



K W A Z U L U - N A T A L

# BUDGET

SPEECH **2021**

BY THE HONOURABLE  
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MEC FOR FINANCE

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## KwaZulu-Natal Province

### Address by Ms Nomusa Dube-Ncube on the tabling of the 2021/22 MTEF Budget

#### KwaZulu-Natal Provincial Legislature: Virtually

09 March 2021

Madam Speaker

Honourable Premier of KwaZulu Natal Sihle Zikalala;

Indlunkulu Yonke YaKwaZulu

Abantwana Basendlunkulu;

Amakhosi Asendlunkulu led by the Chairperson of the Provincial House of Traditional Leadership, Inkosi Chiliza (Inkosi yaseMadungeni);

Honorable Members of the Legislature;

The Leader of the Official Opposition Hon V.F.Hlabisa

The Provincial Secretary of the Ruling Party Mr M Ntuli

The Leadership of the Legislature

Colleagues in the Executive;

Members of the diplomatic corps;

Captains of industry; Members and the leadership of our Social Partners

The Leadership and the Members of our Professional Bodies and Associations;

Distinguished guests;

Ngokukhethekile umphakathi wakithi kuzona zonke izindawo;

Fellow Citizens;

Members of the Media;

Sanibonani.

#### **1. INTRODUCTION**

I greet you following an important celebration of the International Women's Day.

The celebration, taking place during human rights month, marks a period of heightened consciousness in society about the iniquities visited on the women of our country over the years and the pressing need to keep fighting this scourge as a matter of both conscience and a duty to our constitution.

As we present this Budget, it is extremely important that the issue of the feminization of poverty does not escape our attention because the Labour Force Survey has consistently recorded a higher unemployment rate among women since its inception in 2001, compared to men.

Therefore, we need to ensure that women occupy all sectors of the economy and enable them to be the creators of wealth for their families and this nation.

Importantly, we must recommit ourselves to strengthen efforts aimed at eradicating the oppression and the abuse of women.

When the Premier delivered the State of the Province Address on the 26 of February, under the theme ***“Quickening the Tempo to Economic Recovery and Job Creation,”*** he reflected with honesty, on the socio-economic challenges we are facing.

The good thing is that the Premier inspired hope for a better future for the people of our Province.

He outlined areas of strength and emphasised the importance of sharpening government’s leadership to ensure speed in the recovery of the provincial economy.

I am one of those who feel honoured to serve the people of our province at this crucial time in the history of our democracy.

Listening to the Premier speak about the sharpening of leadership, I was left with a distinct impression that he was also referring to the creation of a new cadre of civil servants.

It is this new cadre that will ensure that we serve the people of KwaZulu-Natal with integrity, honesty and humble service during this period.

It is this new cadre that must ensure that millions of rands are placed in the hands of the marginalised, the unemployed, the elderly, the vulnerable children and people living with disability. This is the only way of making a direct impact for the benefit of the poor people of our province.

It is important to emphasise that the attainment of an equal, democratic and prosperous South Africa is an ideal that every South African is entitled to.

Our main task therefore is to make all categories of staff, especially those in finance sections and supply chain management units, realise that the inability to defeat the poverty, unemployment and inequality, defers the attainment of this ideal.

Madam Speaker, our strength as a people has always been our higher sense of idealism and a strong vision for a better future. Therefore, Honourable Members, rebuilding the economy of this province: lifting millions of people out of poverty, and ensuring access to economic opportunities will bring us closer to the realisation of this ideal.

I wish to make an undertaking that Provincial Treasury will be an enabler in the attainment of this ideal. With Covid-19 leaving behind a trail of destruction, we acknowledge that Provincial Treasury should be a catalyst for efficiency and speed in service delivery.

Honourable Members, in this regard, we wish to reiterate our determination to ensure that services provided by Provincial Treasury to government departments, entities and municipalities are geared towards making an impact on the quality of life.

Through our services, we commit to assist all government departments and municipalities to bridge the gap between rich and poor, urban and rural. We want to break down barriers of prejudices and historical disadvantages and integrate society in the medium term.

As I deliver this Provincial Budget for deliberation by this House, I do so with a sense of pride and optimism about a bright future.

I am reminded of an inspirational quote by Bestselling Author Deborah King which says much about where we aim to take this province. She writes:-

***“Just because the past didn’t turn out like you wanted it to, does not mean your future can’t be better than you ever imagined.”***

### **1.1. Global Economic Outlook**

Madam Speaker, at this point, I want to focus on the global outlook.

The economic change we all seek to achieve must be located within a very clear understanding of the nature and context of global economic outlook.

The Covid-19 pandemic had a significant and unprecedented impact on the global economy, especially in the first half of 2020, resulting in a worse economic downturn than that of the Great Depression that started in 1929 and lasted until the late 1930s.

The pandemic weakened the fundamental drivers of economic growth. Following a contraction of 3.5 per cent in 2020, the global economic output is expected to recover at a growth rate of 5.5 per cent this year.

Despite the rollout of the vaccine globally, the pandemic remains a major risk to the global economic outlook.

## **1.2 South African Outlook**

Honourable Members, as you all know, prior to the Covid-19 pandemic, the South African economy had already slipped into a technical recession and the national economy is estimated to have contracted by 7.2 per cent in 2020.

It is, however, projected to recover to 3.6 per cent this year and 2.4 per cent in 2022.

Similar to all provinces across the country, the economic growth in KwaZulu-Natal continued to be slow, with the real regional gross domestic product (R-GDP) contracting by 7.1 per cent last year. This is expected to strengthen to 2.5 per cent this year before moderating to 1.5 per cent in 2022.

The most negatively affected economic sectors were manufacturing, transport, and trade, including tourism.

## **1.3 Effects of sluggish economic performance on key socio-economic indicators**

Madam Speaker and Honourable Members, the significant global economic contraction has caused immense destruction and a great deal of instability in the labour markets worldwide.

In South Africa, the pandemic came at a difficult time as the country's economy was already on a downward trajectory, and it led to a further increase in our unemployment rate.

Statistics South Africa (Stats SA) released data towards the end of last month which shows that about four out of ten people are unemployed in the country.

This number is estimated at five out of ten in this province. Between the fourth quarter of 2019 and the fourth quarter of 2020, the number of people employed in the country dropped from 16.4 million to 15 million.

This implies that close to 1.4 million people became unemployed in 2020, largely as a result of the pandemic. Over the same period, 210 thousand people became unemployed in this province.

Later in this address, I will spell out a few of the steps this government is taking towards turning this situation around, so as to give hope and real opportunities for a brighter future to our people.

## **1.4 Efforts to stimulate economic growth**

Madam Speaker, when the President of the Republic of South Africa, His Excellency Cyril Ramaphosa, announced the country's move to Alert Level 1, he emphasised the need to restore our country to growth and get people back to work.

As the province, we are building onto that message of the President by implementing with speed the Provincial Economic Reconstruction and Recovery Plan. The plan, which was articulated by the Premier, is in line with the national plan.

In drafting this Budget, we believe that we will quickly turn around the situation by enhancing industrial development through investment into the key productive sectors of the economy. These include Various Industries Development I.E. Informal and Township Economy, digital economy, Agriculture, oceans economy, Clothing and Textile, construction, infrastructure development, tourism, Manufacturing, Health Innovation, transport and logistics, new and alternative sources of energy and service sectors. All of these build on the back bone of Financing and Financial Resource Mobilisation and Policy Certainty and Stability.

Critically, the Government has allocated millions of rands to drive radical economic transformation. As the province, with the highest rate of unemployment and poverty, there is a need to for us to ensure that the call for radical economic transformation does not only remain a slogan, but that it should find practical expression in our government and private sector programmes.

