MTEF, as detailed in Chapter 3.

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

Table 5.2 : Analysis of payments and estimates by major Vote

	Audited Outcome			Adjusted	Medium-term Estimates			Average Annual Growth	
	2017/18	2018/19	2019/20	Appropriation 2020/21	2021/22	2022/23	2023/24	2017/18- 2020/21	2020/21- 2023/24
<b>R thousand</b>									
Education	48 316 485	50 343 929	54 413 496	56 178 438	53 184 040	53 254 018	53 850 861		
Health	39 911 321	42 549 830	45 226 576	51 408 066	48 412 269	47 482 126	47 304 974		
Social Development	2 916 210	3 296 893	3 542 075	3 862 000	3 698 571	3 749 431	3 789 702		
Other Functions	25 105 705	25 903 941	26 935 798	24 841 343	28 375 142	28 774 108	28 827 616		
<b>Total expenditure</b>	<b>116 249 721</b>	<b>122 094 593</b>	<b>130 117 945</b>	<b>136 289 847</b>	<b>133 670 022</b>	<b>133 259 683</b>	<b>133 773 153</b>		
<b>% of total expenditure</b>									
Education	41.6	41.2	41.8	41.2	39.8	40.0	40.3		
Health	34.3	34.8	34.8	37.7	36.2	35.6	35.4		
Social Development	2.5	2.7	2.7	2.8	2.8	2.8	2.8		
Other Functions	21.6	21.2	20.7	18.2	21.2	21.6	21.5		
<b>Nominal growth (%)</b>									
Education		4.2	8.1	3.2	(5.3)	0.1	1.1	5.2	(1.4)
Health		6.6	6.3	13.7	(5.8)	(1.9)	(0.4)	8.8	(2.7)
Social Development		13.1	7.4	9.0	(4.2)	1.4	1.1	9.8	(0.6)
Other Functions		3.2	4.0	(7.8)	14.2	1.4	0.2	(0.4)	5.1
<b>Total expenditure</b>		<b>5.0</b>	<b>6.6</b>	<b>4.7</b>	<b>(1.9)</b>	<b>(0.3)</b>	<b>0.4</b>	<b>5.4</b>	<b>(0.6)</b>
<b>Real growth (%)</b>									
Education		(1.2)	3.7	0.6	(9.2)	(4.0)	(3.1)	1.3	(5.5)
Health		1.1	2.0	10.8	(9.7)	(6.0)	(4.6)	4.8	(6.8)
Social Development		7.2	3.1	6.3	(8.2)	(2.8)	(3.2)	5.8	(4.8)
Other Functions		(2.2)	(0.2)	(10.1)	9.6	(2.8)	(4.0)	(4.0)	0.7
<b>Total expenditure</b>		<b>(0.4)</b>	<b>2.3</b>	<b>2.1</b>	<b>(5.9)</b>	<b>(4.4)</b>	<b>(3.9)</b>	<b>1.6</b>	<b>(4.7)</b>

DOE still has the highest budget in KZN, taking up 39.8 per cent of the provincial budget in 2021/22. DOH is the second highest spending provincial department, with a 36.2 per cent share of the provincial budget in 2021/22, reducing slightly to 35.4 per cent in 2023/24. DSD reflects a steady share of total expenditure, at 2.8 per cent over the 2021/22 MTEF. *Other Functions* constitutes all the other departments and remains fairly steady over the MTEF at around the 21.4 per cent mark on average.

### 5.3 Payments by economic classification

#### 5.3.1 Provincial summary of payments and estimates by economic classification

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

Table 5.3 : Summary of provincial payments and estimates by economic classification

R thousand	Audited Outcome			Main	Adjusted	Revised	Medium-term Estimates		
	2017/18	2018/19	2019/20	Appropriation 2020/21	Appropriation 2020/21	Estimate	2021/22	2022/23	2023/24
<b>Current payments</b>	<b>95 520 788</b>	<b>102 149 871</b>	<b>109 343 228</b>	<b>117 513 778</b>	<b>114 623 986</b>	<b>115 289 631</b>	<b>112 501 944</b>	<b>111 291 569</b>	<b>111 265 910</b>
Compensation of employees	71 358 190	75 678 547	81 146 650	88 501 725	83 594 114	84 076 159	82 407 391	80 971 022	80 724 295
Goods and services	24 156 719	26 462 466	28 187 849	29 010 696	31 028 142	31 211 165	30 093 727	30 319 770	30 540 854
Interest and rent on land	5 879	8 858	8 729	1 357	1 730	2 307	826	777	761
<b>Transfers and subsidies to:</b>	<b>12 486 750</b>	<b>12 605 894</b>	<b>13 718 615</b>	<b>12 433 613</b>	<b>13 487 977</b>	<b>13 554 311</b>	<b>12 569 348</b>	<b>13 090 350</b>	<b>13 420 686</b>
Provinces and municipalities	1 476 035	1 618 267	1 941 231	1 386 243	1 487 942	1 488 454	1 349 291	1 608 251	1 415 334
Departmental agencies and accounts	2 038 214	1 958 258	2 301 201	2 256 360	2 301 064	2 303 822	2 411 765	2 411 916	2 493 589
Higher education institutions	44	4 663	100	7 099	1 000	1 000	-	-	-
Foreign governments and international organisations	428	515	297	269	269	269	284	300	313
Public corporations and private enterprises	1 604 639	2 011 434	2 034 623	1 594 834	1 626 952	1 627 102	1 692 992	1 670 465	1 771 550
Non-profit institutions	3 116 278	3 051 684	3 167 371	3 551 388	4 726 296	4 727 601	3 654 908	3 779 331	3 944 526
Households	4 251 112	3 961 073	4 273 792	3 637 420	3 344 454	3 406 063	3 460 108	3 620 087	3 795 374
<b>Payments for capital assets</b>	<b>8 000 173</b>	<b>7 236 570</b>	<b>6 920 008</b>	<b>8 138 068</b>	<b>8 080 027</b>	<b>8 107 878</b>	<b>8 505 668</b>	<b>8 782 922</b>	<b>8 990 053</b>
Buildings and other fixed structures	7 043 229	6 262 387	5 298 747	6 926 702	6 173 101	6 401 888	7 125 105	7 582 831	7 761 583
Machinery and equipment	937 579	961 840	1 594 458	1 180 029	1 884 889	1 685 178	1 362 326	1 182 093	1 209 694
Heritage assets	2 391	2 690	15	-	-	80	-	-	-
Specialised military assets	-	-	-	-	-	-	-	-	-
Biological assets	695	219	-	570	570	570	601	630	658
Land and sub-soil assets	-	-	-	-	-	-	-	-	-
Software and other intangible assets	16 279	9 434	26 788	30 767	21 467	20 162	17 636	17 368	18 118
<b>Payments for financial assets</b>	<b>154 086</b>	<b>14 535</b>	<b>20 390</b>	<b>-</b>	<b>1 152</b>	<b>5 967</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Total</b>	<b>116 161 797</b>	<b>122 006 870</b>	<b>130 002 241</b>	<b>138 085 459</b>	<b>136 193 142</b>	<b>136 957 787</b>	<b>133 576 960</b>	<b>133 164 841</b>	<b>133 676 649</b>
Statutory payments (Members' remuneration)	87 924	87 723	115 704	96 705	96 705	96 705	93 062	94 842	96 504
<b>Total economic classification (incl. stat. payment)</b>	<b>116 249 721</b>	<b>122 094 593</b>	<b>130 117 945</b>	<b>138 182 164</b>	<b>136 289 847</b>	<b>137 054 492</b>	<b>133 670 022</b>	<b>133 259 683</b>	<b>133 773 153</b>

*Current payments* consumes the bulk of the total provincial spending, and is set to decrease from R115.290 billion in the 2020/21 Revised Estimate to R111.266 billion in 2023/24. The largest portion of

this category relates to *Compensation of employees*, driven mainly by DOE and DOH, due to the high number of employees in these departments. The decrease is mainly attributed to the wage freeze.

*Transfers and subsidies* shows a fluctuating trend from 2017/18 to 2023/24. A substantial portion of this category is against *Households* and *Non-profit institutions* and largely relates to the HSDG under DOHS, as well as transfers to public schools for norms and standards, respectively. Fluctuations in transfers to public entities also impact on this category mainly against *Departmental agencies and accounts*. This category is also affected by fiscal consolidation cuts over the MTEF.

*Buildings and other fixed structures* reflects nominal growth over the MTEF, as a result of fiscal consolidation cuts. The budget provides for various infrastructure projects, mainly by Transport, Health and Education.

*Payments for financial assets* generally reflects the first charge amounts (in line with S34(2) of the PFMA) in respect of unauthorised expenditure, as well as the write-offs of irrecoverable debts by various departments. There is no budget over 2021/22 MTEF against this category.

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

**Table 5.4 : Analysis of payments and estimates by economic classification**

	Audited Outcome			Adjusted Appropriation 2020/21	Medium-term Estimates			Average Annual Growth	
	2017/18	2018/19	2019/20		2021/22	2022/23	2023/24	2017/18- 2020/21	2020/21- 2023/24
<b>R thousand</b>									
Current	95 520 788	102 149 871	109 343 228	114 623 986	112 501 944	111 291 569	111 265 910		
Transfers	12 486 750	12 605 894	13 718 615	13 487 977	12 569 348	13 090 350	13 420 686		
Capital	8 000 173	7 236 570	6 920 008	8 080 027	8 505 668	8 782 922	8 990 053		
Financial assets	154 086	14 535	20 390	1 152	-	-	-		
Compensation	71 446 114	75 766 270	81 262 354	83 690 819	82 500 453	81 065 864	80 820 799		
Non-compensation	44 803 607	46 328 323	48 855 591	52 599 028	51 169 569	52 193 819	52 952 354		
Non-compensation (excl. transfers)	32 316 857	33 722 429	35 136 976	39 111 051	38 600 221	39 103 469	39 531 668		
Non-compensation non-capital (NCNC)	36 803 434	39 091 753	41 935 583	44 519 001	42 663 901	43 410 897	43 962 301		
NCNC (excl. transfers)	24 316 684	26 485 859	28 216 968	31 031 024	30 094 553	30 320 547	30 541 615		
Statutory payments (Members' remuneration)	87 924	87 723	115 704	96 705	93 062	94 842	96 504		
<b>Total expenditure</b>	<b>116 249 721</b>	<b>122 094 593</b>	<b>130 117 945</b>	<b>136 289 847</b>	<b>133 670 022</b>	<b>133 259 683</b>	<b>133 773 153</b>		
<b>% of total expenditure</b>									
Current	82.2	83.7	84.0	84.1	84.2	83.5	83.2		
Transfers	10.7	10.3	10.5	9.9	9.4	9.8	10.0		
Capital	6.9	5.9	5.3	5.9	6.4	6.6	6.7		
Financial assets	0.1	0.0	0.0	0.0	-	-	-		
Compensation	61.5	62.1	62.5	61.4	61.7	60.8	60.4		
Non-compensation	38.5	37.9	37.5	38.6	38.3	39.2	39.6		
Non-compensation (excl. transfers)	27.8	27.6	27.0	28.7	28.9	29.3	29.6		
Non-compensation non-capital (NCNC)	31.7	32.0	32.2	32.7	31.9	32.6	32.9		
NCNC (excl. transfers)	20.9	21.7	21.7	22.8	22.5	22.8	22.8		
<b>Nominal growth (%)</b>									
Current		6.9	7.0	4.8	(1.9)	(1.1)	(0.0)	6.3	(1.0)
Transfers		1.0	8.8	(1.7)	(6.8)	4.1	2.5	2.6	(0.2)
Capital		(9.5)	(4.4)	16.8	5.3	3.3	2.4	0.3	3.6
Financial assets		(90.6)	40.3	(94.4)	(100.0)	-	-	(80.4)	(100.0)
Compensation		6.0	7.3	3.0	(1.4)	(1.7)	(0.3)	5.4	(1.2)
Non-compensation		3.4	5.5	7.7	(2.7)	2.0	1.5	5.5	0.2
Non-compensation (excl. transfers)		4.3	4.2	11.3	(1.3)	1.3	1.1	6.6	0.4
Non-compensation non-capital (NCNC)		6.2	7.3	6.2	(4.2)	1.8	1.3	6.5	(0.4)
NCNC (excl. transfers)		8.9	6.5	10.0	(3.0)	0.8	0.7	8.5	(0.5)
<b>Real growth (%)</b>									
Current		1.4	2.7	2.2	(5.9)	(5.2)	(4.2)	2.4	(5.1)
Transfers		(4.3)	4.5	(4.2)	(10.6)	(0.2)	(1.8)	(1.2)	(4.3)
Capital		(14.3)	(8.2)	13.8	1.0	(1.0)	(2.0)	(3.4)	(0.7)
Financial assets		(91.1)	34.6	(94.5)	(100.0)	(4.1)	(4.2)	(81.2)	(100.0)
Compensation		0.5	2.9	0.4	(5.5)	(5.8)	(4.5)	1.5	(5.3)
Non-compensation		(2.0)	1.2	4.9	(6.7)	(2.2)	(2.8)	1.6	(3.9)
Non-compensation (excl. transfers)		(1.1)	0.0	8.5	(5.3)	(2.9)	(3.2)	2.7	(3.8)
Non-compensation non-capital (NCNC)		0.7	3.0	3.5	(8.1)	(2.5)	(3.0)	2.6	(4.6)
NCNC (excl. transfers)		3.2	2.3	7.2	(7.0)	(3.4)	(3.5)	4.5	(4.7)

*Current* expenditure is the largest category, and the percentage of total expenditure fluctuates over the seven-year period. This category was 82.2 per cent of the total expenditure in 2017/18 and will be 83.2 per cent in 2023/24. This category is affected by the wage freeze and fiscal consolidation budget cuts over

the MTEF. These wage freeze budget cuts are expected to have no impact on service delivery, while the fiscal consolidation budget cuts will affect the affordability of current posts in Health and Education, while affecting the filling of posts in the other departments.

The share of total expenditure for *Transfers* reflects a declining trend, from 10.7 per cent in 2017/18 to 10 per cent in 2023/24. These fluctuations are largely influenced by fluctuations in the HSDG.

*Capital* fluctuates and shows a declining trend in terms of its share of total expenditure, with its share being 6.9 per cent in 2017/18 declining marginally to 6.7 per cent in 2023/24. This category is affected by fiscal consolidation cuts, as such there is negative real growth in 2022/23 and 2023/24.

### 5.3.2 Analysis of payments and estimates by economic classification – Education

Table 5.5 shows DOE’s summary of payments and estimates by economic classification.