**In this regard, procurement reforms will be one of the tools aimed at radical economic transformation by all spheres of government and its entities. In particular I wish to mention our government departments and all our municipalities.**

**We will enforce localisation and ensure that government departments and municipalities procure goods and services locally, in line with government policies**

**We want enterprises such as SMMEs and Co-operatives, owned by Africans in particular, women, youth, disabled people our veterans - to benefit as they remain excluded from the mainstream economy. With the outbreak of Covid-19, they have suffered triple exclusion.**

**The focus of this Budget is therefore also on assisting small players in the Operation Vula commodities, such as Soap and Detergents, Paper and Pulp, Bakery, Furniture and Clothing and Textiles and many more. This budget also look at what support will government provide to the cooperatives with technical skills and technical support.**

Madam Speaker, we acknowledge that young people are one of the hardest affected groups following the destruction of the economy by Covid-19. Even though constituting the majority of our population, the youth remain one of the most marginalised groups in South Africa, economically. This was the case before Covid-19 and it is even worse since the outbreak of the pandemic. However, it should not be the case as we move forward because we have the political will to change the situation.

In this Budget, we have allocated more resources to empower young people to be the creators of wealth in this province.

Madam Speaker, another area of focus – especially for young people - is the digital economy. Resources have also been allocated to ensure that the people of province are not left behind in this technological revolution.

Whatever labels we give to it: gig economy, automation, digitalisation, robotics, artificial intelligence, internet of things, 4G or 5G – it must all be underpinned by social justice, social inclusion of our people in the Rural Areas, Townships, youth women empowerment.

## **2. THE BUDGET CONTEXT AND FISCAL POLICY CONSIDERATIONS**

Honourable Members, I wish to turn my focus to issues around fiscal policy consideration. I also want to give a Budget context.

As explained, the past year saw a significant contraction in our economy and, while the third quarter saw a significant recovery from earlier declines, our year-on-year comparison shows a significant contraction.

In addition, our debt service costs continued to climb, influenced by an elevated sovereign risk premium. As such, we have shown low economic growth, and have a higher sovereign risk profile when compared to our peers, and when compared to our historical trends. We also have a high debt burden when compared to other similar emerging economies. This meant that government had to take drastic steps to cut government spending to avoid a fiscal crisis, and I will explain what these budget cuts mean for our province shortly. **The good thing being that the infrastructure budget was not affected.**

The other significant occurrence that has impacted on our fiscal environment is that our country's expected tax revenues were influenced by low economic growth, with a projected shortfall in national tax revenues of R233 billion in 2020/21, while expecting to be lower than our initial tax revenue budgets in 2021/22 and 2022/23 by R167 billion and R163 billion.

It is therefore imperative that we focus on reducing our debt and also focus on our economic recovery to set us on a surer footing in the future. **We saw how the Minister had allocated resources towards revenue collection, including upgrading of the IT Systems of various government entities.**

Members of this House will recall that, in his State of the Nation Address a few weeks ago, the President said government we will focus our collective energies on four imperative areas:

- We must beat the coronavirus pandemic;
- We must accelerate our economic Reconstruction;

- We must implement economic reforms to create sustainable jobs and drive inclusive growth; and
- We must fight corruption and strengthen the state.

This is a responsibility that we, as the Provincial Executive of this province as articulated by the Premier, have embraced and will roll out with intent so as to ensure that our fellow South Africans, who have lost so much in this past year, have hope for a better future.

It is against this context that I table the Provincial Budget today under the theme:

***Making your rand go an extra mile.***

## **2.1 Provincial context**

Madam Speaker, at this point, I want to reflect on the provincial context.

As a result of the need to lower our debt burden and our debt service costs, and in the context of lower economic growth and lower anticipated national tax revenues, our Provincial Budget sees significant budget cuts over the 2021/22 MTEF.

It is important to note, though, that the bulk of the budget cuts effected against provinces over the MTEF are from the decision taken to give public servants a zero per cent salary increase commencing from 2020/21 onward. **Noting that salary funds were kept at the national government level as opposed to how they would normally be sent to provinces.**

There are also further budget cuts, though, which are made as a result of fiscal consolidation and, as far as possible, departments were requested to effect these budget cuts in non-service delivery spending areas.

The 2021/22 MTEF *Estimates of Provincial Revenue and Expenditure*, which I am tabling today, indicates per Vote where these budget cuts have been effected and what the impact thereof is. In some instances, decisions were taken to halt filling non-critical posts, while there are also cuts effected on travelling expenses as the lockdown has taught us good lessons on holding meetings virtually, thus reducing the need to travel. Of course, we will not stop travelling entirely as it is important for us to connect with our people and to engage face to face when we are able to again.

The budget cuts made over the 2021/22 MTEF are mainly against our Provincial Equitable Share allocation, with relatively smaller cuts made against our conditional grant allocation. In terms of the annual data updates of the Provincial Equitable Share formula, we see a decrease in our allocation in 2021/22, while there are additions made in the two outer years.

As mentioned, the bulk of our budget cuts emanate from the decision to not budget for annual cost-of-living increments. This results in our Budget being cut by R7.5

billion in 2021/22 and R9.2 billion in 2022/23. In terms of the budget cuts to reduce non-critical posts in the public sector, the budget cuts in this regard are R3.5 billion, R6.5 billion and R9.9 billion over the MTEF. The fiscal consolidation budget cuts to be effected on the non-personnel portion of our Budget are far lower and amount to R1.3 billion, R1.7 billion and R3.2 billion over the MTEF. We have made minor revisions to our Provincial Own Revenue, partly influenced by lower economic growth, and this means that our Provincial Own Revenue was revised downward by R4.7 million, R4.9 million and R3.7 million over the MTEF.

Madam Speaker, as I indicated before, our Provincial Equitable Share is affected by the annual updates of the formula that is used to decide on the equitable division of revenue among the nine provinces. These data updates see KwaZulu-Natal losing R335.5 million in 2021/22, while we gain R417.7 million in 2022/23 and R89 million in 2023/24. The budget cut in 2021/22 was effected proportionately against all Votes, and I will indicate shortly what the additions in the outer years were allocated to.

There are additions made to the Provincial Equitable Share, with the main additional allocation being toward Health for the provincial Covid-19 response, as well as a correction to the *Compensation of Employees* budget, and I will go through these details later. Some additions are also made towards the Covid-19 vaccine rollout, but as part of the conditional grant allocation, and I will explain this shortly.

From a conditional grant allocation point of view, our budget is increased in 2021/22 by R142.3 million, while being cut by R810.9 million and R408.8 million over the two outer years.

As mentioned earlier, the bulk of our budget cuts are as a result of there being no salary increases provided for over the MTEF for the public sector, as well as further budget cuts against the personnel budget aimed at reducing non-critical posts in government. The balance of the budget cuts relates to strengthening fiscal consolidation.

In view of the fact that this province has seen many successive years of budget cuts, it is becoming harder to effect such cuts on non-service delivery areas. Nevertheless, all Votes were asked to effect these budget cuts on non-service delivery spending areas as a first port of call, and to only delve into service delivery areas as a last resort.

The decision was also taken to keep the Contingency Reserve intact, in view of the fact that we need a safety net in-year when unforeseen circumstances arise. The Contingency Reserve thus remains with a balance of around R370 million per year.

In the words of Maya Angelou, *"You may not control all the events that happen to you, but you can decide not to be reduced by them."* And so, while our Budgets see a reduction once again, we will continue to focus our energies on keeping the budget cuts against service delivery areas as low as possible.

The Provincial Equitable Share budget cuts made against the personnel budget were effected proportionately against all Votes based on each Vote's share of the total personnel budget. Similarly, the non-personnel fiscal consolidation budget cuts were effected proportionately against all Votes based on each Vote's share of the total non-personnel budget.

Some departments effected a portion of their budget cuts against the transfers to the public entities that report to them, and this is detailed in the *Estimates of Provincial Revenue and Expenditure*.

## **2.2 Additions to KwaZulu-Natal's Provincial Equitable Share**

Honourable Members, there are a few additions made to the Provincial Equitable Share by National Treasury. As mentioned, the outer two years see an addition as a result of the data updates of the equitable share formula. There is also a significant addition made towards the provincial Covid-19 response, and some additions where the cuts initially made against *Compensation of Employees* were deemed too high and corrections were thus made.

With regard to the data updates of the equitable share formula, these updates result in KwaZulu-Natal's share increasing by 0.02 per cent, phased-in over three years. This means that our share of the Provincial Equitable Share formula now stands at 20.5 per cent, second highest after Gauteng.

By and large, these updates and their phasing in over three years, means that we lose funds in the first year but receive additional funds in the two outer years. The increase in 2022/23 of R417.7 million was allocated mainly toward the shortfall in property rates under the Department of Public Works, with an amount of R204.9 million allocated in this regard, as well as toward the shortfall in existing learner transport services under the Department of Transport, with an amount of R204.9 million allocated.

Madam Speaker, with respect to the additional funds allocated to the province by National Treasury towards the Covid-19 response, an amount of R8 billion was added to the Provincial Equitable Share across all nine provinces. The equitable share formula was used to allocate specific amounts to provinces and KwaZulu-Natal thus receives an addition to its Provincial Equitable Share of R1.6 billion in 2021/22 to assist the province to cover costs associated with responding to the pandemic within the health sector. The funds are allocated to the Department of Health. We will continue to engage National Treasury on the funding for the Education sector which is also severely affected by the pandemic.

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 are returned to provinces. In this regard, KwaZulu-Natal receives R350.6 million in 2021/22 and R428.5 million in 2022/23 and this was allocated to those departments who have conditional grant funded staff.

### **3. FUNDING FOR SOME PROVINCIAL PRIORITIES**

Honourable Members, only a few additions are made to the provincial budget, and these are funded either from the Provincial Economic Recovery Fund, from funds suspended from one year for re-allocation in a future year, or from the Contingency Reserve.

These funds are usually referred to as provincial cash resources when detailed in the Provincial Fiscal Framework and amount to R453.9 million in 2021/22 and R5.5 million in 2022/23. The main areas funded from these provincial cash resources are detailed here:

- In terms of funds suspended from the 2020/21 Budget for re-allocation in 2021/22, the following receive funding:
  - Vote 1: Office of the Premier requested that R50 million be suspended from 2020/21 and be re-allocated in 2021/22 with regard to the KZN Youth Empowerment Fund.
  - Vote 12: Transport requested that R214 million be suspended from their Budget in 2020/21 for reallocation in 2021/22 to cover shortfalls in existing learner transport services.
- The Provincial Economic Recovery Fund was created in the 2020/21 Adjustments Estimate in response to the effects that the Covid-19 pandemic had on the provincial economy, and R300 million was set aside for this purpose. The bulk of this Fund was already allocated in the Adjustments Budget process where R169.2 million was allocated but, as some of the projects supported by this fund are multi-year in nature, the balance of R130.8 million is allocated in 2021/22 for this purpose.
- An amount of R22 million is allocated per annum towards the costs that Members of the Executive Council with regard to their responsibilities in terms of the Operation Sukuma Sakhe and the District Development Model. In this regard, R2 million is allocated to each District Champion and this is part of government's aims to improve the coherence and impact of government service delivery.

### **4. PROVINCIAL FISCAL FRAMEWORK FOR 2021/22**

Madam Speaker, the provincial fiscal framework shows the amounts the province receives in terms of the provincial equitable share and the conditional grant allocation, from Provincial Own Revenue sources, as well as the provincial cash resources that have just been described.

**Table 1**

**Summary of provincial fiscal framework**

| <b>R thousand</b>                         | <b>2021/22</b>     | <b>2022/23</b>     | <b>2023/24</b>     |
|---|--------------------|--------------------|--------------------|
| <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>Provincial Equitable Share</i>         | <i>107 126 399</i> | <i>106 927 994</i> | <i>106 895 005</i> |
| <i>Conditional grants</i>                 | <i>22 734 459</i>  | <i>22 807 271</i>  | <i>23 209 420</i>  |
| 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>     |

The transfers received from national are the Provincial Equitable Share and the conditional grant allocations. The Provincial Equitable Share amounts to R107.1 billion, R106.9 billion and R106.9 billion over the MTEF, while the conditional grant allocation amounts to R22.7 billion, R22.8 billion and R23.2 billion over the MTEF. KwaZulu-Natal's total budget allocation from National Treasury is thus R129.9 billion, R129.7 billion and R130.1 billion over the MTEF. When we add our provincial own revenue and provincial cash resources to this, the total allocation over the MTEF is R134.1 billion, R133.6 billion and R134.2 billion as shown in Line 1.

Line 2 shows that the provincial departments are planning to spend R133.7 billion, R133.3 billion and R133.8 billion over the MTEF. Line 3 shows that the province continues to budget for a Contingency Reserve at amounts of around R370 million over the MTEF.

## **5. CONTINGENCY RESERVE**

Honourable Members, as in the past, the Contingency Reserve is being kept for a number of reasons, but mainly to protect the provincial fiscus against the impact of unforeseen expenditure pressures when they arise. These funds can then be allocated in the Adjustments Budget which will be tabled in November 2021, as is the norm.

This Contingency Reserve thus allows us to allocate funds in-year in line with Section 31 of the PFMA which deals with what may be included in an Adjustments Budget. All such proposals will be presented to the Ministers' Committee on the Budget and the Provincial Executive Council for consideration in the 2021/22 Adjustments Budget.

## 6. CONDITIONAL GRANTS

Madam Speaker, National Treasury indicated that the budget cuts made against the conditional grant allocation were partly due to there being no provision made for any cost-of-living increases over the MTEF and, as a number of public servants are paid from the conditional grant allocation, cuts are made in this regard.

The conditional grant allocations for KwaZulu-Natal increase by R142.3 million in 2021/22, but decrease by R810.9 million and R408.8 million over the two outer years of the MTEF. Some amendments appear to provide for inflationary growth in the outer year. After these amendments, KwaZulu-Natal's conditional grant allocation amounts to R22.7 billion, R22.8 billion and R23.2 billion over the MTEF. The largest conditional grant continues to be the **HIV, TB, Malaria, Community Outreach and HPV Vaccine grant** with a budget of R7.2 billion, followed by the **Human Settlements Development grant** at R2.5 billion and the **Education Infrastructure grant** at R2.1 billion. The other significant grant in terms of budget allocation is the **Provincial Roads Maintenance grant** with a budget of R2.1 billion.

The following are the main amendments made to the conditional grant allocations:

The **Comprehensive Agriculture Support Programme grant** reduces by R5.6 million, R8 million and R4.4 million over the MTEF.

The **Ilima/Letsema Projects grant** sees a reduction of R8.1 million, R8.9 million and R7.6 million over the MTEF.

The **Education Infrastructure grant** shows an increase of R75 million in 2021/22, a minor decrease of R3.6 million in 2022/23 and an increase of R89.4 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** receives an increase of R27.1 million in 2021/22, and a minor decrease of R1.5 million in 2022/23, while increasing by R73.1 million in the outer year.

The **Health Facility Revitalisation grant** is decreased by R60 million and R35.6 million in 2021/22 and 2022/23, respectively while increasing by R25.4 million in the outer year.

The **National Health Insurance grant** is cut by R7 million, R8.7 million and R8.7 million over the MTEF.

The **National Tertiary Services grant** sees budget cuts of R139.2 million, R182.1 million and R179.2 million over the MTEF.