**Table 5.5 : Analysis of payments and estimates summary by economic classification - Education**

	Audited Outcome			Adjusted Appropriation	Medium-term Estimates			Average Annual Growth	
	2017/18	2018/19	2019/20	2020/21	2021/22	2022/23	2023/24	2017/18-2020/21	2020/21-2023/24
<b>R thousand</b>									
Current	44 442 185	46 828 528	50 391 679	51 533 480	48 923 596	48 749 859	49 153 546		
Transfers	1 884 913	1 778 290	1 890 555	3 305 913	2 245 400	2 352 737	2 456 258		
Capital	1 957 495	1 737 111	2 131 262	1 338 851	2 015 044	2 151 422	2 241 057		
Financial assets	31 892	-	-	194	-	-	-		
Compensation	40 061 215	42 269 607	45 415 591	45 401 676	44 145 871	43 776 308	43 966 855		
Non-compensation	8 255 270	8 074 322	8 997 905	10 776 762	9 038 169	9 477 710	9 884 006		
Non-compensation (excl. transfers)	6 370 357	6 296 032	7 107 350	7 470 849	6 792 769	7 124 973	7 427 748		
Non-compensation non-capital (NCNC)	6 297 775	6 337 211	6 866 643	9 437 911	7 023 125	7 326 288	7 642 949		
NCNC (excl. transfers)	4 412 862	4 558 921	4 976 088	6 131 998	4 777 725	4 973 551	5 186 691		
<b>Total expenditure</b>	<b>48 316 485</b>	<b>50 343 929</b>	<b>54 413 496</b>	<b>56 178 438</b>	<b>53 184 040</b>	<b>53 254 018</b>	<b>53 850 861</b>		
<b>% of total expenditure</b>									
Current	92.0	93.0	92.6	91.7	92.0	91.5	91.3		
Transfers	3.9	3.5	3.5	5.9	4.2	4.4	4.6		
Capital	4.1	3.5	3.9	2.4	3.8	4.0	4.2		
Financial assets	0.1	-	-	-	-	-	-		
Compensation	82.9	84.0	83.5	80.8	83.0	82.2	81.6		
Non-compensation	17.1	16.0	16.5	19.2	17.0	17.8	18.4		
Non-compensation (excl. transfers)	13.2	12.5	13.1	13.3	12.8	13.4	13.8		
Non-compensation non-capital (NCNC)	13.0	12.6	12.6	16.8	13.2	13.8	14.2		
NCNC (excl. transfers)	9.1	9.1	9.1	10.9	9.0	9.3	9.6		
<b>Nominal growth (%)</b>									
Current		5.4	7.6	2.3	(5.1)	(0.4)	0.8	5.1	(1.6)
Transfers		(5.7)	6.3	74.9	(32.1)	4.8	4.4	20.6	(9.4)
Capital		(11.3)	22.7	(37.2)	50.5	6.8	4.2	(11.9)	18.7
Financial assets		(100.0)	-	-	(100.0)	-	-	(81.7)	(100.0)
Compensation		5.5	7.4	-	(2.8)	(0.8)	0.4	4.3	(1.1)
Non-compensation		(2.2)	11.4	19.8	(16.1)	4.9	4.3	9.3	(2.8)
Non-compensation (excl. transfers)		(1.2)	12.9	5.1	(9.1)	4.9	4.2	5.5	(0.2)
Non-compensation non-capital (NCNC)		0.6	8.4	37.4	(25.6)	4.3	4.3	14.4	(6.8)
NCNC (excl. transfers)		3.3	9.2	23.2	(22.1)	4.1	4.3	11.6	(5.4)
<b>Real growth (%)</b>									
Current		(0.1)	3.3	(0.3)	(8.9)	(4.5)	(3.4)	1.2	(5.7)
Transfers		(10.6)	2.0	70.4	(34.9)	0.4	-	16.2	(13.2)
Capital		(15.9)	17.8	(38.8)	44.3	2.3	(0.2)	(15.1)	13.8
Financial assets		(100.0)	(4.0)	(2.5)	(100.0)	(4.1)	(4.2)	(82.4)	(100.0)
Compensation		0.0	3.1	(2.5)	(6.7)	(4.9)	(3.8)	0.4	(5.2)
Non-compensation		(7.3)	7.0	16.7	(19.6)	0.5	(0.1)	5.3	(6.9)
Non-compensation (excl. transfers)		(6.3)	8.3	2.4	(12.8)	0.5	(0.2)	1.6	(4.3)
Non-compensation non-capital (NCNC)		(4.6)	4.0	33.9	(28.6)	-	(0.1)	10.2	(10.7)
NCNC (excl. transfers)		(2.1)	4.8	20.1	(25.3)	(0.2)	(0.1)	7.5	(9.4)

The share of *Current* payments to total expenditure shows slight fluctuations from 91.7 per cent in 2020/21 to 92 per cent in 2021/22 and 91.3 per cent in 2023/24. The largest share of total expenditure is in respect of *Compensation of employees and Goods and services*, where most of the priorities for the department are budgeted including conditional grants such as the NSNP grant for school feeding, purchase, warehousing and distribution of LTSM, teacher development, the sanitary dignity project, etc.

*Compensation* shows a decreasing trend over the period, with the MTEF influenced mainly by budget cuts in respect of the freeze in salary increases, as well as fiscal consolidation cuts against both the equitable share and conditional grants. This results in negative nominal growth of 2.8 per cent in 2021/22.

*Transfers* fluctuates over the period, influenced by the unpredictability in procurement method for S21 (c) schools with some schools who opt to purchase their LTSM *via* the management agent, as well as payments of domestic accounts on behalf of some S21 schools who are in arrears. The high of 5.9 per cent in 2020/21 relates to a once-off allocation from the Presidential Employment Initiative Fund. This decreases to 4.2 per cent in 2021/22 as the norms and standards were not increased due to budget cuts.

*Capital* reflects negative real growth of 15.1 per cent from 2017/18 to 2020/21 mainly due to the budget cut of R497.218 million against the EIG in 2020/21. The high real growth of 13.8 per cent from 2020/21 to 2023/24 is due to the incentive allocation to the EIG, as well as provision for the purchase of tools of trade including buses for special schools.

### 5.3.3 Analysis of payments and estimates by economic classification – Health

Table 5.6 shows DOH's expenditure by economic classification.

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

	Audited Outcome			Adjusted Appropriation 2020/21	Medium-term Estimates			Average Annual Growth	
	2017/18	2018/19	2019/20		2021/22	2022/23	2023/24	2017/18- 2020/21	2020/21- 2023/24
<b>R thousand</b>									
Current	36 961 386	39 684 474	42 384 217	47 076 526	45 674 952	44 606 259	44 348 464		
Transfers	1 248 707	1 106 595	809 848	665 201	728 140	763 211	797 191		
Capital	1 592 882	1 758 330	2 032 119	3 666 339	2 009 177	2 112 656	2 159 319		
Financial assets	108 346	431	392	-	-	-	-		
Compensation	24 614 793	26 336 189	28 190 773	30 469 689	29 863 415	28 757 684	28 332 601		
Non-compensation	15 296 528	16 213 641	17 035 803	20 938 377	18 548 854	18 724 442	18 972 373		
Non-compensation (excl. transfers)	14 047 821	15 107 046	16 225 955	20 273 176	17 820 714	17 961 231	18 175 182		
Non-compensation non-capital (NCNC)	13 703 646	14 455 311	15 003 684	17 272 038	16 539 677	16 611 786	16 813 054		
NCNC (excl. transfers)	12 454 939	13 348 716	14 193 836	16 606 837	15 811 537	15 848 575	16 015 863		
<b>Total expenditure</b>	<b>39 911 321</b>	<b>42 549 830</b>	<b>45 226 576</b>	<b>51 408 066</b>	<b>48 412 269</b>	<b>47 482 126</b>	<b>47 304 974</b>		
<b>% of total expenditure</b>									
Current	92.6	93.3	93.7	91.6	94.3	93.9	93.8		
Transfers	3.1	2.6	1.8	1.3	1.5	1.6	1.7		
Capital	4.0	4.1	4.5	7.1	4.2	4.4	4.6		
Financial assets	0.3	-	-	-	-	-	-		
Compensation	61.7	61.9	62.3	59.3	61.7	60.6	59.9		
Non-compensation	38.3	38.1	37.7	40.7	38.3	39.4	40.1		
Non-compensation (excl. transfers)	35.2	35.5	35.9	39.4	36.8	37.8	38.4		
Non-compensation non-capital (NCNC)	34.3	34.0	33.2	33.6	34.2	35.0	35.5		
NCNC (excl. transfers)	31.2	31.4	31.4	32.3	32.7	33.4	33.9		
<b>Nominal growth (%)</b>									
Current		7.4	6.8	11.1	(3.0)	(2.3)	(0.6)	8.4	(2.0)
Transfers		(11.4)	(26.8)	(17.9)	9.5	4.8	4.5	(18.9)	6.2
Capital		10.4	15.6	80.4	(45.2)	5.2	2.2	32.0	(16.2)
Financial assets		(99.6)	(9.0)	(100.0)	-	-	-	(100.0)	-
Compensation		7.0	7.0	8.1	(2.0)	(3.7)	(1.5)	7.4	(2.4)
Non-compensation		6.0	5.1	22.9	(11.4)	0.9	1.3	11.0	(3.2)
Non-compensation (excl. transfers)		7.5	7.4	24.9	(12.1)	0.8	1.2	13.0	(3.6)
Non-compensation non-capital (NCNC)		5.5	3.8	15.1	(4.2)	0.4	1.2	8.0	(0.9)
NCNC (excl. transfers)		7.2	6.3	17.0	(4.8)	0.2	1.1	10.1	(1.2)
<b>Real growth (%)</b>									
Current		1.8	2.5	8.2	(6.9)	(6.4)	(4.8)	4.4	(6.0)
Transfers		(16.0)	(29.8)	(20.0)	5.0	0.5	-	(21.9)	1.8
Capital		4.6	10.9	75.8	(47.4)	0.8	(2.1)	27.2	(19.7)
Financial assets		(99.6)	(12.7)	(100.0)	(4.1)	(4.1)	(4.2)	(100.0)	-
Compensation		1.4	2.7	5.3	(6.0)	(7.7)	(5.6)	3.4	(6.4)
Non-compensation		0.5	0.8	19.8	(15.0)	(3.2)	(3.0)	7.0	(7.3)
Non-compensation (excl. transfers)		1.9	3.1	21.8	(15.7)	(3.4)	(3.1)	8.9	(7.6)
Non-compensation non-capital (NCNC)		-	(0.4)	12.2	(8.2)	(3.7)	(3.1)	4.1	(5.0)
NCNC (excl. transfers)		1.6	2.1	14.0	(8.7)	(3.9)	(3.2)	6.0	(5.3)

The largest share of total expenditure goes to *Current* payments, increasing from 92.6 per cent in 2017/18 to 93.7 per cent in 2019/20. The growing share was largely because the department had reduced funding for *Capital* due to various budget cuts, as well as reprioritising funding away from *Capital* to maintenance. This trend was reversed in 2020/21 only, with a low of 91.6 per cent, due to the once-off allocation of funding for Covid-19 related infrastructure upgrades under *Capital*.

*Transfers* reflects a reduction in the share of expenditure from 3.1 per cent in 2017/18 to 1.5 per cent in 2021/22, growing to 1.7 per cent in 2023/24. This trend is mainly due to the provincialisation of the St. Mary's and Siloah Hospitals in 2019/20 and 2020/21, respectively, with the funding moving to *Current*.

*Capital* shows a high share of 7.1 per cent in 2020/21, mainly due to the once-off allocation of funding for Covid-19 related infrastructure upgrades, as mentioned. The share is 4.2 per cent in 2021/22, as the Pixley Ka Isaka Seme Memorial Hospital (PKISMH) is expected to be completed in April 2021, with funding reprioritised to maintenance going forward. The category grows over the MTEF as more major upgrading and additions are planned at existing facilities, such as the construction of a new psychiatric unit at RK Khan Hospital in eThekweni and the new Shayamoya Clinic with a nurses' residence in the Harry Gwala District. In addition, new clinics are planned in iLembe, Madundube and Mahloni.

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

Table 5.7 shows DSD's expenditure by economic classification.

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

	Audited Outcome			Adjusted Appropriation 2020/21	Medium-term Estimates			Average Annual Growth	
	2017/18	2018/19	2019/20		2021/22	2022/23	2023/24	2017/18- 2020/21	2020/21- 2023/24
<b>R thousand</b>									
Current	1 846 556	2 146 050	2 420 739	2 558 821	2 402 439	2 381 018	2 355 607		
Transfers	932 937	943 426	960 490	1 196 185	1 180 198	1 248 476	1 308 402		
Capital	128 676	205 888	160 846	106 994	115 934	119 937	125 693		
Financial assets	8 041	1 529	-	-	-	-	-		
Compensation	1 367 597	1 499 643	1 596 793	1 601 486	1 661 895	1 626 375	1 554 373		
Non-compensation	1 548 613	1 797 250	1 945 282	2 260 514	2 036 676	2 123 056	2 235 329		
Non-compensation (excl. transfers)	615 676	853 824	984 792	1 064 329	856 478	874 580	926 927		
Non-compensation non-capital (NCNC)	1 540 572	1 795 721	1 945 282	2 260 514	2 036 676	2 123 056	2 235 329		
NCNC (excl. transfers)	607 635	852 295	984 792	1 064 329	856 478	874 580	926 927		
<b>Total expenditure</b>	<b>2 916 210</b>	<b>3 296 893</b>	<b>3 542 075</b>	<b>3 862 000</b>	<b>3 698 571</b>	<b>3 749 431</b>	<b>3 789 702</b>		
<b>% of total expenditure</b>									
Current	63.3	65.1	68.3	66.3	65.0	63.5	62.2		
Transfers	32.0	28.6	27.1	31.0	31.9	33.3	34.5		
Capital	4.4	6.2	4.5	2.8	3.1	3.2	3.3		
Financial assets	0.3	-	-	-	-	-	-		
Compensation	46.9	45.5	45.1	41.5	44.9	43.4	41.0		
Non-compensation	53.1	54.5	54.9	58.5	55.1	56.6	59.0		
Non-compensation (excl. transfers)	21.1	25.9	27.8	27.6	23.2	23.3	24.5		
Non-compensation non-capital (NCNC)	52.8	54.5	54.9	58.5	55.1	56.6	59.0		
NCNC (excl. transfers)	20.8	25.9	27.8	27.6	23.2	23.3	24.5		
<b>Nominal growth (%)</b>									
Current		16.2	12.8	5.7	(6.1)	(0.9)	(1.1)	11.5	(2.7)
Transfers		1.1	1.8	24.5	(1.3)	5.8	4.8	8.6	3.0
Capital		60.0	(21.9)	(33.5)	8.4	3.5	4.8	(6.0)	5.5
Financial assets		(81.0)	(100.0)	-	-	-	-	(100.0)	-
Compensation		9.7	6.5	0.3	3.8	(2.1)	(4.4)	5.4	(1.0)
Non-compensation		16.1	8.2	16.2	(9.9)	4.2	5.3	13.4	(0.4)
Non-compensation (excl. transfers)		38.7	15.3	8.1	(19.5)	2.1	6.0	20.0	(4.5)
Non-compensation non-capital (NCNC)		16.6	8.3	16.2	(9.9)	4.2	5.3	13.6	(0.4)
NCNC (excl. transfers)		40.3	15.5	8.1	(19.5)	2.1	6.0	20.5	(4.5)
<b>Real growth (%)</b>									
Current		10.2	8.3	3.0	(10.0)	(5.0)	(5.2)	7.4	(6.8)
Transfers		(4.1)	(2.3)	21.4	(5.4)	1.4	0.4	4.6	(1.2)
Capital		51.7	(25.0)	(35.2)	3.9	(0.8)	0.4	(9.4)	1.1
Financial assets		(82.0)	(100.0)	(2.5)	(4.1)	(4.1)	(4.2)	(100.0)	-
Compensation		3.9	2.2	(2.3)	(0.5)	(6.2)	(8.5)	1.5	(5.1)
Non-compensation		10.0	3.9	13.2	(13.6)	(0.1)	0.8	9.3	(4.5)
Non-compensation (excl. transfers)		31.5	10.7	5.3	(22.8)	(2.1)	1.5	15.6	(8.5)
Non-compensation non-capital (NCNC)		10.5	4.0	13.2	(13.6)	(0.1)	0.8	9.5	(4.5)
NCNC (excl. transfers)		33.0	10.9	5.3	(22.8)	(2.1)	1.5	16.1	(8.5)

The share of *Current* payments to total expenditure shows a decrease from 65 per cent in 2021/22 to 63.5 per cent in 2022/23 and 62.2 per cent in 2023/24. The decrease over the MTEF is mainly due to a decrease in *Compensation of employees* due to the budget cuts in respect of the wage freeze.

*Compensation* shows a decreasing trend over the period, with the MTEF influenced by budget cuts. This has resulted in nominal growth of 3.8 per cent in 2021/22 and negative nominal growth of 4.4 per cent in 2023/24. The budget cuts resulted in the unaffordability of filling all vacant posts, as well as providing for the 1.5 per cent pay progression.

*Transfers* shows a fluctuating trend, with the allocation over the MTEF including carry-through costs of the ECD grant, additional funding for programmes relating to HIV prevention, as well as additional social worker allocations.

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

Table 5.8 shows the remaining departments' payments and estimates by economic classification (i.e. all departments excluding DOE, DOH and DSD).