The **Human Resources and Training grant** is cut by R52.1 million, R65.8 million and R58.8 million over the MTEF.

The **HIV, TB, Malaria and Community Outreach grant** is cut by significant amounts over the MTEF, with these cuts amounting to R184.2 million, R456.2 million and R615 million, respectively. This grant has a Covid-19 component and amount of R302.3 million is added to this component in 2021/22 and R181.4 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, this allocation is made to provinces to cover 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 R8.5 million in 2021/22 and R9.9 million in 2022/23, while increasing by R109.8 million in the outer year.

The **Informal Settlements Upgrading Partnership Grant for Provinces** sees inflationary growth in the outer year of R33.4 million, with no amendments made in the first two years of the MTEF.

The **Provincial Roads Maintenance grant** sees a significant increase of R295.2 million in 2021/22 and inflationary growth in the outer year of R96.5 million. This grant is used to maintain the provincial road infrastructure and this increase is thus most welcome.

The **Public Transport Operations grant** sees inflationary growth of R57.7 million in the outer year of the MTEF.

The **Early Childhood Development grant** sees an upward adjustment of R11.9 million in 2021/22, no change to the allocation in 2022/23 and an increase of R10.5 million in 2023/24.

The **Community Library Services grant** is decreased by R9.8 million, R18.4 million and R15.8 million over the MTEF as a result of the fiscal consolidation cuts.

The province receives R114.4 million in 2021/22 with regard to the **EPWP Integrated Grant for Provinces** provided for the purpose of creating jobs and this grant is allocated to various departments, as follows:

- DARD receives R4.7 million
- EDTEA receives R5.1 million
- Education receives R2.1 million
- Health receives R12.7 million
- Human Settlements receives R7.1 million
- COGTA receives R1.9 million
- Transport receives R73.3 million
- Public Works receives R5.5 million

- Arts and Culture receives R1.9 million

The province receives R98.6 million in 2021/22 with regard to the **Social Sector EPWP Incentive Grant for Provinces** allocated to various departments, as follows:

- Community Safety and Liaison receives R4.2 million
- Education receives R28.5 million
- Health receives R21.2 million
- Sport and Recreation receives R2.1 million
- Social Development receives R42.6 million

## **7. INFRASTRUCTURE**

Madam Speaker and Honourable Members - as part of the Economic Reconstruction and Recovery Plan, the President cited the importance of investing in infrastructure as part of our plan to revitalise our economy. One of the priority areas of this plan is a massive roll out of infrastructure throughout the country, as indicated in his State of the Nation Address.

Despite the fiscal consolidation budget cuts, every effort was made to not effect these cuts against the infrastructure budgets of the departments. KwaZulu-Natal therefore continues to invest in infrastructure development, with the infrastructure budget amounting to **R16.3 billion, R16.6 billion and R17 billion over the MTEF**. This includes both equitable share and conditional grant funded infrastructure. This is a considerable injection of funds into the provincial economy. A detailed list of all infrastructure projects that will be implemented over the 2021/22 MTEF, is contained in the *Estimates of Capital Expenditure* which I am also tabling today.

### **7.1 Infrastructure projects planned for the MTEF:**

#### **7.1.1 Transport**

The **Department of Transport will spend R23.8 billion** over the three years of the MTEF. Some of the department's key projects are:

- **Construction of District Road D1882** in Wards 7, 15 and 16, under the Tembe/ Mashabane/ Mabaso Traditional Council and Inkosi Tembe/ Gumede/ Nxumalo in the uMhlabuyalingana Local Municipality, where five kilometres of earthworks and gravelling will be undertaken in 2021/22.
- **Construction of Main Road P444** in Ward 7, under the Mabaso Traditional Council and Inkosi Nxumalo in the Jozini Local Municipality, where eight kilometres of earthworks and gravelling will be undertaken in 2021/22.

- **Construction of the Mhlalane Pedestrian River Bridge** over the Mhlalane River in the uMshwathi Local Municipality. The bridge will give the community access to the town of New Hanover. The construction of the bridge is anticipated to be completed by November 2021.
- **Construction of the Nzinga Vehicle River Bridge** over the Nzinga River in the Impendle Local Municipality. The construction of the bridge will encourage economic development of communities, as well as promote pedestrian safety especially for school children, the elderly and the general public. Construction is anticipated to be completed by December 2021.
- **Rehabilitation of Main Road P50-1** between Eshowe and eNtumeni in the uMlalazi Local Municipality. The total length of the road to be rehabilitated is 9 kilometres. The contractor is onsite and has commenced with the earthworks. This is a 21-month contract, which is anticipated to be completed in August 2021.

### 7.1.2 Health

The **Department of Health plans to spend R6.4 billion over the MTEF on infrastructure**. The department plans to drastically increase the number of projects that address statutory compliance, safety and restoration of services that improve the reliability of state facilities. The department will undertake numerous projects, including the following:

- In the current year, the department embarked on a drive to install 356 generators in various clinics, forensic mortuaries, regional laundries and Provincial Pharmaceutical Supply Depot. The department has earmarked R98 million in 2021/22 to complete the installation of these generators. This includes the purchase of additional generators for emergency breakdown of the installed generators.
- Funds in the amount of R66 million will be used towards the eradication of asbestos roofs in all provincial clinics and community health centres. A further amount of R52.3 million will be used to eradicate asbestos and to undertake waterproofing projects for Grey's Hospital, Umgeni Hospital, RK Khan Hospital, Northdale Hospital, Vryheid Hospital and the Mayor's Walk Central Supply Depot.
- To improve the safety of patients and staff, R144.7 million will be used to replace fencing at clinics, community health centres and hospitals. The department will spend R52.7 million to install standby 20 kilolitre raised water tanks at clinics. A budget of R26.6 million will be used to replace 43 lifts in various facilities, which include Addington Hospital, King Edward Hospital, RK Khan Hospital, St Aidan's Hospital, Prince Mshiyeni Hospital, Edendale Nurses Home and St Mary's Hospital.

- Addington Hospital is allocated R34 million to improve the fire protection services and to upgrade the electrical reticulation. An allocation of R56.2 million is set aside for the commissioning of the new Out Patient Department, Emergency and Accident Unit at the Hlabisa Hospital.

### 7.1.3 Education

The **Department of Education's infrastructure budget is R8.2 billion** over the MTEF. The following are some of the planned infrastructure projects:

- In terms of new infrastructure projects planned for the MTEF, the projects that are already on site and will continue include the construction of the J G Zuma High school which is at 20 per cent completion, the Dundee Secondary School which is also currently at 20 per cent completion, the Collingwood High School also at 20 per cent completion and the Ekucabangeni High School which is at 30 per cent completion. The department has commenced with the planning for the construction of further new schools, including Inkosi Mkhuphukeli High School in the uThukela District, Thembalethu Secondary School in Harry Gwala and Mthwane Secondary School in Harry Gwala.
- Special schools that will continue to be under construction in 2021/22 are the YWCA Special School in the Amajuba District which is currently at 15 per cent completion, the Tongaat Special School in the Pinetown District which is at 20 per cent completion and the new School of Autism in uMlazi which is currently at 20 per cent completion.
- The department will also establish focus schools, namely an Agricultural School of Excellence in the uMgungundlovu District, a Maritime School of Excellence in Pinetown and a School of Autism in uMlazi.
- A number of school upgrades will continue, and these include Mathole Secondary School in the Zululand District, Siphumelele Primary School in the Pinetown district, Mgai Primary School and Hafuleni High School in the Ugu district and Mariannahill Primary School in Pinetown.
- The department will continue with the refurbishment of various schools, including Eminyezaneni Secondary School in uMgungundlovu, Esidumbini Primary School, Khethimfundo Secondary School and Tshelabantu Primary School in iLembe, Mavumengwane High School and Nsuze Primary School in King Cetshwayo, as well as Nani Junior Secondary School in Ugu.