**Table 5.8 : Analysis of expenditure summary by classification - Other**

	Audited Outcome			Adjusted Appropriation 2020/21	Medium-term Estimates			Average Annual Growth	
	2017/18	2018/19	2019/20		2021/22	2022/23	2023/24	2017/18- 2020/21	2020/21- 2023/24
<b>R thousand</b>									
Current	12 270 661	13 490 819	14 146 593	13 455 159	15 500 957	15 554 433	15 408 293		
Transfers	8 420 193	8 777 583	10 057 722	8 320 678	8 415 610	8 725 926	8 858 835		
Capital	4 321 120	3 535 241	2 595 781	2 967 843	4 365 513	4 398 907	4 463 984		
Financial assets	5 807	12 575	19 998	958	-	-	-		
Compensation	5 402 509	5 660 831	6 059 197	6 217 968	6 829 272	6 905 497	6 966 970		
Non-compensation	19 703 196	20 243 110	20 876 601	18 623 375	21 545 870	21 868 611	21 860 646		
Non-compensation (excl. transfers)	11 283 003	11 465 527	10 818 879	10 302 697	13 130 260	13 142 685	13 001 811		
Non-compensation non-capital (NCNC)	19 697 389	20 230 535	20 856 603	18 622 417	21 545 870	21 868 611	21 860 646		
NCNC (excl. transfers)	11 277 196	11 452 952	10 798 881	10 301 739	13 130 260	13 142 685	13 001 811		
Statutory payments (Members' remuneration)	87 924	87 723	115 704	96 705	93 062	94 842	96 504		
<b>Total expenditure</b>	<b>25 105 705</b>	<b>25 903 941</b>	<b>26 935 798</b>	<b>24 841 343</b>	<b>28 375 142</b>	<b>28 774 108</b>	<b>28 827 616</b>		
<b>% of total expenditure</b>									
Current	48.9	52.1	52.5	54.2	54.6	54.1	53.4		
Transfers	33.5	33.9	37.3	33.5	29.7	30.3	30.7		
Capital	17.2	13.6	9.6	11.9	15.4	15.3	15.5		
Financial assets	0.0	0.0	0.1	0.0	-	-	-		
Compensation	21.5	21.9	22.5	25.0	24.1	24.0	24.2		
Non-compensation	78.5	78.1	77.5	75.0	75.9	76.0	75.8		
Non-compensation (excl. transfers)	44.9	44.3	40.2	41.5	46.3	45.7	45.1		
Non-compensation non-capital (NCNC)	78.5	78.1	77.4	75.0	75.9	76.0	75.8		
NCNC (excl. transfers)	44.9	44.2	40.1	41.5	46.3	45.7	45.1		
Statutory payments (Members' remuneration)	0.4	0.3	0.4	0.4	0.3	0.3	0.3		
<b>Nominal growth (%)</b>									
Current		9.9	4.9	(4.9)	15.2	0.3	(0.9)	3.1	4.6
Transfers		4.2	14.6	(17.3)	1.1	3.7	1.5	(0.4)	2.1
Capital		(18.2)	(26.6)	14.3	47.1	0.8	1.5	(11.8)	14.6
Financial assets		116.5	59.0	(95.2)	(100.0)	-	-	(45.2)	(100.0)
Compensation		4.8	7.0	2.6	9.8	1.1	0.9	4.8	3.9
Non-compensation		2.7	3.1	(10.8)	15.7	1.5	-	(1.9)	5.5
Non-compensation (excl. transfers)		1.6	(5.6)	(4.8)	27.4	0.1	(1.1)	(3.0)	8.1
Non-compensation non-capital (NCNC)		2.7	3.1	(10.7)	15.7	1.5	-	(1.9)	5.5
NCNC (excl. transfers)		1.6	(5.7)	(4.6)	27.5	0.1	(1.1)	(3.0)	8.1
Statutory payments (Members' remuneration)		(0.2)	31.9	(16.4)	(3.8)	1.9	1.8	3.2	(0.1)
<b>Real growth (%)</b>									
Current		4.2	0.6	(7.3)	10.5	(3.8)	(5.1)	(0.7)	0.3
Transfers		(1.2)	10.0	(19.4)	(3.0)	(0.6)	(2.8)	(4.1)	(2.1)
Capital		(22.5)	(29.5)	11.4	41.1	(3.4)	(2.8)	(15.0)	9.8
Financial assets		105.3	52.6	(95.3)	(100.0)	(4.1)	(4.2)	(47.2)	(100.0)
Compensation		(0.7)	2.7	-	5.3	(3.1)	(3.4)	1.0	(0.4)
Non-compensation		(2.6)	(1.0)	(13.1)	11.0	(2.7)	(4.2)	(5.5)	1.1
Non-compensation (excl. transfers)		(3.7)	(9.4)	(7.2)	22.2	(4.1)	(5.2)	(6.5)	3.6
Non-compensation non-capital (NCNC)		(2.6)	(1.0)	(13.0)	11.0	(2.7)	(4.2)	(5.5)	1.1
NCNC (excl. transfers)		(3.7)	(9.5)	(7.0)	22.2	(4.1)	(5.2)	(6.5)	3.6
Statutory payments (Members' remuneration)		(5.4)	26.6	(18.5)	(7.7)	(2.3)	(2.5)	(0.6)	(4.2)

The share of *Current* increases from 48.9 per cent in 2017/18, to 53.4 per cent in 2023/24. The decrease in the 2020/21 Adjusted Appropriation mainly related to the budget cut toward funding the provincial response to the Covid-19 pandemic, the wage freeze, as well as additional reductions implemented to support fiscal consolidation. Over the MTEF, this category provides for the payment of 3 463 *Izinduna* by COGTA, as well as EDTEA's provision for the roll-out and implementation of the Operation Vula Fund programme and other programmes to support SMME development in the province.

*Transfers* caters for transfers relating to the HSDG and transfers to various public entities, among others. This category declines from 33.5 per cent in 2017/18 to 30.7 per cent in 2023/24. There were significant budget cuts effected due to the wage freeze cuts which also affected transfers to public entities.

*Capital* shows a declining trend from 17.2 per cent to 15.5 per cent. This is mainly due to the completion of various infrastructure projects by several departments, as well as budget cuts effected against this category.

#### 5.4 Payments and estimates by functional area

Table 5.9 shows the summary of payments and estimates by functional or policy area, details of which are shown in *Annexure 1.E (a) and (b)*. The analysis explains what each category consists of, while a detailed analysis on the trends is available in each Vote's chapter in the *EPRE*. The reduction in the 2020/21 Adjusted Appropriation against each category (with the exception of Health, who received additional funds in respect of the Covid-19 pandemic), was attributed to the budget cuts effected toward the provincial response to the Covid-19 pandemic.

**Table 5.9 : Summary of payments and estimates by functional area**

R thousand	Audited Outcome			Main Appropriation	Adjusted Appropriation	Revised Estimate	Medium-term Estimates		
	2017/18	2018/19	2019/20	2020/21			2021/22	2022/23	2023/24
General Public Services	5 373 706	5 693 103	6 529 337	6 421 424	5 839 070	5 813 233	6 204 839	6 494 147	6 394 635
Public Order and Safety	204 572	224 891	233 783	249 103	203 545	203 545	233 378	233 821	235 819
Economic Affairs	13 177 450	13 875 867	13 415 976	15 823 240	12 904 869	12 716 550	15 673 417	15 679 896	15 640 744
Environmental Protection	936 069	973 642	1 030 630	1 078 758	1 208 101	1 210 148	1 169 167	1 145 934	1 191 297
Housing and Community Amenities	4 066 734	3 734 629	4 261 359	3 929 897	3 564 155	3 564 155	3 597 231	3 719 124	3 860 303
Health	39 293 528	41 993 153	44 724 150	47 618 391	50 997 464	51 000 511	47 972 570	47 040 749	46 855 016
Recreation, Culture and Religion	1 282 391	1 353 345	1 414 946	1 482 953	1 099 388	1 099 388	1 458 338	1 460 277	1 463 050
Education	49 011 361	50 962 060	54 977 267	57 759 541	56 627 440	57 602 994	53 682 326	53 756 550	54 363 788
Social Protection	2 903 911	3 283 903	3 530 497	3 818 857	3 845 815	3 843 968	3 678 756	3 729 185	3 768 501
<b>Total</b>	<b>116 249 721</b>	<b>122 094 593</b>	<b>130 117 945</b>	<b>138 182 164</b>	<b>136 289 847</b>	<b>137 054 492</b>	<b>133 670 022</b>	<b>133 259 683</b>	<b>133 773 153</b>

The highest expenditure is on *Education* and includes budgets for public ordinary schools, public special school education, ECD and infrastructure development, as well as health sciences and training, and structured agricultural training. The substantial decline over the MTEF is due to budget cuts.

The second largest expenditure is on *Health*. This category also sees a substantial decline over the MTEF due to the budget cuts effected both in respect of the equitable share and conditional grants. The MTEF budget is in respect of delivery of primary health care services to the approximately 87.4 per cent uninsured population of KZN, the PABX system and the electronic patient records system, the HIV, TB, Malaria, Community Outreach and HPV Vaccine grant, laundry services and orthotic and prosthetic services posts, among others.

*Economic Affairs* comprises DOT (catering for the construction and maintenance of the road network, public transport services and law enforcement), DARD (providing support to food insecure communities at subsistence and household food production level) and EDTEA (Operation Vula, the development of SMMEs, the Environmental Affairs and Gaming and Betting functions). There were additional allocations in 2021/22 in respect of learner transport services, livestock and food security, River Valley Farm project, Operation Vula, transfer to EKZNW for road maintenance projects, etc.

*General Public Services* includes the Legislature (provides oversight over all departments) and administrative departments such as Provincial Treasury (financial management, internal audit, SCM, as well as support for transversal financial systems), OTP (cross-cutting and transversal activities, such as integrity management, youth development, support to His Majesty, the King, KZN Youth Empowerment Fund, Forensic Investigation Services), COGTA (support and ensures alignment between national, provincial and local government priorities, promotes good governance and enhances financial management in municipalities, provides support and builds capacity of traditional institutions, traditional council elections, etc.), DOPW (municipal property rates, the implementation of GIAMA projects, as well as improving infrastructure support and infrastructure projects), and a portion of DOT (for administrative, strategic, financial and corporate support services).

*Housing and Community Amenities* relates to DOHS, and is mainly in respect of the HSDG, for the provision of low income housing programmes, including people's housing programmes, integrated residential development programmes, rural housing subsidies, informal settlement upgrades, etc.



*Social Protection* relates to DSD and caters for various social services, such as services to older persons and persons with disabilities, care and services to families, child care and protection services, ECD, victim empowerment, substance abuse, youth and women development, the HIV Prevention Programme, additional Social Workers, increasing access to ECD services, etc.

*Recreation, Culture and Religion* falls under DOSR and DAC. DOSR provides sport and recreation facilities and the school sport programme, while DAC ensures the cultural advance of KZN through hosting various cultural events and provision of reading and writing material, the provincialisation of museums and libraries, as well as the construction of new libraries and museums.

*Environmental Protection* relates to Environmental Affairs under EDTEA and includes transfers to Ezemvelo KZN Wildlife (EKZNW).

*Public Order and Safety* relates to the DCSL, and performs the function of safety information analysis, crime awareness projects, including school safety, substance abuse and stock theft, etc. The MTEF budget provides for the maintenance and establishment of community safety structures, crime prevention programmes, station evaluations, among others.

## **5.5 Infrastructure payments and estimates**

### **5.5.1 Introduction**

Prior to the Covid-19 pandemic, South Africa was already experiencing slow growth and rising unemployment. The priority now is driving the implementation of the Economic Reconstruction and Recovery Plan. One of the key priority interventions is promoting aggressive infrastructure investment and supporting its delivery. This includes large-scale building projects, community and social infrastructure, and maintenance of existing infrastructure.

#### **5.5.1.1 Infrastructure management**

The implementation of infrastructure to achieve economic growth is vital. For this reason, the Infrastructure Delivery Management System (IDMS) is essential to ensure that the investment in infrastructure is properly planned and delivered, while entrenching value for money. The IDMS provides best practices in terms of planning for long-, medium- and short-term infrastructure delivery. The plans developed in this regard include the long-term plan known as the User Asset Management Plan (UAMP) for buildings or Road Asset Management Plan (RAMP) for roads infrastructure with a ten-year horizon, a medium-term plan known as the Infrastructure Programme Management Plan (IPMP) with a three-year horizon and a short-term Infrastructure Programme Implementation Plan (IPIP) with a one-year horizon. All departments are required to prepare these plans prior to the commencement of a new financial year.

To monitor progress on project implementation and accompanying spend, all departments are required to utilise a monitoring and reporting tool called the Infrastructure Reporting Model (IRM). The IRM includes the planning and budgeting component. A detailed infrastructure analysis and the project list for each department is presented in the *2021/22 Estimates of Capital Expenditure (ECE)*. The publication presents a global view of provincial government investment in infrastructure.

#### **5.5.2 Trends in infrastructure payments and estimates**

The infrastructure payments and estimates by category are shown in Table 5.10: Summary of infrastructure payments and estimates by category. This table includes the HSDG from 2021/22. This follows consultation within the Human Settlements sector and recommendations made by the National Treasury. Historical figures have been restated.

Expenditure fluctuates over the years and the decrease in 2020/21 was due to the reprioritisation undertaken to fund the Covid-19 provincial response. This reprioritisation had a particular focus on projects which were at planning stage. A total amount of about R1.500 billion was reprioritised in this

regard. DOE was cut by R497.218 million from the EIG, but received some provincial funds towards the Covid-19 response.

**Table 5.10 : Summary of infrastructure payments and estimates by category**

R thousand	Audited Outcome			Main Appropriation	Adjusted Appropriation 2020/21	Revised Estimate	Medium-term Estimates		
	2017/18	2018/19	2019/20				2021/22	2022/23	2023/24
<b>Existing infrastructure assets</b>	<b>7 763 071</b>	<b>7 917 488</b>	<b>7 189 609</b>	<b>9 968 739</b>	<b>9 200 227</b>	<b>8 767 164</b>	<b>9 514 848</b>	<b>9 799 218</b>	<b>10 101 700</b>
Maintenance and repair: Current	2 871 179	3 275 417	3 211 005	3 946 903	3 746 291	3 357 767	3 556 342	3 321 890	3 332 352
Upgrades and additions: Capital	3 675 851	2 945 584	2 535 357	3 301 156	3 579 839	3 393 218	3 474 375	3 874 939	4 007 846
Refurbishment and rehabilitation: Capital	1 216 041	1 696 487	1 443 247	2 720 680	1 874 097	2 016 179	2 484 131	2 602 389	2 761 502
<b>New infrastructure assets: Capital</b>	<b>2 152 714</b>	<b>1 621 876</b>	<b>1 323 643</b>	<b>904 866</b>	<b>719 165</b>	<b>992 238</b>	<b>1 166 599</b>	<b>1 106 033</b>	<b>992 788</b>
<b>Infrastructure transfers</b>	<b>3 917 292</b>	<b>3 594 232</b>	<b>4 346 327</b>	<b>3 828 533</b>	<b>3 266 914</b>	<b>3 266 914</b>	<b>3 174 504</b>	<b>3 224 076</b>	<b>3 342 376</b>
Infrastructure transfers: Current	52 446	44 798	39 478	25 189	35 189	35 189	25 189	25 189	25 189
Infrastructure transfers: Capital	3 864 846	3 549 434	4 306 849	3 803 344	3 231 725	3 231 725	3 149 315	3 198 887	3 317 187
<b>Infrastructure: Payments for financial assets</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
Infrastructure: Leases	372 413	368 083	421 948	387 226	552 972	478 432	391 125	416 101	423 331
<b>Non infrastructure</b>	<b>1 519 589</b>	<b>1 785 536</b>	<b>2 682 316</b>	<b>1 923 134</b>	<b>1 676 056</b>	<b>2 313 425</b>	<b>2 202 615</b>	<b>2 065 987</b>	<b>2 148 471</b>
<b>Total</b>	<b>15 725 079</b>	<b>15 287 215</b>	<b>15 963 843</b>	<b>17 012 498</b>	<b>15 415 334</b>	<b>15 818 173</b>	<b>16 449 691</b>	<b>16 611 415</b>	<b>17 008 666</b>
Capital infrastructure	10 909 452	9 813 381	9 609 096	10 730 046	9 404 826	9 633 360	10 274 420	10 782 248	11 079 323
Current infrastructure	3 296 038	3 688 298	3 672 431	4 359 318	4 334 452	3 871 388	3 972 656	3 763 180	3 780 872

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

The bulk of the infrastructure expenditure is on existing infrastructure assets through maintenance, refurbishment, upgrades and additions.

*Maintenance and repair: Current* caters for routine, preventative, mechanical servicing and other maintenance. This category shows a general fluctuating trend over the MTEF.

*Upgrades and additions: Capital* shows a significant increase from 2020/21 mainly driven by DOH's upgrades to their facilities, including staff accommodation, as well as the upgrade of schools by DOE.

*Refurbishment and rehabilitation: Capital* shows a similar general upward trend over the MTEF also largely attributable to DOH's upgrades to their facilities, as well as the upgrade of schools by DOE.

*New infrastructure assets: Capital* shows positive growth over the MTEF.

*Infrastructure transfers:* This category sees a reduction in 2021/22 as the Richards Bay IDZ only receives operational transfers from EDTEA over the MTEF, with the bulk of their funds for infrastructure now being sourced from the Department of Trade, Industry and Competition.

*Infrastructure: Leases* shows a reduction in 2021/22 and an upward trajectory in the outer years of the 2021/22 MTEF, largely due to reprioritisation. This will be reviewed in the next budget process.

*Non infrastructure* largely relates to DOH for equipment for hospitals, etc.

Table 5.11 shows the infrastructure payments and estimates by Vote. Four departments, namely DOT, DOH, DOHS and DOE, spend the most on infrastructure in the province.

**Table 5.11 : Summary of infrastructure payments and estimates by Vote**

R thousand	Audited Outcome			Main Appropriation	Adjusted Appropriation 2020/21	Revised Estimate	Medium-term Estimates		
	2017/18	2018/19	2019/20				2021/22	2022/23	2023/24
1. Office of the Premier	12 001	15 058	25 748	22 863	20 763	20 763	16 477	18 478	19 291
2. Provincial Legislature	28 724	15 982	17 358	11 259	65 952	65 952	12 020	12 675	13 232
3. Agriculture and Rural Development	114 459	134 147	202 630	208 435	210 734	210 734	230 113	145 953	131 423
4. Economic Dev, Tourism and Enviro Affairs	494 761	450 833	604 310	580 394	468 402	459 737	245 108	262 222	264 717
5. Education	2 548 253	2 320 287	2 870 090	2 447 436	2 130 468	2 299 468	2 596 810	2 759 138	2 879 271
6. Provincial Treasury	16 570	19 323	19 249	18 775	18 775	18 744	19 737	20 684	21 377
7. Health	1 857 240	1 975 497	2 243 643	1 995 914	3 392 925	3 663 355	2 015 844	2 127 696	2 223 608
8. Human Settlements	3 398 489	3 007 116	3 381 071	3 189 844	2 765 700	2 765 700	2 820 735	2 942 201	3 092 838
9. Community Safety and Liaison	11 865	9 381	11 875	11 232	11 232	11 232	11 794	12 130	12 664
10. Sport and Recreation	51 876	68 062	60 608	67 246	39 774	39 774	67 149	70 199	58 182
11. Co-operative Governance and Traditional Affairs	143 560	140 610	298 216	58 481	121 918	122 177	136 327	62 924	59 194
12. Transport	6 743 145	6 774 246	5 847 856	8 038 568	5 850 611	5 844 333	7 965 493	7 877 707	7 913 159
13. Social Development	135 382	214 508	249 897	191 047	171 447	155 078	159 586	154 916	172 820
14. Public Works	62 967	41 523	57 719	68 618	50 518	44 920	33 686	25 559	26 684
15. Arts and Culture	105 787	100 642	73 573	102 386	96 115	96 206	118 812	118 933	120 206
<b>Total</b>	<b>15 725 079</b>	<b>15 287 215</b>	<b>15 963 843</b>	<b>17 012 498</b>	<b>15 415 334</b>	<b>15 818 173</b>	<b>16 449 691</b>	<b>16 611 415</b>	<b>17 008 666</b>

## 5.6 Public Private Partnerships (PPP)

The following gives an update on the PPPs in KZN.

### *Inkosi Albert Luthuli Central Hospital (IALCH)*

DOH entered into a PPP transaction in terms of which a 15-year concession contract in respect of the IALCH was signed in December 2001 between DOH and Impilo Consortium (Pty) Ltd. Financial closure occurred in February 2002, with the hospital opening its doors on 28 June 2002. As required by the contract, the department has finalised the final works programme, as well as a contract review.

The term of this contract ended in 31 January 2017 and had to be extended by a further three years to allow the department to finalise its exit strategy. The exit strategy has since been finalised. A detailed feasibility study was undertaken to investigate the best option between a hybrid and a PPP option. A feasibility assessment recommended the PPP option, with both the Provincial Executive Council and National Treasury approving such recommendation.

The department is in the process of appointing a private party, as the current extended contract with the current private party expires in July 2021. The PPP unit will place greater emphasis on its compliance monitoring, support and evaluation function to assess the implementation of Treasury Regulation 16 by DOH with regard to this project. There will be emphasis on monitoring and ensuring that the project is delivered on time and that there is a seamless transition from the current contract to the new contract.

### *KwaDukuza Municipality – Solid Waste Management PPP project*

The KwaDukuza Municipality identified the need to procure the most cost effective service delivery mechanism in respect of refuse removal. A team of Transaction Advisors was appointed to assist the municipality in undertaking Section 78 investigations. The feasibility study report is complete and, as required by the Municipal Systems Act (Act No. 32 of 2000), the municipality finalised public participation and stakeholder consultation. Treasury Views and Recommendation 1 (TVR1) for the project were received from National Treasury during 2016/17. All necessary approvals and Views and Recommendations were obtained (TVR2 and TVR3). The municipality has recently concluded a concession contract with Dolphin Coast Waste Management having followed the requirements of Section 33 of the MFMA. The PPP unit will continue to provide technical support, and will monitor and evaluate the current concession contract.

### *Ilembe District Municipality – Water and Sanitation*

In January 1999, the Borough of Dolphin Coast (now iLembe District Municipality) and Siza Water Company entered into a concession agreement whereby Siza Water Company would oversee, manage and implement the provision of water and sanitation services within the municipal boundary on a concession basis. This is a closed project, with a concession period of 30 years and the contract reviewable on a five-year basis. The district municipality is busy with its fourth five-year review and five-year plan for 2019 to 2024, with both Provincial Treasury and National Treasury assisting the municipality in undertaking such review and five-year plan.

### *City of uMhlathuze – Water re-use project*

The City of uMhlathuze is a large and growing economic region, with many large industrial concerns, which is dependent on an adequate supply of water to sustain both itself and its residents. uMhlathuze has undertaken preparatory work in the form of water resource studies and master planning documents that resulted in recognising the importance of securing an adequate water supply in order to underpin its planned growth. A feasibility study has been completed, and the views and recommendation from National Treasury and Provincial Treasury have been solicited, with the project being given the go-ahead. The municipality is in the process of appointing a private party, and the PPP unit will continue with its compliance monitoring, support and evaluation function to assess the implementation of Section 120 of the MFMA.

### *City of uMhlathuze – Airport relocation*

The municipality is concerned about the long-term sustainability of the Richards Bay airport and has undertaken a prefeasibility study, primarily in response to this concern. The situation has been

exacerbated by ongoing difficulties presented by the current concession arrangement under which the airport is operated and managed, which is scheduled to end soon. On a technical level, the main concerns relate to the ability of the airport to meet the International Civil Aviation Organisation (ICAO) requirements for compliance of new aircraft types to be introduced on feeder routes in South Africa during the analysis period, as well as the limitation at the current airport for expansion due to its location. A Transaction Advisor has been appointed and the feasibility study investigation has commenced.

#### ***King Shaka International Airport Public Transport Link***

EDTEA identified the need to develop a public transport system linking King Shaka International Airport (KSIA) to Durban and surrounding areas. The King Shaka Public Transport Link (Transport Link) forms part of a holistic and integrated transport network, and the need to further advance the use of public transport in the province. The Transport Link project is also envisaged to address and support the goal to improve the standard of living of the citizens in and around Durban through infrastructure development. Procurement processes were undertaken for the appointment of a Transaction Advisor. The preferred and reserved bidder was gazetted, and one bidder was not satisfied with the evaluation outcome and decided to challenge the process. The matter is being handled by both EDTEA and Provincial Treasury, as both departments are respondents to the court challenge.

## **5.7 Transfers**

### **5.7.1 Transfers to public entities (listed in terms of Schedule 3 of the PFMA) and other entities**

Table 5.12 shows the transfers made by departments to public entities as listed in Schedule 3 of the PFMA, as well as to other entities. More detail on the transfers is provided under each Vote's chapter.

There are 15 active public entities, of which two are listed in the PFMA as Schedule 3D entities, 11 as Schedule 3C entities, and two are currently unlisted.

The public entities' budgets have been affected by the Covid-19 pandemic, the subsequent lockdown and the new working conditions/restrictions to ensure workplace safety. It is anticipated that the impact of the pandemic will remain even after the lockdown is lifted, as well as over the 2021/22 MTEF, and entities have factored this into their revenue and expense budgets. In addition, most entities' budgets were cut in respect of reductions made by National Treasury to the PES. These include a combination of salary freezes, as well as additional reductions implemented to support fiscal consolidation. These cuts were largely affected by cutting back on operational expenses, specific projects, including capital projects, as well as against *Compensation of employees* budgets.

The province will continue with implementation of the Rationalisation of public entities process. In line with the Rationalisation of public entities recommendations, the merger of Mjindi (Pty) Ltd and ADA was implemented with effect from 1 April 2020. However, due to an outstanding loan held by Ithala in Ntingwe Tea (Pty) Ltd, the tea estate was not merged into ADA as envisaged, as Ithala required the loan to be settled upon transfer of the entity.

Other recommendations of the Rationalisation of public entities include the reduction in the number of KZN Sharks Board's (KZNSB) Board members, a review of the legislation to incorporate the KZNSB into EKZNW, as well as the merger of the KZN Film Commission (KZNFC) and Tourism KwaZulu-Natal (TKZN) into one investment destination promotion agency. Furthermore, the KZN Liquor Authority (KZNLA) and the KwaZulu-Natal Gaming and Betting Board (KZNGBB) will have one regulatory authority to oversee their respective operations. The planning for the rationalisation processes is still underway, and hence Table 5.12 does not yet reflect the combined budgets of the above-mentioned mergers over the MTEF.

**Table 5.12 : Summary of transfers to public entities (listed i.t.o Schedule 3 of the PFMA) and other entities**

R thousand	Audited Outcome			Main	Adjusted	Revised	Medium-term Estimates		
	2017/18	2018/19	2019/20	Appropriation	Appropriation	Estimate	2021/22	2022/23	2023/24
<b>Transfers to public entities</b>	<b>2 205 365</b>	<b>2 322 129</b>	<b>2 441 838</b>	<b>2 272 760</b>	<b>2 381 422</b>	<b>2 384 033</b>	<b>2 381 283</b>	<b>2 372 274</b>	<b>2 496 737</b>
<b>Vote 1 : Office of the Premier</b>	<b>21 246</b>	<b>19 600</b>	<b>22 586</b>	<b>20 136</b>	<b>20 136</b>	<b>22 897</b>	<b>23 748</b>	<b>24 888</b>	<b>25 983</b>
Zulu Royal House Trust	21 246	19 600	22 586	20 136	20 136	22 897	23 748	24 888	25 983
<b>Vote 3 : Agriculture and Rural Dev.</b>	<b>188 658</b>	<b>202 372</b>	<b>198 457</b>	<b>198 188</b>	<b>190 647</b>	<b>190 647</b>	<b>197 342</b>	<b>199 962</b>	<b>208 704</b>
Agri-Business Development Agency	121 334	120 014	136 363	198 188	190 647	190 647	197 342	199 962	208 704
Ithala Development Finance Corporation	11 323	23 557	-	-	-	-	-	-	-
Mjindi Farming (Pty) Ltd	56 001	58 801	62 094	-	-	-	-	-	-
<b>Vote 4 : Economic Dev, Tourism and Enviro. Affairs</b>	<b>1 953 999</b>	<b>2 057 511</b>	<b>2 154 491</b>	<b>1 984 348</b>	<b>2 114 251</b>	<b>2 114 101</b>	<b>2 080 833</b>	<b>2 073 310</b>	<b>2 192 197</b>
Dube TradePort Corporation	392 657	356 695	478 268	479 671	399 652	399 652	477 537	488 991	504 531
Ezemvelo KwaZulu-Natal Wildlife	749 720	767 512	769 438	798 687	986 992	986 992	881 657	854 830	893 255
Ithala Development Finance Corporation	190 624	275 659	164 717	59 000	151 227	151 227	93 632	95 910	124 142
KwaZulu-Natal Film Commission	78 843	96 267	90 538	82 598	83 548	83 548	81 082	83 855	88 157
KwaZulu-Natal Gaming and Betting Board	63 196	42 310	44 771	44 257	55 788	55 788	48 361	50 552	52 776
KwaZulu-Natal Liquor Authority	77 990	80 189	84 680	87 757	83 586	83 586	87 382	88 340	89 252
KwaZulu-Natal Tourism Authority	116 980	151 117	199 887	148 771	111 091	110 941	138 442	144 008	150 890
KwaZulu-Natal Sharks Board	66 079	72 297	79 587	73 377	73 377	73 377	70 245	71 443	69 663
Richards Bay Industrial Development Zone	132 605	129 530	140 284	119 883	87 075	87 075	117 189	109 945	129 415
Trade and Investment KwaZulu-Natal	85 305	85 935	102 321	90 347	81 915	81 915	85 306	85 436	90 116
<b>Vote 6 : Provincial Treasury</b>	<b>1 025</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
KwaZulu-Natal Gaming and Betting Board	1 025	-	-	-	-	-	-	-	-
<b>Vote 11 : COGTA</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>13 000</b>	<b>8 100</b>	<b>5 000</b>
Agri-Business Development Agency	-	-	-	-	-	-	13 000	8 100	5 000
<b>Vote 15 : Arts and Culture</b>	<b>40 437</b>	<b>42 646</b>	<b>66 304</b>	<b>70 088</b>	<b>56 388</b>	<b>56 388</b>	<b>66 360</b>	<b>66 014</b>	<b>64 853</b>
Amafa aKwaZulu-Natali	32 263	33 989	57 163	-	-	-	-	-	-
KZN Amafa and Research Institute	-	-	-	60 444	50 444	50 444	57 786	57 515	57 354
The PlayHouse Company	8 174	8 657	9 141	9 644	5 944	5 944	8 574	8 499	7 499
<b>Transfers to other entities</b>	<b>4 421 521</b>	<b>4 578 220</b>	<b>4 922 336</b>	<b>5 029 901</b>	<b>6 161 409</b>	<b>6 162 740</b>	<b>5 259 325</b>	<b>5 362 780</b>	<b>5 578 914</b>
1. Office of the Premier	-	-	-	50 000	-	-	50 000	-	-
2. Provincial Legislature	40 428	40 515	40 297	40 269	40 269	40 269	40 284	40 300	40 313
3. Agriculture and Rural Development	76 633	89 160	188 382	149 769	131 105	131 105	152 113	139 951	136 330
4. Economic Dev., Tourism and Enviro. Affairs	153 655	208 684	245 785	135 329	106 852	107 002	112 172	111 329	112 631
5. Education	1 711 146	1 563 401	1 625 111	1 946 849	3 182 728	3 182 728	2 110 539	2 211 402	2 308 704
6. Provincial Treasury	3 264	3 801	1 412	596	596	596	628	658	674
7. Health	141 396	62 473	53 427	58 508	58 508	58 521	59 205	62 048	64 778
8. Human Settlements	179 955	184 730	246 759	167 877	163 277	163 277	171 788	171 965	174 232
9. Community Safety and Liaison	-	-	-	-	-	-	-	-	-
10. Sport and Recreation	44 383	42 122	38 944	44 836	22 335	23 460	44 771	45 482	45 439
11. Co-operative Governance and Traditional Affairs	-	60	99 000	-	-	-	-	-	-
12. Transport	1 113 227	1 390 894	1 385 103	1 248 677	1 251 677	1 251 677	1 321 338	1 315 845	1 373 663
13. Social Development	921 784	932 904	944 298	1 147 977	1 180 018	1 180 061	1 163 360	1 230 878	1 289 960
14. Public Works	-	-	-	-	-	-	-	-	-
15. Arts and Culture	35 650	59 476	53 818	39 214	24 044	24 044	33 127	32 922	32 190
<b>Total</b>	<b>6 626 886</b>	<b>6 900 349</b>	<b>7 364 174</b>	<b>7 302 661</b>	<b>8 542 831</b>	<b>8 546 773</b>	<b>7 640 608</b>	<b>7 735 054</b>	<b>8 075 651</b>

## 5.7.2 Transfers to local government

Table 5.13 provides a summary of provincial transfers to local government by category, with Table 5.14 presenting a summary by grant type.

**Table 5.13 : Summary of transfers to local government by category**

R thousand	Audited Outcome			Main	Adjusted	Revised	Medium-term Estimates		
	2017/18	2018/19	2019/20	Appropriation	Appropriation	Estimate	2021/22	2022/23	2023/24
Category A	729 694	801 300	716 384	673 040	648 648	616 599	674 172	901 879	703 011
Category B	682 431	749 429	1 084 545	648 624	803 115	835 164	648 896	678 855	683 675
Category C	46 913	50 886	117 136	42 914	7 951	7 951	1 953	1 955	1 957
Unallocated	(2)	-	-	-	-	-	-	-	-
<b>Total</b>	<b>1 459 036</b>	<b>1 601 615</b>	<b>1 918 065</b>	<b>1 364 578</b>	<b>1 459 714</b>	<b>1 459 714</b>	<b>1 325 021</b>	<b>1 582 689</b>	<b>1 388 643</b>

Category A (metropolitan council) refers to municipalities that have exclusive municipal executive and legislative authority within their areas. The transfers to the eThekweni Metro relate to payments of property rates, the Community Library Services grant, municipal clinics, among others.