### 7.1.4 Human Settlements

The **Department of Human Settlements will spend R8.9 billion** over the next three years on various infrastructure projects, including the following:

- **JBC Housing Development in the Newcastle Municipality** is an approved catalytic project. The primary aim of this development is to formalize the area

with complementing the Integrated Residential Development Programme and infrastructure, therefore curbing and eradicating the development of slums and uncontrolled urban sprawling in the Madadeni, Blaauwbosch and Osizweni precinct. The project identified 2 518 (Phase 1) and 7 500 (Phase 2 & 3) housing units.

- **Empangeni Mega Housing Project in the uMhlathuze Municipality** consists of two phases and is an integrated residential development programme. Phase 1 consists of 1 745 units and Phase 2 consists of 8 485 units. Phase 2 includes commercial development sites, as well as municipal health and government sites, as well as primary and secondary educational sites. All the sites in Phase 1 have been serviced and the construction of housing units will commence in 2021/22, once beneficiary administration has been finalised. The department will also be undertaking the installation of internal bulk infrastructure for Phase 2. This will consist of bulk storm water drainage, bulk sewer lines, and bulk water mains, including associated roads.
- **Aquadene Project in the uMhlathuze Municipality** is an integrated residential development programme. The development will consist of 2 416 housing opportunities. Internal bulk infrastructure and services are planned for 2021/22.
- **Kanku Road Project in the eThekweni Metro** is an informal settlement upgrading project. The project was initiated to address issues related to the backlog of people residing in the transit camps of Isipingo. The project will provide housing to 360 beneficiaries, all living within the transit camps, thus reducing the backlog and further promoting access to secure tenure. The project budget for services is R15.1 million, of which R3.4 million is budgeted for 2021/22 for the remaining 70 sites that still require bulk services. The project currently has approximately 300 platforms completed.
- **Ephangweni Project in the Inkosi Langalibalele Municipality** is an informal settlement upgrading project located near Estcourt on the Loskop road. The project will provide housing to 1 000 beneficiaries. The project is currently at stage 2, and the work planned for 2021/22 includes the installation of internal services such as roads, water connections and reticulation, storm water drainage, as well as sanitation.

## 8. COST-CUTTING

The cost-cutting measures remain in place and will help us find efficiency savings in the face of the budget cuts. The full list of cost-cutting measures is contained in Chapter 2 of the *Estimates of Provincial Revenue and Expenditure* which I am tabling today.

## 9. OVERVIEW PER VOTE FOR THE 2021/22 MTEF

I will now briefly discuss the provincial budget, per Vote. The table below shows the 2021/22 MTEF budget per department. The Votes are discussed in order of the size of their budget.

**Table 2**

**Budgets per Vote**

| R thousand  | 2021/22            | % of Total Budget |
|---|--------------------|-------------------|
| <b>Revised allocation</b>                                       |                    |                   |
| Vote 1: Office of the Premier                                   | 802 240            | 0.6%              |
| Vote 2: Provincial Legislature                                  | 627 785            | 0.5%              |
| Vote 3: Agriculture and Rural Development                       | 2 520 302          | 1.9%              |
| Vote 4: Economic Development, Tourism and Environmental Affairs | 3 341 675          | 2.5%              |
| Vote 5: Education   | 53 184 040         | 39.8%             |
| Vote 6: Provincial Treasury                                     | 653 845            | 0.5%              |
| Vote 7: Health  | 48 412 269         | 36.2%             |
| Vote 8: Human Settlements                                       | 3 597 231          | 2.7%              |
| Vote 9: Community Safety and Liaison                            | 233 378            | 0.2%              |
| Vote 10: Sport and Recreation                                   | 475 629            | 0.4%              |
| Vote 11: Co-operative Governance and Traditional Affairs        | 1 781 551          | 1.3%              |
| Vote 12: Transport  | 11 644 409         | 8.7%              |
| Vote 13: Social Development                                     | 3 698 571          | 2.8%              |
| Vote 14: Public Works   | 1 695 329          | 1.3%              |
| Vote 15: Arts and Culture                                       | 1 001 768          | 0.7%              |
| <b>Total Budget</b>   | <b>133 670 022</b> | <b>100.0%</b>     |

## 9.1 Education

To quote Malcolm X, *“Education is the passport to the future, for tomorrow belongs to those who prepare for it today.”* As such, the largest portion of the provincial budget still goes to the Department of Education at 39.8%. The budget for Education in 2021/22 is R53.2 billion.

KwaZulu-Natal is a step ahead in implementing the strategy of reading with meaning. The province has already begun the implementation of the National Reading Strategy by ensuring that there is an integrated package and professional support. All foundation phase teachers have been provided with lesson plans, CAPS planners and trackers, graded readers, posters and books in both isiZulu (First Language) and English (First Additional Language) and with lesson plans, and CAPS planners and trackers in Mathematics. This material provides a structured programme in phonics, as well as structured opportunities to read for meaning, with appropriate text, in both isiZulu and English. A skills audit will be conducted to establish a database indicating teachers’ language competencies and experience to inform training and developmental needs.

The department will endeavour to finalise the migration of the Early Childhood Development function from the Department of Social Development to the Department of Education in 2021, to ensure that Grade R is made compulsory by 2022 in terms of the Basic Education Laws Amendment Bill. The migration process is already in progress as work streams have been set up to ensure all processes are undertaken properly including movement of human resource, infrastructure, budget, etc. It is anticipated that this will be finalised before the commencement of the next MTEF.

The supply of qualified quality educators into the system remains a challenge, particularly in subjects like Mathematics and Science. In addition to the provision of bursaries to attract young people into teaching, the department will be engaging with the Department of Higher Education and Training with a view to encourage more young people to register for Mathematics and Science qualifications.

The department plans to empower 7 000 teachers and subject advisors with 21<sup>st</sup> century skills through training on the Professional Development Framework for Digital Learning, Moodle Solution, ICT curriculum integration and End-user computing programmes. Coding and robotics will be piloted in 136 multi-grade, special and mainstream schools in six districts, namely Amajuba, uThukela, Pinetown, Zululand, uMkhanyakude and King Cetshwayo.

Through training of 5 182 teachers on Braille, screening and identification of barriers, CAPS, autism and specific learning disabilities, teachers will be empowered to deal with special needs learners.

The National School Nutrition Programme will provide nutritious meals to approximately 2 442 744 learners in approximately 5 460 schools throughout the province.

## **9.2 Health**

The second largest portion of the provincial budget goes to the Department of Health at 36.2%, with a budget of R48.4 billion in 2021/22. The new Dr Pixley ka Isaka Seme Memorial Hospital is planned for commissioning in 2021/22, with this providing a maximum of 500 additional beds and employing 1 513 staff once in full operation. The department is investigating the rationalisation of services in district and specialised hospitals across the province, particularly where there is a trend of low bed-occupancy rates and low demand for services. Any savings realised in this regard will be directed to improved service delivery in other areas. The department also plans to increase the average number of daily operational ambulances from 166 to 188.

The department will strengthen its partnership with the Traditional Health Practitioners, as these have been identified as a vital resource for up-scaling comprehensive HIV and Aids, TB and other chronic disease care and prevention strategies and for referring clients to Primary Health Care facilities.

As part of ongoing efforts to reduce the medico-legal bill, the department plans to equip five identified centres of excellence that will attend to the healthcare needs of children who are born with Cerebral Palsy and other ailments. These centres are at the Ngwelezana and Queen Nandi Hospitals, the PMB Assessment and Therapy Centre, the Phoenix Assessment and Therapy Centre, as well as at the KZN Children's Hospital.