Category B (local municipality) refers to a municipality that shares municipal executive and legislative authority with a Category C (defined below) municipality.

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

**Table 5.14 : Summary of transfers to local government by department and grant type**

R thousand	Audited Outcome			Main Appropriation	Adjusted Appropriation	Revised Estimate	Medium-term Estimates		
	2017/18	2018/19	2019/20				2021/22	2022/23	2023/24
<b>Vote 3: Agriculture and Rural Dev.</b>	<b>52</b>	<b>25</b>	<b>30</b>	<b>40</b>	<b>40</b>	<b>40</b>	<b>42</b>	<b>44</b>	<b>46</b>
OSCA - Rates and Taxes	52	25	30	40	40	40	42	44	46
<b>Vote 4 : Economic Dev., Tourism and Enviro. Affairs</b>	<b>32 950</b>	<b>7 200</b>	<b>44 900</b>	<b>22 113</b>	<b>40 000</b>	<b>40 000</b>	-	-	-
Amakha Essential Oils	1 300	-	-	-	-	-	-	-	-
Cultural Village	-	-	700	-	-	-	-	-	-
Drakensberg Extravaganza	-	-	-	6 500	6 500	6 500	-	-	-
Greenest Municipality competition	-	1 000	-	-	-	-	-	-	-
Informal Economy Infrastructure	-	-	-	-	14 500	14 500	-	-	-
Ingodini Study	1 000	-	-	-	-	-	-	-	-
Integrated Economic Development plan	-	-	-	-	1 000	1 000	-	-	-
Jozini Information Centre	-	-	-	-	1 500	1 500	-	-	-
Koppie Guesthouse: Mahlalela Com. Trust	-	-	1 500	-	-	-	-	-	-
Kosi Bay Border Dev.	1 250	1 200	-	-	-	-	-	-	-
KwaMajomela Light Manuf. Centre	-	-	2 100	6 613	3 500	3 500	-	-	-
Margate Airport	-	3 000	3 000	4 000	4 000	4 000	-	-	-
Mkuze Airport	28 100	2 000	30 000	2 500	-	-	-	-	-
Mkuze Falls	-	-	2 500	-	3 000	3 000	-	-	-
Mtubatuba Agro-processing Facility	-	-	-	-	1 750	1 750	-	-	-
Mtubatuba Tourist Centre	-	-	-	-	1 750	1 750	-	-	-
Pietermaritzburg Airport	-	-	-	2 500	2 500	2 500	-	-	-
Provincial Innovation Forums	500	-	-	-	-	-	-	-	-
Richards Bay Airport	800	-	-	-	-	-	-	-	-
Sibhudu Caves & KwaShushu HotSpring	-	-	1 000	-	-	-	-	-	-
Tourism Route Strategy - various munic.	-	-	2 100	-	-	-	-	-	-
uMzambe Trails	-	-	2 000	-	-	-	-	-	-
<b>Vote 7 : Health</b>	<b>219 656</b>	<b>215 276</b>	<b>222 892</b>	<b>237 793</b>	<b>237 793</b>	<b>237 793</b>	<b>244 843</b>	<b>256 596</b>	<b>268 736</b>
Subsidy: Municipal clinics	219 656	215 276	222 892	237 793	237 793	237 793	244 843	256 596	268 736
<b>Vote 8 : Human Settlements</b>	<b>256 934</b>	<b>193 664</b>	<b>85 974</b>	<b>89 788</b>	<b>46 353</b>	<b>46 353</b>	<b>64 289</b>	<b>64 289</b>	<b>64 289</b>
Accredited municipalities	50 446	43 098	17 758	24 289	34 289	34 289	24 289	24 289	24 289
CRU programme	60 000	80 000	-	-	-	-	40 000	40 000	40 000
Rates and taxes	361	357	379	-	524	-	-	-	-
Title deeds restoration prog.	81 270	-	-	-	-	524	-	-	-
Title Deeds Restoration grant	-	69 997	67 837	65 499	11 540	11 540	-	-	-
FLISP	64 857	212	-	-	-	-	-	-	-
<b>Vote 10 : Sport and Recreation</b>	<b>28 080</b>	<b>47 865</b>	<b>41 142</b>	<b>53 787</b>	<b>31 437</b>	<b>31 437</b>	<b>53 787</b>	<b>53 787</b>	<b>41 288</b>
Maintenance grant	2 000	1 700	450	900	900	900	900	900	900
Infrastructure	26 080	46 165	40 692	52 887	30 537	30 537	52 887	52 887	40 388
<b>Vote 11 : COGTA</b>	<b>92 850</b>	<b>150 101</b>	<b>218 620</b>	<b>14 150</b>	-	-	-	-	-
Shared Legal Services	-	2 000	-	-	-	-	-	-	-
Indigent Register	-	3 000	-	-	-	-	-	-	-
Integrated Youth Dev. Summit	-	1 000	-	-	-	-	-	-	-
Ward Based Plans	-	-	-	2 650	-	-	-	-	-
Dev. Planning and Shared Serv	1 250	2 650	4 350	-	-	-	-	-	-
Schemes Support programme	7 000	4 500	6 050	1 500	-	-	-	-	-
Spatial Dev. Framework Support	1 200	5 000	4 450	10 000	-	-	-	-	-
GIS Precinct Support	1 000	-	-	-	-	-	-	-	-
Nodal Plans	-	5 000	-	-	-	-	-	-	-
Building Plans Info. Mgt System	-	2 000	2 500	-	-	-	-	-	-
Geospatial Database Development	-	800	1 500	-	-	-	-	-	-
GIS Functionality	-	500	2 600	-	-	-	-	-	-
Corridor Development programme	13 450	13 200	5 000	-	-	-	-	-	-
Small Town Rehabilitation programme	17 750	24 400	66 500	-	-	-	-	-	-
Construction of TSCs and CSCs	7 500	5 000	17 000	-	-	-	-	-	-
Operational Support for TSCs	-	2 050	-	-	-	-	-	-	-
Nelson Mandela Exhibition Centre	-	5 201	-	-	-	-	-	-	-
District Growth and Dev. Summit	2 700	-	-	-	-	-	-	-	-
RASET	9 000	8 000	-	-	-	-	-	-	-
Massification prog (incl. elec. projects)	26 000	62 800	86 670	-	-	-	-	-	-
Disaster Management programme	6 000	3 000	22 000	-	-	-	-	-	-
<b>Vote 14 : Public Works</b>	<b>627 721</b>	<b>728 576</b>	<b>1 030 792</b>	<b>663 524</b>	<b>828 524</b>	<b>828 524</b>	<b>696 308</b>	<b>935 989</b>	<b>737 883</b>
Property rates	627 721	728 576	1 030 792	663 524	828 524	828 524	696 308	935 989	737 883
<b>Vote 15 : Arts and Culture</b>	<b>200 793</b>	<b>258 908</b>	<b>273 715</b>	<b>283 383</b>	<b>275 567</b>	<b>275 567</b>	<b>265 752</b>	<b>271 984</b>	<b>276 401</b>
Art Centres (Operational costs)	1 911	1 911	1 911	1 911	1 911	1 911	1 911	1 911	1 911
Museum subsidies	8 958	8 987	12 438	14 957	15 443	15 443	13 012	11 530	12 220
Provincialisation of libraries	160 316	197 965	207 863	212 392	212 392	212 392	184 763	190 075	193 802
Community Library Services grant	29 608	50 045	51 503	54 123	45 821	45 821	66 066	68 468	68 468
<b>Total</b>	<b>1 459 036</b>	<b>1 601 615</b>	<b>1 918 065</b>	<b>1 364 578</b>	<b>1 459 714</b>	<b>1 459 714</b>	<b>1 325 021</b>	<b>1 582 689</b>	<b>1 388 643</b>

## 5.8 Personnel numbers and costs

Table 5.15 provides personnel numbers, by Vote, as well as the total personnel costs for KZN. Over the MTEF, National Treasury has cut provinces with regard to the budget for the cost-of-living adjustment. This is because government won the court case where they were taken to court by the unions with regard to implementing the last leg of the 2018/19 agreement. National Treasury reduced the province's baseline in respect of freezing salary increases, as well as additional reductions implemented to support fiscal consolidation. Most departments made provision for the 1.5 per cent pay progression.

**Table 5.15 : Summary of personnel numbers and costs by Vote**

Personnel numbers	As at	As at	As at	As at	As at	As at	As at
	31 March 2018	31 March 2019	31 March 2020	31 March 2021	31 March 2022	31 March 2023	31 March 2024
1. Office of the Premier	656	579	628	655	625	625	625
2. Provincial Legislature	277	277	273	285	285	285	285
3. Agriculture and Rural Development	2 669	2 772	2 750	2 712	2 833	2 893	2 893
4. Economic Development, Tourism and Enviro Affairs	771	777	726	866	866	866	866
5. Education	113 426	113 353	115 635	135 162	135 162	135 162	135 162
6. Provincial Treasury	494	539	536	591	582	582	582
7. Health	80 682	80 911	81 818	78 363	83 509	83 509	83 509
8. Human Settlements	599	647	660	589	647	647	638
9. Community Safety and Liaison	177	180	181	210	225	225	225
10. Sport and Recreation	1 082	488	561	482	606	597	586
11. Co-operative Governance and Traditional Affairs	1 724	1 606	1 927	2 099	2 272	2 283	2 283
12. Transport	3 880	4 565	4 023	4 530	5 919	5 919	5 919
13. Social Development	7 921	6 720	6 335	6 540	6 540	6 540	6 540
14. Public Works	1 706	1 633	1 633	1 595	1 595	1 595	1 595
15. Arts and Culture	591	506	513	490	717	551	575
<b>Total</b>	<b>216 655</b>	<b>215 553</b>	<b>218 199</b>	<b>235 169</b>	<b>242 383</b>	<b>242 279</b>	<b>242 283</b>
Total personnel cost (R thousand)	71 358 190	75 678 547	81 146 650	84 076 159	82 407 391	80 971 022	80 724 295
Unit cost (R thousand)	329	351	372	358	340	334	333

## 5.9 Information on training

Table 5.16 provides a summary of the amounts spent by department on training.

**Table 5.16 : Summary of payments and estimates on training by Vote**

R thousand	Audited Outcome			Main	Adjusted	Revised	Medium-term Estimates		
	2017/18	2018/19	2019/20	Appropriation	Appropriation	Estimate	2021/22	2022/23	2023/24
1. Office of the Premier	4 163	3 247	1 247	32 182	2 083	1 720	3 691	3 989	4 164
2. Provincial Legislature	1 312	534	1 820	3 065	4 030	4 030	1 755	3 212	3 353
3. Agriculture and Rural Development	2 575	9 130	5 628	9 452	6 045	6 204	7 611	7 941	8 290
4. Economic Development, Tourism and Enviro Affairs	4 767	3 119	21 934	8 623	11 808	10 078	3 130	3 280	3 424
5. Education	70 866	10 937	55 278	82 234	84 259	80 652	176 605	181 908	189 911
6. Provincial Treasury	1 987	2 189	2 028	3 486	1 637	1 289	3 501	3 676	3 686
7. Health	1 246 050	1 181 630	1 343 637	1 383 264	1 386 264	1 424 912	1 523 538	1 626 126	1 697 676
8. Human Settlements	678	986	197	2 300	2 300	2 300	1 874	2 015	2 034
9. Community Safety and Liaison	556	37	522	2 544	1 284	982	1 583	1 713	1 789
10. Sport and Recreation	2 866	3 946	9 397	3 471	3 105	2 942	3 507	3 605	3 764
11. Co-operative Governance and Traditional Affairs	1 157	419	962	2 120	51	51	1 732	1 839	1 944
12. Transport	11 401	6 008	10 203	11 376	6 493	6 043	10 665	11 163	12 653
13. Social Development	41 642	15 114	15 733	12 241	12 241	12 241	12 790	13 402	14 047
14. Public Works	9 959	12 454	7 196	15 345	9 845	7 770	11 177	11 959	12 492
15. Arts and Culture	1 806	1 041	3 208	4 580	4 580	4 580	4 763	4 969	5 187
<b>Total</b>	<b>1 401 785</b>	<b>1 250 791</b>	<b>1 478 990</b>	<b>1 576 283</b>	<b>1 536 025</b>	<b>1 565 794</b>	<b>1 767 922</b>	<b>1 880 797</b>	<b>1 964 414</b>

Table 5.17 reflects departmental payments on training per programme over the seven-year period.

**Table 5.17 : Information on training**

	Audited Outcome			Main	Adjusted	Revised	Medium-term Estimates		
	2017/18	2018/19	2019/20	Appropriation	Appropriation	Estimate	2021/22	2022/23	2023/24
Number of staff	216 655	215 553	218 199	235 169	235 169	235 169	242 383	242 279	242 283
Number of personnel trained	64 846	69 616	73 651	78 155	76 250	76 250	78 513	78 845	78 845
of which									
Male	30 484	32 719	34 582	36 710	35 949	35 949	36 881	37 042	37 052
Female	34 362	36 898	39 069	41 445	40 301	40 301	41 632	41 803	41 793
Number of training opportunities	69 753	74 803	80 252	84 775	84 210	84 210	85 302	85 610	85 621
of which									
Tertiary	7 225	22 429	22 718	8 671	8 662	8 662	8 718	8 726	8 729
Workshops	4 054	39 766	39 464	6 397	6 103	6 103	6 928	7 088	7 091
Seminars	585	581	587	636	582	582	624	626	629
Other	57 890	12 027	17 483	69 071	68 863	68 863	69 032	69 170	69 172
Number of bursaries offered	10 573	10 533	11 814	12 526	12 412	12 412	12 490	12 492	12 495
Number of interns appointed	1 423	1 553	1 739	1 786	1 741	1 741	1 719	1 744	1 744
Number of learnerships appointed	397	400	468	449	449	449	479	479	479
Number of days spent on training	4 938	4 911	5 001	5 398	5 127	5 127	5 685	5 721	5 729

## 6. MEASURING PERFORMANCE IN GOVERNMENT

The Department of Performance, Monitoring and Evaluation (DPME) is the lead department regarding measuring government performance. From 2015/16, the responsibility of collecting and assessing departments' non financial data at provincial level devolved from Provincial Treasury to OTP. As a result, OTP is also the responsible department for the assessment of SPs and APPs.

Uniform budget and programme structures for 2021/22 are applicable to each department. Note that OTP, Provincial Treasury, DOPW and COGTA do not fully comply with the uniform structures at this stage. COGTA's and OTP's deviations were approved by National Treasury, whereas the other deviations are currently under discussion with National Treasury. Historically, the Gaming and Betting function fell under OTP and not EDTEA in this province, however, this was rectified *via* provincial proclamation No. 5 of 14 December 2018, which proclaimed the movement of the Gaming and Betting function (along with the KZN Gaming and Betting Board) to EDTEA with effect from 1 April 2019. Also, the Heritage function historically fell under OTP and not DAC, as required by the uniform structure. The Heritage unit within OTP was amalgamated with Amafa *via* the promulgation of the KZN Amafa and Research Institute Act and provincial proclamation No. 5 of 14 December 2018 proclaimed the movement of the Heritage function (along with the new KZN Amafa and Research Institute) to DAC with effect from 1 April 2019. In 2020/21, the Forensic Investigation Services function was moved from PT to OTP with effect from 1 August 2020, in line with a Provincial Executive Council resolution in this regard.

As with the uniform budget structures, performance information is also standardised in a number of sectors. Currently these include DOE, DOH, DSD, COGTA, DARD, DCSL, DOT, DOPW, DOSR and DAC, and these standardised measures are included in each chapter of the *EPRE*. With regard to OTP, the Provincial Legislature, EDTEA, Provincial Treasury and DOHS, these departments do not have standardised measures but a selection of their measures, as set out in their APPs, are included in each chapter.



# ANNEXURE – OVERVIEW OF PROVINCIAL REVENUE AND EXPENDITURE

Table 1.A : Details of provincial own receipts

R thousand	Audited Outcome			Main Appropriation	Adjusted Appropriation 2020/21	Revised Estimate	Medium-term Estimates		
	2017/18	2018/19	2019/20				2021/22	2022/23	2023/24
<b>Tax receipts</b>	<b>2 294 006</b>	<b>2 424 087</b>	<b>2 591 366</b>	<b>2 522 864</b>	<b>2 522 864</b>	<b>2 318 672</b>	<b>2 679 137</b>	<b>2 790 818</b>	<b>2 912 481</b>
Casino taxes	525 489	552 199	604 611	531 391	531 391	208 367	560 618	587 528	613 379
Horse racing taxes	85 134	85 127	94 221	83 973	83 973	106 997	88 592	92 844	96 929
Liquor licences	25 352	23 226	26 112	27 500	27 500	27 500	29 013	30 406	31 744
Motor vehicle licences	1 658 031	1 763 535	1 866 422	1 880 000	1 880 000	1 975 808	2 000 914	2 080 040	2 170 429
<b>Sale of goods and services other than capital assets</b>	<b>472 159</b>	<b>491 896</b>	<b>476 113</b>	<b>505 239</b>	<b>505 239</b>	<b>382 331</b>	<b>495 001</b>	<b>519 651</b>	<b>543 427</b>
Sale of goods and services produced by dept. (excl. capital assets)	471 506	490 855	475 392	503 953	503 953	381 013	493 722	518 311	542 028
Sales by market establishments	35 770	35 550	34 556	49 968	49 968	37 342	50 292	52 817	55 148
Administrative fees	102 766	105 458	91 276	96 503	96 503	51 475	62 793	66 357	69 862
Other sales	332 970	349 847	349 560	357 482	357 482	292 196	380 637	399 137	417 018
of which	-	-	-	-	-	-	-	-	-
Commission	74 176	70 986	71 664	78 365	78 365	81 045	82 438	86 367	90 187
Health patient fees	126 343	133 797	173 580	157 408	157 408	117 446	165 122	173 048	180 662
Tuition fees	7 271	4 444	7 928	7 807	7 807	7 152	8 235	8 630	9 044
Other	79 981	98 434	96 839	91 846	91 846	83 438	90 619	95 107	99 401
Sale of scrap, waste, arms and other used current goods (excluding capital assets)	653	1 041	721	1 286	1 286	1 318	1 279	1 340	1 399
<b>Transfers received from:</b>	<b>445</b>	<b>375</b>	<b>380</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
Other governmental units	-	-	-	-	-	-	-	-	-
Universities and technikons	-	-	-	-	-	-	-	-	-
Foreign governments	145	-	-	-	-	-	-	-	-
International organisations	-	-	-	-	-	-	-	-	-
Public corporations and private enterprises	300	375	380	-	-	-	-	-	-
Households and non-profit institutions	-	-	-	-	-	-	-	-	-
<b>Fines, penalties and forfeits</b>	<b>38 914</b>	<b>41 135</b>	<b>26 569</b>	<b>46 565</b>	<b>46 565</b>	<b>40 925</b>	<b>40 640</b>	<b>42 990</b>	<b>45 303</b>
<b>Interest, dividends and rent on land</b>	<b>365 931</b>	<b>473 877</b>	<b>616 790</b>	<b>390 066</b>	<b>490 066</b>	<b>419 544</b>	<b>415 461</b>	<b>435 429</b>	<b>456 322</b>
Interest	365 199	473 273	616 489	389 532	489 532	418 928	414 809	434 717	455 577
Dividends	30	33	35	37	37	-	39	41	43
Rent on land	702	571	266	498	498	616	613	671	702
<b>Sale of capital assets</b>	<b>64 089</b>	<b>52 235</b>	<b>25 206</b>	<b>19 329</b>	<b>19 329</b>	<b>30 620</b>	<b>19 193</b>	<b>20 393</b>	<b>20 835</b>
Land and subsoil assets	56	1 139	-	-	-	-	-	-	-
Other capital assets	64 033	51 096	25 206	19 329	19 329	30 620	19 193	20 393	20 835
<b>Transactions in financial assets and liabilities</b>	<b>99 186</b>	<b>95 604</b>	<b>111 112</b>	<b>68 866</b>	<b>68 866</b>	<b>145 249</b>	<b>72 484</b>	<b>75 789</b>	<b>79 133</b>
<b>Total</b>	<b>3 334 730</b>	<b>3 579 209</b>	<b>3 847 536</b>	<b>3 552 929</b>	<b>3 652 929</b>	<b>3 337 341</b>	<b>3 721 916</b>	<b>3 885 070</b>	<b>4 057 501</b>





Table 1.D : Summary of transfers to local government

R thousand		Audited Outcome			Main Appropriation	Adjusted Appropriation	Revised Estimate	Medium-term Estimates		
		2017/18	2018/19	2019/20				2021/22	2022/23	2023/24
A	KZN2000 eThekweni	729 694	801 300	716 384	673 040	648 648	616 599	674 172	901 879	703 011
<b>Total: Ugu Municipalities</b>		<b>55 141</b>	<b>45 721</b>	<b>106 201</b>	<b>61 038</b>	<b>66 272</b>	<b>54 613</b>	<b>48 764</b>	<b>50 682</b>	<b>51 634</b>
B	KZN212 uMdoni	11 251	14 943	22 029	14 406	18 238	15 958	13 736	14 219	14 404
B	KZN213 uMzombe	1 770	2 442	13 198	4 600	6 000	2 400	4 853	5 096	5 320
B	KZN214 uMuziwabantu	7 493	6 162	7 845	7 424	7 694	4 329	7 826	8 215	8 491
B	KZN216 Ray Nkonyeni	30 927	20 774	42 944	28 021	34 340	31 926	22 349	23 152	23 419
C	DC21 Ugu District Municipality	3 700	1 400	20 635	6 587	-	-	-	-	-
<b>Total: uMgungundlovu Municipalities</b>		<b>169 380</b>	<b>163 978</b>	<b>202 309</b>	<b>148 708</b>	<b>152 088</b>	<b>176 030</b>	<b>141 631</b>	<b>146 750</b>	<b>150 595</b>
B	KZN221 uMshwathi	11 228	9 827	11 858	15 077	15 077	14 577	15 853	16 646	17 238
B	KZN222 uMngeni	17 734	14 738	7 684	14 443	14 095	8 558	14 546	15 272	15 752
B	KZN223 Mpofana	1 845	10 517	4 536	2 377	2 565	3 403	2 474	2 596	2 616
B	KZN224 iMpendle	7 982	7 406	4 720	2 377	4 031	4 798	2 474	2 597	2 614
B	KZN225 Msunduzi	124 427	110 470	149 953	106 202	107 899	133 911	100 437	103 501	106 196
B	KZN226 Mkhambathini	1 330	2 044	5 266	2 589	2 767	4 712	2 726	2 861	2 899
B	KZN227 Richmond	1 534	7 176	14 242	3 143	3 154	3 571	3 121	3 277	3 280
C	DC22 uMgungundlovu District Municipality	3 300	1 800	4 050	2 500	2 500	2 500	-	-	-
<b>Total: uThukela Municipalities</b>		<b>97 522</b>	<b>88 192</b>	<b>149 824</b>	<b>79 150</b>	<b>80 508</b>	<b>66 896</b>	<b>92 960</b>	<b>87 461</b>	<b>89 148</b>
B	KZN235 Okhahlamba	12 345	8 077	16 860	16 131	19 095	17 651	9 994	10 491	10 825
B	KZN237 iNkosi Langalibalele	24 172	25 140	34 525	28 458	28 101	25 933	29 172	30 629	31 691
B	KZN238 Alfred Duma	60 455	36 675	80 889	33 061	33 312	23 312	53 794	46 341	46 632
C	DC23 uThukela District Municipality	550	18 300	17 550	1 500	-	-	-	-	-
<b>Total: uMzinyathi Municipalities</b>		<b>58 439</b>	<b>70 019</b>	<b>86 455</b>	<b>62 673</b>	<b>55 731</b>	<b>61 515</b>	<b>48 656</b>	<b>51 529</b>	<b>53 231</b>
B	KZN241 eNdumeni	16 896	27 228	19 090	15 422	15 422	18 367	16 211	17 019	17 549
B	KZN242 Nquthu	12 513	17 532	30 559	19 597	15 404	25 590	15 450	16 220	16 757
B	KZN244 uMsinga	10 384	10 262	18 609	7 078	6 916	4 569	7 281	7 642	7 922
B	KZN245 uMvoti	18 046	14 547	14 097	14 989	17 989	12 989	9 714	10 648	11 003
C	DC24 uMzinyathi District Municipality	600	450	4 100	5 587	-	-	-	-	-
<b>Total: Amajuba Municipalities</b>		<b>43 426</b>	<b>48 130</b>	<b>56 764</b>	<b>36 097</b>	<b>32 897</b>	<b>39 031</b>	<b>43 278</b>	<b>44 587</b>	<b>44 389</b>
B	KZN252 Newcastle	30 753	32 021	35 547	23 120	21 420	20 138	30 126	30 782	30 166
B	KZN253 eMadlangeni	3 927	7 451	5 974	5 122	5 122	6 655	5 397	5 665	5 828
B	KZN254 Dannhauser	8 446	8 258	10 783	6 355	6 355	12 238	7 755	8 140	8 395
C	DC25 Amajuba District Municipality	300	400	4 460	1 500	-	-	-	-	-
<b>Total: Zululand Municipalities</b>		<b>70 716</b>	<b>78 691</b>	<b>140 126</b>	<b>78 846</b>	<b>121 289</b>	<b>113 056</b>	<b>68 440</b>	<b>71 754</b>	<b>74 158</b>
B	KZN261 eDumbe	13 756	14 158	35 297	6 950	15 947	13 237	7 314	7 677	7 866
B	KZN262 uPhongolo	9 350	8 442	16 444	6 393	17 745	16 812	6 714	7 049	7 250
B	KZN263 Abaqulusi	12 033	13 822	25 235	13 179	22 829	22 665	13 417	14 084	14 498
B	KZN265 Nongoma	7 975	12 101	16 021	9 740	16 760	13 805	9 752	10 236	10 569
B	KZN266 Ulundi	25 391	27 957	38 968	28 472	42 597	41 126	29 332	30 797	32 064
C	DC26 Zululand District Municipality	2 211	2 211	8 161	14 112	5 411	5 411	1 911	1 911	1 911
<b>Total: uMkhanyakude Municipalities</b>		<b>76 108</b>	<b>78 264</b>	<b>120 077</b>	<b>73 094</b>	<b>76 642</b>	<b>71 526</b>	<b>50 367</b>	<b>53 476</b>	<b>55 363</b>
B	KZN271 uMhlabayalingana	13 781	27 908	22 712	16 696	16 046	15 720	16 905	17 748	18 400
B	KZN272 Jozini	7 206	10 100	15 070	12 523	15 836	13 811	12 730	14 911	15 244
B	KZN275 Mtubatuba	19 719	24 578	35 707	17 028	21 638	20 588	12 888	13 057	13 821
B	KZN276 Big Five Hlabisa	6 302	13 678	15 888	17 259	23 122	21 407	7 844	7 760	7 898
C	DC27 uMkhanyakude District Municipality	29 100	2 000	30 700	9 588	-	-	-	-	-
<b>Total: King Cetshwayo Municipalities</b>		<b>71 635</b>	<b>92 995</b>	<b>155 571</b>	<b>75 004</b>	<b>132 043</b>	<b>142 490</b>	<b>79 111</b>	<b>86 809</b>	<b>87 568</b>
B	KZN281 uMfolozi	10 576	13 872	26 191	13 865	24 235	24 279	3 710	4 343	3 924
B	KZN282 uMhlathuze	29 491	39 637	42 283	37 777	40 236	34 983	50 482	52 390	52 782
B	KZN284 uMlalazi	11 968	16 248	33 911	9 560	19 417	22 777	10 506	11 029	11 289
B	KZN285 Mthonjaneni	1 105	3 148	8 498	4 475	10 396	8 819	4 579	4 807	4 964
B	KZN286 Nkandla	14 943	17 765	42 408	9 287	37 719	51 592	9 792	14 196	14 563
C	DC28 King Cetshwayo District Municipality	3 552	2 325	2 280	40	40	40	42	44	46
<b>Total: iLembe Municipalities</b>		<b>46 072</b>	<b>85 403</b>	<b>96 667</b>	<b>48 916</b>	<b>51 588</b>	<b>74 245</b>	<b>41 053</b>	<b>40 840</b>	<b>41 809</b>
B	KZN291 Mandeni	4 813	11 740	8 999	5 365	5 265	11 378	5 194	5 452	5 497
B	KZN292 KwaDukuza	24 976	20 222	40 564	25 968	30 240	29 400	18 862	17 546	17 891
B	KZN293 Ndwedwe	6 717	14 547	12 686	3 978	3 478	17 998	3 663	3 845	3 926
B	KZN294 Maphumulo	9 266	16 894	24 218	13 605	12 605	15 469	13 334	13 997	14 495
C	DC29 iLembe District Municipality	300	22 000	10 200	-	-	-	-	-	-
<b>Total: Harry Gwala Municipalities</b>		<b>40 905</b>	<b>48 922</b>	<b>87 687</b>	<b>28 012</b>	<b>42 008</b>	<b>43 713</b>	<b>36 589</b>	<b>46 922</b>	<b>37 737</b>
B	KZN433 Greater Kokstad	21 480	15 891	28 620	8 235	24 092	23 292	8 217	8 626	8 865
B	KZN434 uBuhlebezwe	5 705	9 662	11 308	6 315	6 360	5 231	6 518	6 843	7 090
B	KZN435 uMzimkhulu	4 877	13 863	14 577	6 718	6 080	6 349	16 825	26 174	16 454
B	KZN436 Dr Nkosazana Dlamini Zuma	5 543	9 506	18 182	5 244	5 476	8 841	5 029	5 279	5 328
C	DC43 Harry Gwala District Municipality	3 300	-	15 000	1 500	-	-	-	-	-
<b>Unallocated</b>		<b>(2)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Total</b>		<b>1 459 036</b>	<b>1 601 615</b>	<b>1 918 065</b>	<b>1 364 578</b>	<b>1 459 714</b>	<b>1 459 714</b>	<b>1 325 021</b>	<b>1 582 689</b>	<b>1 388 643</b>