The department will procure new equipment in the form of replacement vehicles, which includes ambulances, as well as medical equipment, such as ventilators, anaesthetic machines, X-ray machines and CT scanners. The department has also budgeted to procure non-medical equipment such as trolleys, patient beds, etc.

With regard to the plans to implement an electronic patient records system in its facilities, two hospitals saw the implementation of an e-health system in the current year, namely at the Prince Mshiyeni Memorial and Madadeni Hospitals. This system is aimed at reducing patient waiting times, and addressing the issue of missing and damaged patient files. The department plans to roll-out the e-health system at 36 hospitals in 2021/22.

## **9.3 Transport**

The Department of Transport receives 8.7% of the provincial budget at R11.6 billion. The department supports economic growth, rural development, socio-economic transformation, poverty alleviation and job creation as it builds and maintains the provincial transport infrastructure. The department's budget is mainly used for the

construction of roads and for the maintenance of the provincial road network, and I have mentioned some of the projects the department will implement in the infrastructure section of this speech. The department will continue to use Operation KuShunquthuli to focus on road infrastructure development in rural areas, through the construction of roads to link rural communities to provincial hubs of activity, to achieve the strategic goal of providing access and mobility within the province. Also, the department will continue with the upgrading and rehabilitation of the provincial road network to improve and prolong the lifespan of the network.

The department will continue to provide subsidisation of bus services in the province. The department plans to go ahead with the tendering process in order to procure new service providers by the end of March 2021 and to use this opportunity to enhance the objectives of its transformation agenda of the industry.

The department will continue to administer the learner transport services programme with a budget of R456.9 million. New service providers were appointed and started operation on 01 July 2020, and they were given a contract duration of five years. The total number of learners currently being transported is 58 908 from 332 schools.

Through the EPWP programme, the department plans to create 4 370 000 employment days, equating to 58 260 jobs, which includes 42 000 women and 9 000 youth. This programme contributes to the alleviation of poverty and the creation of meaningful employment opportunities for the unemployed. The department will maintain the 43 000 Zibambele participants to continue to provide road maintenance work.

The department will continue to implement the Vukayibambe Routine Road Maintenance Programme, where 3 200 youth employment work opportunities will be created to participate in various routine road maintenance projects across the province in 2021/22.

#### **9.4 Human Settlements**

The Department of Human Settlements receives R3.6 billion and the main purpose of this budget allocation is for the provision of sustainable human settlements, as well as the provision of affordable housing and essential services.

The department approved the 20-year strategy in May 2019 for the upgrading of hostels to Community Residential Units (CRUs), and this strategy will guide the upgrading of all hostels across the province and will ensure that development costs are standardised and that the delivery of completed units is up-scaled. A major focus in the CRU programme will be on the redevelopment of old hostels to CRUs and the construction of new CRU projects in four municipalities, namely Greater Kokstad Municipality, with a total of 300 planned units, uBuhlebezwe Municipality with a

total of 150 units planned, Msunduzi Municipality with a total of 1 164 units planned and Newcastle Municipality with a total of 540 units planned.

The upgrading of informal settlements projects is a national and provincial priority. Projects in this regard are currently at various stages of the delivery cycle. The Informal Settlements Upgrading for Provinces grant (ISUPG) is allocated funding from 2021/22 whereas this previously formed part of the Human Settlements Development grant. The ISUPG's allocation is to ensure that informal settlements are catered for and efforts are directed toward this priority programme. The implementation of this programme will also provide for interim services to be constructed in various areas while permanent solutions are at a planning and design stage, thus ensuring that residents have access to basic services.

The programme generally caters for the construction of top structures in rural settings. The implementation of this programme will be more focused in 2021/22 through close co-operation with war-rooms in the various wards, and the department will prioritise vulnerable groups such as the elderly and people with disabilities.

The Title Deeds Restoration programme will continue to focus on processing and unlocking planning challenges in pursuit of security of tenure for people in subsidised housing units where they currently do not hold the title deeds to those units.

## **9.5 Social Development**

The Department of Social Development receives R3.7 billion. The department's main activities are the provision of welfare services to vulnerable groups, such as the elderly and persons with disabilities. The department also provides emergency relief to distressed households, including services that promote functional families, provision of effective child care and protection and to assist persons affected by substance abuse. Another key service delivery area is the provision of care to persons affected by abuse or those who are victims of crime and violence.

The department will continue to expand and improve residential and community-based care and support services to older persons, and this includes the commemoration of events such as the Older Persons' Day and implementation of programmes that promote active ageing.

In terms of care provided to persons with disabilities, the department will implement the disability empowerment mainstreaming approach pilot project in the iLembe District, which is aimed at facilitating the strengthening of support groups for parents and caregivers of children with disabilities.

The department will continue to lead government's response to Gender-Based Violence (GBV) through the implementation of the KZN Provincial GBV Plan in partnership with cluster departments. The budget caters for additional funding for the employment of Social Workers in hotspot areas where there is a high prevalence rate of GBV and the roll out of the Victim Empowerment electronic register at all victim empowerment sites. The budget also caters for increasing the number of White Door Centres of Hope. The departmental call centre will be strengthened through the placement of Social Workers to respond to all customer care issues, including those of GBV and rape.

The department will continue to advocate for mainstreaming and empowerment of women. It will also ensure that women participate in various empowerment programmes offered by NPOs in partnership with the department. Special focus will be on the conceptualisation of the girl-child and young women empowerment programmes to address gender inequalities, accelerate socio-economic participation and mitigate GBV.

The department will continue to increase access to Early Childhood Development for poor children. The mobile Early Childhood Development programme, which is aimed at expanding access to Early Childhood Development in poor communities with little or no access to formal centres, will continue to be implemented in the Ugu and uMkhanyakude Districts. Special attention will be on monitoring the registration of Early Childhood Development centres and compliance with norms and standards. The department is in discussion with the Department of Education to move this function, as mentioned.

## **9.6 Economic Development, Tourism and Environmental Affairs (EDTEA)**

EDTEA receives R3.3 billion and its main aim is to be a catalyst for economic transformation, job creation and sustainable development. It is also responsible for implementing strategies that drive economic growth and promote sound environmental management and climate resilience, creating a conducive environment for trade, investment and tourism.

Having formally adopted the KZN Integrated Trade and Investment Strategy in 2020/21, the focus in 2021/22 will be on the implementation of the key aspects of the strategy that will aid the economic reconstruction, recovery and transformation in KZN post-Covid-19. Parallel to the roll-out of the strategy, will be the implementation of the KZN Competitiveness Programme to prepare KZN companies for the operationalisation of the African Continental Free Trade Area.

The Dube TradePort, which is an entity under EDTEA, is developing a recovery strategy to address the impact of Covid-19, for air services *via* King Shaka International Airport, aimed at stimulating passenger numbers with the reintroduction of the international carriers. In addition, the Dube TradePort will continue to engage with airlines, working across the air cargo value chain to recover

and rebuild air cargo volumes that have been negatively impacted by the Covid-19 pandemic.

The department will prioritise providing comprehensive business and technical support to small enterprises operating within the Operation Vula Fund commodities, such as cleaning detergents, clothing and textile, bakery products, pulp and paper products. The support provided will include the establishment of shared production facilities and economic infrastructure for small enterprises. The department will continue to ensure that strategic interventions are implemented in respect of the roll-out and implementation of women and youth economic empowerment strategies, as well as the co-ordination of stakeholders for the implementation of the Black Industrialists programme.

EDTEA will continue with projects such as the Lusizo Vegetable Processing Project in Mkondeni in Pietermaritzburg and four informal economy infrastructure projects funded through the KZN Economic Recovery Fund under the uMvoti, Okhahlamba, Msunduzi and Greater Kokstad Municipalities. The department plans to re-activate collaborations with the University of KwaZulu-Natal and Durban University of Technology on supporting social entrepreneurs. Technical support will continue to be provided to municipalities with regard to the ease of doing business processes and local planning processes.