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

R thousand	Audited Outcome			Main	Adjusted	Revised	Medium-term Estimates		
	2017/18	2018/19	2019/20	Appropriation	Appropriation	Estimate	2021/22	2022/23	2023/24
<b>General Public Services</b>									
Executive and Legislature	882 811	890 572	907 315	939 266	927 949	920 036	905 077	928 971	935 373
Office of the Premier	34 894	36 067	48 183	39 963	38 185	38 185	43 418	43 915	40 553
Provincial Legislature	847 917	854 505	859 132	899 303	889 764	881 851	861 659	885 056	894 820
Financial and Fiscal Services	522 816	592 542	608 235	683 112	544 096	538 798	621 675	635 090	639 636
Provincial Treasury	522 816	592 542	608 235	683 112	544 096	538 798	621 675	635 090	639 636
General Services (Public Works, Local Govt.)	3 968 079	4 209 989	5 013 787	4 799 046	4 367 025	4 354 399	4 678 087	4 930 086	4 819 626
<b>Total: General Public Services</b>	<b>5 373 706</b>	<b>5 693 103</b>	<b>6 529 337</b>	<b>6 421 424</b>	<b>5 839 070</b>	<b>5 813 233</b>	<b>6 204 839</b>	<b>6 494 147</b>	<b>6 394 635</b>
<b>Public Order and Safety</b>									
Police Services	204 572	224 891	233 783	249 103	203 545	203 545	233 378	233 821	235 819
Community Safety and Liaison	204 572	224 891	233 783	249 103	203 545	203 545	233 378	233 821	235 819
<b>Total: Public Order and Safety</b>	<b>204 572</b>	<b>224 891</b>	<b>233 783</b>	<b>249 103</b>	<b>203 545</b>	<b>203 545</b>	<b>233 378</b>	<b>233 821</b>	<b>235 819</b>
<b>Economic Affairs</b>									
General Economic Affairs	1 765 470	1 918 937	2 169 026	2 235 501	1 817 280	1 815 233	2 148 858	2 236 667	2 217 890
Economic Dev, Tourism and Enviro Affairs	1 797 732	1 952 926	2 169 026	2 235 501	1 817 280	1 815 233	2 148 858	2 236 667	2 217 890
Provincial Treasury	(32)	(34)	-	-	-	-	-	-	-
Agriculture	1 915 837	2 019 509	2 363 415	2 412 038	2 357 070	2 357 070	2 394 879	2 355 577	2 372 294
Agriculture and Rural Development	1 915 837	2 019 509	2 363 415	2 412 038	2 357 070	2 357 070	2 394 879	2 355 577	2 372 294
Transport	9 496 143	9 937 421	8 883 535	11 175 701	8 730 519	8 544 247	11 129 680	11 087 652	11 050 560
Transport	9 496 143	9 937 421	8 883 535	11 175 701	8 730 519	8 544 247	11 129 680	11 087 652	11 050 560
<b>Total: Economic Affairs</b>	<b>13 177 450</b>	<b>13 875 867</b>	<b>13 415 976</b>	<b>15 823 240</b>	<b>12 904 869</b>	<b>12 716 550</b>	<b>15 673 417</b>	<b>15 679 896</b>	<b>15 640 744</b>
<b>Environmental Protection</b>									
Environmental Affairs and Conservation	936 069	973 642	1 030 630	1 078 758	1 208 101	1 210 148	1 169 167	1 145 934	1 191 297
<b>Total: Environmental Protection</b>	<b>936 069</b>	<b>973 642</b>	<b>1 030 630</b>	<b>1 078 758</b>	<b>1 208 101</b>	<b>1 210 148</b>	<b>1 169 167</b>	<b>1 145 934</b>	<b>1 191 297</b>
<b>Housing and Community Amenities</b>									
Housing Development	4 066 734	3 734 629	4 261 359	3 929 897	3 564 155	3 564 155	3 597 231	3 719 124	3 860 303
Human Settlements	4 066 734	3 734 629	4 261 359	3 929 897	3 564 155	3 564 155	3 597 231	3 719 124	3 860 303
<b>Total: Housing and Community Amenities</b>	<b>4 066 734</b>	<b>3 734 629</b>	<b>4 261 359</b>	<b>3 929 897</b>	<b>3 564 155</b>	<b>3 564 155</b>	<b>3 597 231</b>	<b>3 719 124</b>	<b>3 860 303</b>
<b>Health</b>									
Outpatient services	12 718 402	14 033 439	14 981 388	16 078 514	17 625 499	17 799 738	17 836 893	16 651 090	16 803 566
Hospital Services	26 575 126	27 959 714	29 742 762	31 539 877	33 371 965	33 200 773	30 135 677	30 389 659	30 051 450
<b>Total: Health</b>	<b>39 293 528</b>	<b>41 993 153</b>	<b>44 724 150</b>	<b>47 618 391</b>	<b>50 997 464</b>	<b>51 000 511</b>	<b>47 972 570</b>	<b>47 040 749</b>	<b>46 855 016</b>
<b>Recreation, Culture and Religion</b>									
Sporting and Recreational Affairs	1 282 391	1 353 345	1 414 946	1 482 953	1 099 388	1 099 388	1 458 338	1 460 277	1 463 050
Sport and Recreation	437 088	460 154	481 147	481 217	298 028	298 028	475 629	481 924	477 348
Arts and Culture	845 303	893 191	933 799	1 001 736	801 360	801 360	982 709	978 353	985 702
Office of the Premier	-	-	-	-	-	-	-	-	-
<b>Total: Recreation, Culture and Religion</b>	<b>1 282 391</b>	<b>1 353 345</b>	<b>1 414 946</b>	<b>1 482 953</b>	<b>1 099 388</b>	<b>1 099 388</b>	<b>1 458 338</b>	<b>1 460 277</b>	<b>1 463 050</b>
<b>Education</b>									
Pre-primary & Primary Phases	23 573 417	25 059 279	26 782 317	28 644 132	27 934 958	28 460 177	25 770 590	25 691 618	25 763 056
Secondary Education Phase	16 011 249	16 568 784	18 070 237	19 193 423	19 032 188	19 421 755	17 661 581	17 417 365	17 509 860
Subsidiary Services to Education	7 516 942	7 425 984	8 132 810	7 911 583	7 595 504	7 689 121	8 241 112	8 567 187	8 931 267
Education not defined by level	1 909 753	1 908 013	1 991 903	2 010 403	2 064 790	2 031 941	2 009 043	2 080 380	2 159 605
<b>Total: Education</b>	<b>49 011 361</b>	<b>50 962 060</b>	<b>54 977 267</b>	<b>57 759 541</b>	<b>56 627 440</b>	<b>57 602 994</b>	<b>53 682 326</b>	<b>53 756 550</b>	<b>54 363 788</b>
<b>Social protection</b>									
Social Services and Population Development	2 903 911	3 283 903	3 530 497	3 818 857	3 845 815	3 843 968	3 678 756	3 729 185	3 768 501
<b>Total: Social protection</b>	<b>2 903 911</b>	<b>3 283 903</b>	<b>3 530 497</b>	<b>3 818 857</b>	<b>3 845 815</b>	<b>3 843 968</b>	<b>3 678 756</b>	<b>3 729 185</b>	<b>3 768 501</b>
<b>Total</b>	<b>116 249 721</b>	<b>122 094 593</b>	<b>130 117 945</b>	<b>138 182 164</b>	<b>136 289 847</b>	<b>137 054 492</b>	<b>133 670 022</b>	<b>133 259 683</b>	<b>133 773 153</b>

Overview of Provincial Revenue and Estimates

Table 1.E(b) : Details of function

Function	Category	Department	Programme
<b>General Public Services</b>	Legislative	Office of the Premier	Administration
		Provincial Legislature	Administration Parliamentary Business Members Remuneration Office of the MEC
	General Services	Office of the Premier	Administration Institutional Development Policy and Governance
		Transport Public Works	Administration Administration Property Management Provision of Buildings, Structures & Equipmt.
	General Policy & Administration	Co-operative Governance and Traditional Affairs	Administration Local Governance Development and Planning Traditional Institutional Management
Financial & Fiscal Services	Provincial Treasury	Administration Fiscal Resource Management Financial Management Internal Audit	
<b>Public Order &amp; Safety</b>	Police Services	Community Safety & Liaison	Administration Civilian Oversight
<b>Economic Affairs</b>	General Economic Affairs	Economic Dev, Tourism and Enviro Affairs	Administration Integrated Econ Dev Services Trade and Sector Development Business Regulation and Governance Economic Planning Growth and Development
		Provincial Treasury	Administration Agriculture Rural Development
	Agriculture	Agriculture and Rural Development	Agriculture Rural Development
	Transport	Transport	Transport Infrastructure Transport Operations Transport Regulations Community Based Programme
<b>Environmental Protection</b>	Environmental Protection	Economic Dev, Tourism and Enviro Affairs	Environmental Affairs
<b>Housing &amp; Community Amenities</b>	Housing Development	Human Settlements	Administration Housing Needs, Research and Planning Housing Development Housing Asset Management, Property Mgt.
<b>Health</b>	Outpatient services NEC	Health	District Health Services Health Facilities Management
	Hospital Services	Health	Administration District Health Services Emergency Medical Services Provincial Hospital Services Central Hospital Services Health Sciences & Training Health Care Support Services Health Facilities Management
<b>Recreational, Culture and Religion</b>	Sporting and recreational affairs services	Sport and Recreation	Administration Sport and Recreation
		Arts and Culture	Administration Cultural Affairs Libraries and Archive Services
		Office of the Premier	Institutional Development
<b>Education</b>	Pre-primary & Primary Levels	Education	Public Ordinary School Education Early Childhood Development
	Secondary Education Phase	Education	Public Ordinary School Education
	Education Services not defined by level	Education	Public Special School Education Independent School Subsidies
		Agriculture and Rural Development Health	Agriculture (Structured Agric Training) Health Sciences and Training
	Subsidiary services to education	Education	Administration Public Ordinary School Education Public Special School Education Early Childhood Development Infrastructure Development Examination and Education Related Services
<b>Social Protection</b>	Social Security Services	Social Development	
	Social Services and Population Development	Social Development	Administration Social Welfare Services Children and Families Restorative Services Development and Research

Table 1.F : Donor and agency funding

Name of Donor/ Agency Organisation	Audited Outcome			Main Appropriation	Adjusted Appropriation	Revised Estimate	Medium-term Estimates		
	2017/18	2018/19	2019/20				2021/22	2022/23	2023/24
<b>R thousand</b>	<b>122 219</b>	<b>243 023</b>	<b>-</b>	<b>-</b>	<b>24 113</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Donor funding</b>	<b>122 219</b>	<b>243 023</b>	<b>-</b>	<b>-</b>	<b>24 113</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
Economic Development, Tourism and Enviro Affairs	6 034	37 363	-	-	24 113	-	-	-	-
Swiss Donor Funds - SECO	6 034	37 363	-	-	24 113	-	-	-	-
Provincial Treasury	116 185	205 660	-	-	-	-	-	-	-
Development of KwaZulu-Natal Science Parks	78 633	-	-	-	-	-	-	-	-
EU Global Fund: Fight against HIV/AIDS, TB & Malaria	37 552	205 660	-	-	-	-	-	-	-
<b>Agency funding</b>	<b>40 529</b>	<b>29 625</b>	<b>30 818</b>	<b>1 463</b>	<b>4 302</b>	<b>7 664</b>	<b>-</b>	<b>-</b>	<b>-</b>
Office of the Premier	19 288	7 876	5 797	1 463	1 463	1 463	-	-	-
NSF	6 695	-	1 687	-	-	-	-	-	-
MERSETA	12 593	7 876	4 110	1 463	1 463	1 463	-	-	-
Provincial Treasury	240	-	-	-	-	-	-	-	-
PSETA	240	-	-	-	-	-	-	-	-
Health	2 370	4 245	12 457	-	2 839	-	-	-	-
HWSETA	1 717	1 807	3 090	-	2 839	-	-	-	-
HWSETA: Bridging for enrolled nurse training	-	244	-	-	-	-	-	-	-
HWSETA Learnership: Dental/Oral Hygiene	-	-	-	-	-	-	-	-	-
HWSETA: Interns 2018/19	-	-	-	-	-	-	-	-	-
HWSETA: isiZulu training	-	-	-	-	-	-	-	-	-
HWSETA Learnership: Sign Language Training	-	-	-	-	-	-	-	-	-
HWSETA Learnership: Social Environmental Health	-	-	-	-	-	-	-	-	-
HWSETA Learnership: Tradesman RPL	-	-	342	-	-	-	-	-	-
HWSETA Learnership: TVET Graduates	-	-	180	-	-	-	-	-	-
PSETA	653	2 200	-	-	-	-	-	-	-
HWSETA: Ad hoc Projects	-	-	1 832	-	-	-	-	-	-
HWSETA: Interns 2018/19	-	-	360	-	-	-	-	-	-
HWSETA: Healthcare Quality & Patient Safety	-	-	3 059	-	-	-	-	-	-
HWSETA: Nursing	-	-	3 594	-	-	-	-	-	-
Co-operative Governance and Traditional Affairs	-	-	-	-	-	-	-	-	-
LGSETA	-	-	-	-	-	-	-	-	-
Transport	18 631	17 504	12 564	-	-	6 201	-	-	-
SANRAL	-	-	-	-	-	-	-	-	-
RTMC	18 390	17 263	12 323	-	-	5 960	-	-	-
eThekweni Metro	241	241	241	-	-	241	-	-	-
<b>Total</b>	<b>162 748</b>	<b>272 648</b>	<b>30 818</b>	<b>1 463</b>	<b>28 415</b>	<b>7 664</b>	<b>-</b>	<b>-</b>	<b>-</b>

Table 1.G(i) : Details of transfers to local government: 2021/22

Municipality	Vote 3	Vote 7	Vote 8	Vote 10	Vote 14	Vote 15	Total
R thousand	3.1	7.1	8.1	10.1	14.1	15.1	15.4
eThekweni	-	244 843	7 770	10.2	306 605	8 883	674 172
Ugu Municipalities	-	2 277	40 000	-	20 011	5 956	48 764
uMdoni	-	-	-	-	4 005	2 250	13 736
uMzumbane	-	-	-	-	4 853	-	4 853
uMuziwabantu	-	-	-	-	5 967	924	7 826
Ray Nkonyeni	-	2 277	-	-	5 186	2 440	22 349
Ugu District Municipality	-	-	-	-	-	-	-
<b>uMgungundlovu Municipalities</b>	-	4 264	-	-	103 581	3 255	141 631
uMshwathi	-	-	-	-	12 805	242	15 853
uMngeni	-	-	-	-	10 095	484	14 546
Mpofana	-	-	-	-	136	242	2 474
iMpindle	-	-	-	-	361	242	2 474
Msunduzi	-	4 264	-	-	79 295	828	100 437
Mkhambathini	-	-	-	-	816	975	2 726
Richmond	-	-	-	-	73	242	3 121
uMgungundlovu District Municipality	-	-	-	-	-	-	-
<b>uThukela Municipalities</b>	-	1 793	-	20 000	53 795	3 402	92 960
Okhahlamba	-	-	-	-	6 923	975	9 994
iNkosi Langalibalele	-	-	-	-	22 407	726	29 172
Alfred Duma	-	1 793	-	20 000	24 465	1 701	53 794
uThukela District Municipality	-	-	-	-	-	-	-
<b>uMzinyathi Municipalities</b>	-	-	-	-	35 846	740	48 656
eNdameni	-	-	-	-	10 788	515	16 211
Nquthu	-	-	-	-	11 629	1 950	15 450
uMsinga	-	-	-	-	6 053	293	7 281
uMvoti	-	-	-	-	7 376	242	9 714
uMzinyathi District Municipality	-	-	-	-	-	-	-
<b>Amajuba Municipalities</b>	-	3 839	-	11 000	14 675	4 708	43 278
Newcastle	-	3 839	-	11 000	5 626	2 475	30 126
eMadiangeni	-	-	-	-	3 538	924	5 397
Damhauser	-	-	-	-	5 511	1 309	7 755
Anajuba District Municipality	-	-	-	-	-	-	-
<b>Zululand Municipalities</b>	-	-	-	-	51 729	5 591	68 440
eDumbe	-	-	-	-	4 083	1 360	7 314
uPhongolo	-	-	-	-	4 359	484	6 714
AbaQulusi	-	-	-	-	8 654	1 166	13 417
Nongoma	-	-	-	-	7 211	1 606	9 752
Ulundi	-	-	-	-	27 422	975	29 332
Zululand District Municipality	-	-	-	-	-	1 911	1 911
<b>uMkhanyakude Municipalities</b>	-	-	-	900	31 121	10 269	50 367
uMhlabuyalingana	-	-	-	-	14 110	924	16 905
Jozini	-	-	-	-	7 213	4 582	12 730
Mtubatuba	-	-	-	-	6 805	2 233	12 888
Big Five Hlabisa	-	-	-	450	2 993	2 530	7 844
uMkhanyakude District Municipality	-	-	-	450	-	-	-



Table 1.G(i) : Details of transfers to local government: 2021/22 (continued)

Municipality	Vote 3		Vote 7			Vote 8		Vote 10		Vote 14			Vote 15				Total		
	3.1	42	7.1	8.1	8.2	8.1	8.2	10.1	10.2	14.1	15.1	15.2	15.3	15.4					
<b>King Cetshwayo Municipalities</b>																			
uMfolozi	-	-	-	1 206	-	-	-	10 943	-	42 718	1 164	5 485	-	17 553	-	-	-	79 111	
uMhlatuze	-	-	-	-	-	-	-	-	-	673	-	1 166	-	1 871	-	-	3 710		
uMlalazi	-	-	-	1 206	-	-	10 943	-	-	26 354	225	2 618	-	9 136	-	-	50 482		
Mthonjaneni	-	-	-	-	-	-	-	-	-	4 356	939	535	-	4 676	-	-	10 506		
Nkandla	-	-	-	-	-	-	-	-	-	3 402	-	242	-	935	-	-	4 579		
King Cetshwayo District Municipality	-	42	-	-	-	-	-	-	-	7 933	-	924	-	935	-	-	9 792		
<b>iLembe Municipalities</b>																			
Mandeni	-	-	-	3 140	-	-	-	-	-	20 678	2 225	5 659	-	9 351	-	-	41 053		
KwaDukuza	-	-	-	-	-	-	-	-	-	980	-	1 408	-	2 806	-	-	5 194		
Ndwedwe	-	-	-	3 140	-	-	-	-	-	7 161	2 225	726	-	5 610	-	-	18 862		
Maphumulo	-	-	-	-	-	-	-	-	-	1 753	-	975	-	935	-	-	3 663		
iLembe District Municipality	-	-	-	-	-	-	-	-	-	10 784	-	2 550	-	-	-	-	13 334		
<b>Harry Gwala Municipalities</b>																			
Greater Kokstad	-	-	-	-	-	-	-	10 944	-	15 549	-	3 549	-	6 547	-	-	36 589		
uBuhlebezwe	-	-	-	-	-	-	-	-	-	5 180	-	1 166	-	1 871	-	-	8 217		
uMzimkhulu	-	-	-	-	-	-	-	-	-	5 341	-	242	-	935	-	-	6 518		
Dr Nkosazana Dlamini Zuma	-	-	-	-	-	-	-	10 944	-	3 971	-	975	-	935	-	-	16 825		
Harry Gwala District Municipality	-	-	-	-	-	-	-	-	-	1 057	-	1 166	-	2 806	-	-	5 029		
<b>Unallocated/unclassified</b>																			
<b>Total</b>	<b>42</b>		<b>244 843</b>	<b>24 289</b>	<b>40 000</b>	<b>52 887</b>	<b>900</b>	<b>696 308</b>	<b>13 012</b>	<b>60 066</b>	<b>1 911</b>	<b>190 763</b>	<b>1 325 021</b>						

Key	Grant Name
3.1	OSCA - Rates and taxes
7.1	Municipal clinics
8.1	Accredited municipalities
8.2	CRU Programme and Municipal Rates and Taxes
10.1	Infrastructure
10.2	Maintenance grant
14.1	Property rates
15.1	Museum subsidies
15.2	Community library services grant
15.3	Art centres (operational costs)
15.4	Provincialisation of libraries

Table 1.G(ii) : Details of transfers to local government: 2022/23

Municipality	Vote 3	Vote 7	Vote 8	Vote 10	Vote 14	Vote 15	15.3	15.4	Total			
R thousand	3.1	7.1	8.1	8.2	10.1	10.2	14.1	15.1	15.2	15.3	15.4	Total
<b>eThekweni</b>	-	256 596	7 770	40 000	-	-	526 801	6 241	9 310	-	55 161	901 879
<b>Ugu Municipalities</b>	-	-	2 277	-	-	-	21 011	449	5 891	-	21 054	50 682
uMdoni	-	-	-	-	-	-	4 205	-	2 359	-	7 655	14 219
uMzumbane	-	-	-	-	-	-	5 096	-	-	-	-	5 096
uMuziwabantu	-	-	-	-	-	-	6 265	-	969	-	981	8 215
Ray Nkonyeni	-	-	2 277	-	-	-	5 445	449	2 563	-	12 418	23 152
Ugu District Municipality	-	-	-	-	-	-	-	-	-	-	-	-
<b>uMgungundlovu Municipalities</b>	-	-	4 264	-	-	-	108 762	1 009	3 417	-	29 298	146 750
uMshwathi	-	-	-	-	-	-	13 446	-	254	-	2 946	16 646
uMngeni	-	-	-	-	-	-	10 600	235	508	-	3 929	15 272
Mpofana	-	-	-	-	-	-	143	235	254	-	1 964	2 596
iMpindle	-	-	-	-	-	-	379	254	254	-	1 964	2 597
Msunduzi	-	-	4 264	-	-	-	83 260	539	870	-	14 568	103 501
Mkhambathini	-	-	-	-	-	-	857	-	1 023	-	981	2 861
Richmond	-	-	-	-	-	-	77	-	254	-	2 946	3 277
uMgungundlovu District Municipality	-	-	-	-	-	-	-	-	-	-	-	-
<b>uThukela Municipalities</b>	-	-	1 793	-	10 950	-	56 485	919	3 570	-	13 744	87 461
Okhahlamba	-	-	-	-	-	-	7 269	235	1 023	-	1 964	10 491
iNkosi Langalibalele	-	-	-	-	-	-	23 528	449	762	-	5 890	30 629
Alfred Duma	-	-	1 793	-	10 950	-	25 688	235	1 785	-	5 890	46 341
uThukela District Municipality	-	-	-	-	-	-	-	-	-	-	-	-
<b>uMzinyathi Municipalities</b>	-	-	-	-	450	-	37 636	774	3 831	-	8 838	51 529
eNdameni	-	-	-	-	-	-	11 328	539	1 223	-	3 929	17 019
Nquthu	-	-	-	-	-	-	12 210	-	2 046	-	1 964	16 220
uMsinga	-	-	-	-	-	-	6 353	-	308	-	981	7 642
uMvoti	-	-	-	-	450	-	7 745	235	254	-	1 964	10 648
uMzinyathi District Municipality	-	-	-	-	-	-	-	-	-	-	-	-
<b>Amajuba Municipalities</b>	-	-	3 839	-	11 000	-	15 409	449	4 936	-	8 954	44 587
Newcastle	-	-	3 839	-	11 000	-	5 907	449	2 595	-	6 992	30 782
eMadlangeni	-	-	-	-	-	-	3 715	-	969	-	981	5 665
Dannhauser	-	-	-	-	-	-	5 787	-	1 372	-	981	8 140
Amajuba District Municipality	-	-	-	-	-	-	-	-	-	-	-	-
<b>Zululand Municipalities</b>	-	-	-	-	-	-	54 314	235	5 864	1 911	9 430	71 754
eDumbe	-	-	-	-	-	-	4 287	-	1 426	-	1 964	7 677
uPhongolo	-	-	-	-	-	-	4 577	-	508	-	1 964	7 049
AbaQulusi	-	-	-	-	-	-	9 086	235	1 223	-	3 540	14 084
Nongoma	-	-	-	-	-	-	7 571	-	1 684	-	981	10 236
Ulundi	-	-	-	-	-	-	28 793	-	1 023	-	981	30 797
Zululand District Municipality	-	-	-	-	-	-	-	-	-	1 911	-	1 911
<b>uMkhanyakude Municipalities</b>	-	-	-	-	-	-	32 677	-	12 320	-	8 479	53 476
uMhlabuyalingana	-	-	-	-	-	-	14 815	-	969	-	1 964	17 748
Jozini	-	-	-	-	-	-	7 573	-	6 357	-	981	14 911
Mtubatuba	-	-	-	-	-	-	7 146	-	2 341	-	3 570	13 057
Big Five Hlabisa	-	-	-	-	-	-	3 143	-	2 653	-	1 964	7 760
uMkhanyakude District Municipality	-	-	-	-	-	-	-	-	-	-	-	-

Table 1.G(ii) : Details of transfers to local government: 2022/23 (continued)

Municipality	Vote 3		Vote 7		Vote 8		Vote 10		Vote 14		Vote 15			Total
	3.1		7.1		8.1	8.2	10.1	10.2	14.1	15.1	15.2	15.3	15.4	
<b>R thousand</b>														
<b>King Cetshwayo Municipalities</b>	44				1 206	-	10 937	450	44 854	1 219	9 671	-	18 428	86 809
uMfolozi	-				-	-	-	450	706	-	1 223	-	1 964	4 343
uMhlatuze	-				1 206	-	10 937	-	27 672	235	2 747	-	9 593	52 390
uMlalazi	-				-	-	-	-	4 574	984	562	-	4 909	11 029
Mthonjaneni	-				-	-	-	-	3 572	254	-	-	981	4 807
Nkandla	-				-	-	-	-	8 330	-	4 885	-	981	14 196
King Cetshwayo District Municipality	44				-	-	-	-	-	-	-	-	-	44
<b>iLembe Municipalities</b>					3 140	-	-	-	21 713	235	5 935	-	9 817	40 840
Mandeni	-				-	-	-	-	1 029	-	1 477	-	2 946	5 452
KwaDukuza	-				3 140	-	-	-	7 519	235	762	-	5 890	17 546
Ndwedwe	-				-	-	-	-	1 841	-	1 023	-	981	3 845
Maphumulo	-				-	-	-	-	11 324	-	2 673	-	-	13 997
Iembe District Municipality	-				-	-	-	-	-	-	-	-	-	-
<b>Harry Gwala Municipalities</b>					-	-	20 000	-	16 327	-	3 723	-	6 872	46 922
Greater Kokstad	-				-	-	-	-	5 439	-	1 223	-	1 964	8 626
uBuhlebezwe	-				-	-	-	-	5 608	-	254	-	981	6 843
uMzimkhulu	-				-	-	20 000	-	4 170	-	1 023	-	981	26 174
Dr Nkosazana Dlamini Zuma	-				-	-	-	-	1 110	-	1 223	-	2 946	5 279
Harry Gwala District Municipality	-				-	-	-	-	-	-	-	-	-	-
<b>Unallocated/unclassified</b>					-	-	-	-	-	-	-	-	-	-
<b>Total</b>	<b>44</b>		<b>256 596</b>		<b>24 289</b>	<b>40 000</b>	<b>52 887</b>	<b>900</b>	<b>935 989</b>	<b>11 530</b>	<b>68 468</b>	<b>1 911</b>	<b>190 075</b>	<b>1 582 689</b>

Key	Grant Name
3.1	OSCA - Rates and taxes
7.1	Municipal clinics
8.1	Accredited municipalities
8.2	CRU Programme and Municipal Rates and Taxes
10.1	Infrastructure
10.2	Maintenance grant
14.1	Property rates
15.1	Museum subsidies
15.2	Community library services grant
15.3	Art centres (operational costs)
15.4	Provisionalisation of libraries

Table 1.G(iii) : Details of transfers to local government: 2023/24

Municipality	Vote 3		Vote 7		Vote 8		Vote 10		Vote 14		Vote 15			Total
	3.1	7.1	8.1	8.2	10.1	10.2	14.1	15.1	15.2	15.3	15.4	15.5		
<b>R thousand</b>														
eThekweni	-	268 736	7 770	40 000	-	-	310 692	6 615	9 310	-	-	59 888	703 011	
<b>Ugu Municipalities</b>	-	-	2 277	-	-	-	21 936	476	5 891	-	-	21 054	51 634	
uMdoni	-	-	-	-	-	-	4 390	-	2 359	-	-	7 655	14 404	
uMzumbane	-	-	-	-	-	-	5 320	-	-	-	-	-	5 320	
uMuziwabantu	-	-	-	-	-	-	6 541	-	969	-	-	981	8 491	
Ray Nkonyeni	-	-	2 277	-	-	-	5 685	476	2 563	-	-	12 418	23 419	
Ugu District Municipality	-	-	-	-	-	-	-	-	-	-	-	-	-	
<b>uMgungundlovu Municipalities</b>	-	-	4 264	-	-	-	113 547	1 069	3 417	-	-	28 298	150 595	
uMshwathi	-	-	-	-	-	-	14 038	254	254	-	-	2 946	17 238	
uMngeni	-	-	-	-	-	-	11 066	249	508	-	-	3 929	15 752	
Mpofana	-	-	-	-	-	-	149	249	254	-	-	1 964	2 616	
iMpendle	-	-	-	-	-	-	396	-	254	-	-	1 964	2 614	
Msunduzi	-	-	4 264	-	-	-	86 923	571	870	-	-	13 568	106 196	
Mkhambathini	-	-	-	-	-	-	895	-	1 023	-	-	981	2 899	
Richmond	-	-	-	-	-	-	80	254	254	-	-	2 946	3 280	
uMgungundlovu District Municipality	-	-	-	-	-	-	-	-	-	-	-	-	-	
<b>uThukela Municipalities</b>	-	-	1 793	-	10 097	-	58 970	974	3 570	-	-	13 744	89 148	
Okhahlamba	-	-	-	-	-	-	7 589	249	1 023	-	-	1 964	10 825	
iNkosi Langalibalele	-	-	-	-	-	-	24 563	476	762	-	-	5 890	31 691	
Alfred Duma	-	-	1 793	-	10 097	-	26 818	249	1 785	-	-	5 890	46 632	
uThukela District Municipality	-	-	-	-	-	-	-	-	-	-	-	-	-	
<b>uMzinyathi Municipalities</b>	-	-	-	-	-	450	39 292	820	3 831	-	-	8 838	53 231	
eNdameni	-	-	-	-	-	-	11 826	571	1 223	-	-	3 929	17 549	
Nquthu	-	-	-	-	-	-	12 747	-	2 046	-	-	1 964	16 757	
uMsinga	-	-	-	-	-	-	6 633	-	308	-	-	981	7 922	
uMvoti	-	-	-	-	-	450	8 086	249	254	-	-	1 964	11 003	
uMzinyathi District Municipality	-	-	-	-	-	-	-	-	-	-	-	-	-	
<b>Amajuba Municipalities</b>	-	-	3 839	-	10 097	-	16 087	476	4 936	-	-	8 954	44 389	
Newcastle	-	-	3 839	-	10 097	-	6 167	476	2 595	-	-	6 992	30 166	
eMadiangeni	-	-	-	-	-	-	3 878	969	969	-	-	981	5 828	
Dannhauser	-	-	-	-	-	-	6 042	-	1 372	-	-	981	8 395	
Amajuba District Municipality	-	-	-	-	-	-	-	-	-	-	-	-	-	
<b>Zululand Municipalities</b>	-	-	-	-	-	-	56 704	249	5 864	1 911	-	9 430	74 158	
eDumbe	-	-	-	-	-	-	4 476	-	1 426	-	-	1 964	7 866	
uPhongolo	-	-	-	-	-	-	4 778	508	508	-	-	1 964	7 250	
AbaQulusi	-	-	-	-	-	-	9 486	249	1 223	-	-	3 540	14 498	
Nongoma	-	-	-	-	-	-	7 904	-	1 684	-	-	981	10 569	
Ulundi	-	-	-	-	-	-	30 060	-	1 023	-	-	981	32 064	
Zululand District Municipality	-	-	-	-	-	-	-	-	-	1 911	-	-	1 911	
<b>uMkhanyakude Municipalities</b>	-	-	-	-	-	450	34 114	-	12 320	-	-	8 479	55 363	
uMhlabuyalingana	-	-	-	-	-	-	15 467	-	969	-	-	1 964	18 400	
Jozini	-	-	-	-	-	-	7 906	-	6 357	-	-	981	15 244	
Mtubatuba	-	-	-	-	-	-	7 460	-	2 341	-	-	3 570	13 821	
Big Five Hlabisa	-	-	-	-	-	-	3 281	-	2 653	-	-	1 964	7 898	
uMkhanyakude District Municipality	-	-	-	-	-	-	-	-	-	-	-	-	-	

Table 1.G(iii) : Details of transfers to local government: 2023/24 (continued)

Municipality R thousand	Vote 3		Vote 7		Vote 8		Vote 10		Vote 14		Vote 15		Total
	3.1	46	7.1	8.1	8.2	10.1	10.2	14.1	15.1	15.2	15.3	15.4	
<b>King Cetshwayo Municipalities</b>													
uMfolozi	-	1 206	-	-	-	10 097	-	46 828	1 292	9 671	-	18 428	87 588
uMhlabuthuze	-	1 206	-	-	-	10 097	-	737	-	1 223	-	1 964	3 924
uMlalazi	-	-	-	-	-	-	-	28 890	249	2 747	-	9 593	52 782
Mthonjaneni	-	-	-	-	-	-	-	4 775	1 043	562	-	4 909	11 289
Nkandla	-	-	-	-	-	-	-	3 729	-	254	-	981	4 964
King Cetshwayo District Municipality	46	-	-	-	-	-	-	8 697	-	4 885	-	981	14 563
<b>iLembe Municipalities</b>													
Mandeni	-	3 140	-	-	-	-	-	22 668	249	5 935	-	9 817	41 809
KwaDukuza	-	-	-	-	-	-	-	1 074	-	1 477	-	2 946	5 497
Ndwedwe	-	3 140	-	-	-	-	-	7 850	249	762	-	5 890	17 891
Maphumulo	-	-	-	-	-	-	-	1 922	-	1 023	-	981	3 926
iLembe District Municipality	-	-	-	-	-	-	-	11 822	-	2 673	-	-	14 495
<b>Harry Gwala Municipalities</b>													
Greater Kokstad	-	-	-	-	-	10 097	-	17 045	-	3 723	-	6 872	37 737
uBuhlebezwe	-	-	-	-	-	-	-	5 678	-	1 223	-	1 964	8 865
uMzimkhulu	-	-	-	-	-	-	-	5 855	-	254	-	981	7 090
Dr Nkosazana Dlamini Zuma	-	-	-	-	-	-	-	4 353	-	1 023	-	981	16 454
Harry Gwala District Municipality	-	-	-	-	-	-	-	1 159	-	1 223	-	2 946	5 328
<b>Unallocated/unclassified</b>													
<b>Total</b>	<b>46</b>	<b>24 289</b>	<b>268 736</b>	<b>40 000</b>	<b>40 000</b>	<b>40 388</b>	<b>900</b>	<b>737 883</b>	<b>12 220</b>	<b>68 468</b>	<b>1 911</b>	<b>193 802</b>	<b>1 388 643</b>

Key	Grant Name
3.1	OSCA - Rates and taxes
7.1	Municipal clinics
8.1	Accredited municipalities
8.2	CRU Programme and Municipal Rates and Taxes
10.1	Infrastructure
10.2	Maintenance grant
14.1	Property rates
15.1	Museum subsidies
15.2	Community/library services grant
15.3	Art centres (operational costs)
15.4	Provincialisation of libraries



**ESTIMATES  
OF  
PROVINCIAL REVENUE  
AND  
EXPENDITURE**