The construction of the Edendale Auto Service hub will commence in 2021/22. Parallel to the construction of the hub will be the training and accreditation of informal technicians and mechanics so that they can be part of the auto service value-chain.

The department also plans to finalise the designs and to construct a Clothing and Textile Hub in Amajuba. The Leather Processing Hub in Msunduzi is expected to be at construction stage and to start with training and employing previously disadvantaged individuals through the EPWP programme on the Skin and Hides programme. In 2021/22, the department is also looking forward to working with the Department of Trade, Industry and Competition (DTIC), the Council for Scientific and Industrial Research and the Department of Environment, Forestry and Fisheries in supporting the establishment of a bio-refinery in KZN. This bio-refinery is part of the Sugar Masterplan signed by the DTIC which seeks diversification in the sugar industry.

The department will align the KZN Maritime sector to the national and international Ocean Economy communities by reviewing its KZN Integrated Maritime Strategy and its implementation plan. In terms of the Ocean Economy subsector, aquaculture development and boat building are the main priorities that the department will focus on in order to grow the KZN economy and to create jobs.

The department will continue to pursue focused interventions aimed at halting environmental degradation and addressing the risk of climate change. The department will continue to pursue environmental compliance monitoring and enforcement with particular focus on priority sectors such as chemicals and petrochemicals, pulp and papers, as well as food and beverage. Widespread coastal pollution emanating from poorly managed wastewater systems and industrial discharge into the sea will also receive specific attention.

## **9.7 Agriculture and Rural Development**

The Department of Agriculture and Rural Development receives R2.5 billion and this will be used to provide for improved household food security in the province, improved farmer development for increased agricultural production, sector growth and inclusive rural economy, a reduction in the outbreak of cases of controlled and notifiable animal disease, as well as increased research knowledge production, agricultural education and training.

The agricultural development approach remains focused on the transformation and promotion of previously disadvantaged producers, ensuring their inclusion in the agricultural mainstream economy, in particular to achieve increased production, and promotion of competitiveness and commercialisation of agricultural enterprises, especially of smallholder producers.

The main aim remains on transforming key institutions in agriculture and the agri-business value chain through the inclusion of designated groups (women, youth and people with disabilities) in agriculture. The aim of this transformation is to promote agricultural growth and offer multiple economic opportunities in the agricultural sector to improve yields and provide access to markets for crops, livestock and other related sub-sectors.

Support to smallholder farmers through the development of horticulture, red meat, grains and white meat value chains remains as an area of strategic focus in the medium- to long-term. Accordingly, the department plans to implement 64 projects (constituting about nine vegetable, one herb production, three macadamia, two fruit, 23 beef, 11 poultry and 15 pig production projects) with a total investment of approximately R132 million by the end of 2021/22.

The department will fully operationalise the Makhathini nursery, and two new mega nurseries will be built at Cedara and Dundee, respectively. These nurseries will produce quality varieties of seedlings for distribution to RASET farmers and for household consumption. The department planted nine hectares of maize in 2020/21 and this will be used for the production of seeds to be distributed in 2021/22 and, when planted, will cover about 1 440 hectares of farmland. About 51 hectares of dry bean seed is planted in Kokstad and Dundee, and this will cover about 1 699 hectares of farmland. The department intends to implement the Agronomic Seed programme in its full targeted capacity during 2021/22. In this regard, about 543 hectares of

various seeds will be planted in the department's research stations for seed multiplication, i.e. maize, dry beans, groundnuts and potato seeds.

The department will continue to implement projects funded through the KZN Economic Recovery Fund. In this regard, an amount of R70 million is allocated to support livestock projects, mechanisation, One-Home-One-Garden, and so forth.

### **9.8 Co-operative Governance and Traditional Affairs (COGTA)**

COGTA receives R1.8 billion. The department is a critical ally of the Provincial Planning Commission to ensure alignment of planning across the three spheres of government, by strengthening Integrated Development Plans (IDPs). It therefore aims to ensure alignment of priorities of both national and provincial departments implemented in a local space, and to ensure that the IDPs encapsulate the provincial priorities and budget in a co-ordinated manner.

The department will continue to co-ordinate support, promote good governance and enhance financial management in municipalities in 2021/22. This includes the implementation of the District Development Model with specific focus on the One Budget, One Plan concept for district municipalities.

One of the department's main focus areas in 2021/22 will be to provide support to municipalities to develop nodal plans for new towns and to encourage growth in small towns with the aim of attracting investment and creating employment in these towns.

The department will also monitor the implementation of service delivery programmes relating to electricity, water and sanitation, indigent policies, as well as operational and maintenance plans. In this regard, the department will continue with the Provincial Water Master Plan under the water, sanitation and electricity backlog study which focuses on existing backlogs, as well as assessing the state of existing infrastructure in the province. The Provincial Water Master Plan will be completed by May 2021. To meet the water challenges in the province, the department undertakes the drilling and equipping of boreholes in the various districts, namely uThukela, uMkhanyakude, Zululand, Harry Gwala, uMzinyathi and Amajuba.

### **9.9 Public Works**

The Department of Public Works receives R1.7 billion. The department will focus on its core mandate, which is to deliver infrastructure in the province. The department aims to be the implementing agent of choice in rolling out infrastructure for other government departments in the province, and undertakes projects for departments such as Education, Social Development and Agriculture and Rural Development, among others. The budget also provides for the payment of property rates relating to provincial properties. The department will continue to implement the school maintenance programme using the EPWP Integrated Grant for Provinces. It is

anticipated that this programme will be implemented in over 2 000 schools and vacant sites across all district municipalities in 2021/22.

The department will ensure that the Izandla Ziyagezana programme increases the number of beneficiaries with disabilities, through engaging with institutions that care for people living with disabilities, and will continue to explore the extension of the programme to the cleaning of schools in all regions whereas currently only six schools benefit from the programme.

The department is establishing master planning capacity in terms of all infrastructure development for the province that is planned to be housed within the province's Strategic Infrastructure Development Agency (SIDA) but with support provided by the department in its initial development phases. The development of this agency is to enhance state capacity and ensure the sustainable planning and packaging of infrastructure to achieve socio-economic growth within the infrastructure sector. The department is currently sourcing the appropriate internal resources to commence engagement with National Treasury to register SIDA as a public entity and will do so with and through Provincial Treasury.

#### **9.10 Arts and Culture**

The Department of Arts and Culture receives R999.8 million. The department aims to develop and promote arts and culture in the province and to mainstream its role in socio-economic development. It is envisaged that the department will merge with the Department of Sport and Recreation and a new organisational structure will be established. However, the departments are still in the initial stages of merging and the effective date of the merger is undetermined, at this stage.

The department anticipates the commencement with the refurbishment of the Winston Churchill Theatre, as well as the construction of the uThungulu Art Centre and the Osizweni Art Centre in 2021/22. The department will continue to support organisations that assist in fulfilling its mandate. These include The Playhouse Company, the KZN Philharmonic Orchestra, various community art centres, and event companies which host departmental festivals and concerts. The department will also ensure that artists benefit equally in terms of income and exposure and that the support provided leads to a creation of direct and indirect jobs. The department also plans to train about 660 artists in various genres. The department is planning on conducting 12 community dialogues implemented with a view to encouraging communities to become active and responsible citizens. It is anticipated that 33 events with provincial significance will be held. The main objective of these events is to contribute to nation building and social cohesion, and in this manner to instil a sense of pride in the people of KZN. The Social Cohesion and Moral Regeneration Council will continue to function with the aim of uniting different cultures and

bringing back good values to people through multi-cultural activities. This is a provincial wide strategy implemented in partnership with the Office of the Premier.

In terms of library services, one of the key focus areas will be to continue with the reading for understanding programme which targets children under 10 years of age, and library materials will be procured for use in this programme in identified libraries. The department will continue to assist municipalities with funding for their staffing and operational costs, with more than 200 libraries being beneficiaries. The department will procure 90 000 library books for public libraries.

The MTEF allocation caters for the construction of the Dukuduku, Mdakane and Dlangezwa libraries.

### **9.11 Office of the Premier**

The Office of the Premier receives R800.2 million in 2021/22 and the bulk of the department's budget allocation is for cross-cutting and transversal activities, such as Operation Sukuma Sakhe, Integrity Management, Forensic Investigation Services, Youth Development, the Nerve Centre, as well as support to His Majesty, the King.

Economic and resource constraints remain a challenge facing government and hence the department will continue to build strategic partnerships with all stakeholders, including the private sector, to increase delivery capacity in the province. These partnerships are, thus, also critical in ensuring that the strategic intent, vision and developmental path set out in the PGDP 2035 is achieved.

The MTEF will see an increase in activities geared towards the support of the roll-out and implementation of District Development Model activities. This includes, among others, the provision of support to the Premier and Director-General in facilitating inter-sphere and inter-sectoral inter-governmental co-operation.

One of the department's mandates is to co-ordinate human rights programmes and projects, focusing on human rights issues in general, but also prioritising disability rights, senior citizens' rights and the rights of military veterans. The rollout of human rights awareness campaigns, such as the commemoration of the National Human Rights Day, International Day for People with Disabilities and the National Day for Senior Citizens, remains one of the priorities. As part of the department's outreach programmes, human rights awareness campaigns for farming communities and farm workers will also be prioritised.

The department will focus on reinforcement of the functionality of OSS. The Honourable Premier of KwaZulu-Natal, working with the Speaker of the Provincial Legislature, will co-ordinate the deployment of MPLs in various constituencies to be attached to districts and wards.

The Inkululeko Development Projects are an integrated multi-purpose and multi-sectoral project led by the Premier, to integrate development interdepartmentally.

The areas selected for this approach are the Ndumo and Cwaka areas. This rural development strategy is targeted towards the improvement in the quality of education, health, sustainable livelihoods, job creation, and the quality of life, facilitating the creation of a dignified community. The focus for 2021/22 will continue to be at Indumo and Cwaka, Muden and Weenen.

An amount of R50 million in respect of the KZN Youth Empowerment Fund will be used to support youth businesses, with disbursement managed by the KZNGFT.

In terms of the forensic investigation services, the plan is to develop a stronger collaboration to strengthen provincial compliance and to foster greater initiatives with COGTA to deal with fraud, corruption, irregularities and maladministration occurring within municipalities and municipal entities within the province.

### **9.12 Provincial Treasury**

Provincial Treasury receives R651.8 million. This is largely for financial governance in terms of general oversight of all departments, municipalities and public entities, and the provision of assistance and guidance. The main priorities being improved audit outcomes across the province, as well as on-budget spending, and for the province to remain cash positive.

Infrastructure planning and delivery performance will continue to be monitored. The Infrastructure Reporting Model will be used to track infrastructure progress and expenditure. The deployment of the Infrastructure Crack Team will continue to be a priority to assist departments to unblock infrastructure projects where these are hampered for any reason.

Monitoring the spending and revenue collection of departments and public entities against budget will be very important considering the fiscal consolidation budget cuts. This oversight model will be used with the aim of keeping provincial spending within the reduced provincial budget. In this regard, the Provincial Executive Council and Finance Portfolio Committee will continue to be kept regularly informed of the province's budget performance so that they can respond speedily if any departments are beginning to show projected over-spending. Current practices of monitoring all departmental bank balances on a daily basis will be maintained to ensure effective cash flow management.

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

Risk-based audits with specific focus on good governance will be performed. Departments will be assisted in determining process enhancements to improve the adequacy and effectiveness of internal controls. There will be continued focus on IT audit reviews, financial audits, transversal reviews of SCM, transfer payments and performance information.

In terms of municipal financial management, there will be continued focus on improving technical support to delegated municipalities on the preparation of multi-year budgets, as well as the monthly outcomes of those budgets. The focus will be on assisting, supporting and monitoring municipalities with financial management and compliance with the annual reporting framework. This will be achieved by promoting an understanding of GRAP, monitoring compliance with reporting requirements, providing accounting services and support, implementing systems and processes to improve sound financial management and audit outcomes, reviewing the quality of AFS, as well as monitoring, evaluating and reporting on compliance with the Municipal Asset Management Regulations. Technical support will be provided to identified municipalities on revenue and debt management.

### **9.13 Provincial Legislature**

The Provincial Legislature receives R627.8 million. This budget will be used to continue the important role of oversight over departments and public entities. The funding also provides support to the House and to committees, and to facilitate public participation. Public involvement initiatives like Taking Legislature to the People and Sector Parliaments will continue, including Youth Parliament, Women's Parliament and People with Disabilities Parliament.

### **9.14 Sport and Recreation**

The Department of Sport and Recreation receives R475.6 million and will use this budget to promote sport and recreation through the provision of various programmes to promote an active and healthy lifestyle and talent optimisation, with an emphasis on delivering programmes at a ward level through a ward intervention programme. It is envisaged that the department will merge with the Department of Arts and Culture, as mentioned.

The department plans to construct 11 multi-purpose courts in schools which include basketball, volleyball, tennis and netball, and to install 11 children's play-gyms in Early Childhood Development centres as part of the Learn and Play programme. In addition, the department will complete phase two of three district fitness complexes in the uMzimkhulu, Alfred Duma and uMhlathuze Municipalities and the completion of phase one of the Newcastle fitness centre.

The department will provide 400 schools with sport equipment and attire, as well as appoint 105 School Sport Co-ordinators on contract to support the delivery of the school sport programme through the Mass Participation and Sport Development

grant. Training will be given to 475 educators and volunteers in coaching, technical officiating and team management.

The department will continue to implement the water safety programme by training a further 110 water safety champions, to reach 11 250 learners across the province. Gender equity programmes will be hosted to promote women in sport during Women's month, and programmes for people with disabilities will be delivered in all 11 districts. The department will also focus on the Anti-Gender Based Violence campaign to address the rise of violence against women and children and moral regeneration through the Sport Against Crime programme.

The Siyadlala Mass Participation programme aims to get the nation to play in an effort to address the country's lifestyle diseases, such as high blood pressure, obesity and diabetes, and is also a mechanism to fight against crime by encouraging youth to engage in meaningful sport and recreation programmes. The department is targeting to reach over 100 000 participants in 2021/22 in various mass participation programmes and events.

#### **9.15 Community Safety and Liaison**

The Department of Community Safety and Liaison receives R233.4 million in 2021/22 and this will be utilised toward continued police oversight programmes through the development of improvement plans for each police station, focusing mainly on the 130 police stations that were flagged during the national census project. The department will continue to solidify community police relations through the establishment of safety and crime fighting structures. The department will undertake crime prevention initiatives, and will place emphasis on programmes aimed at addressing gender-based violence in communities. The department will continue with the deployment of volunteers to focus on victim friendly facilities at SAPS stations. These victim friendly facilities are there to attend to victims of violence and, as part of the department's intervention, the department allocates social crime volunteers to these facilities to assist SAPS in attending to victims of violence.

### **10. TABLING OF BILLS**

I am tabling the Appropriation Bill, 2021 in this House today which, when passed, gives the legal basis for departments and public entities to spend their 2021/22 budgets. The Appropriation Bill is prepared in three languages, namely English, isiZulu and Afrikaans.

### **11. CONCLUSION**

Honourable Members, from this presentation I have made, it is clear that there is a clear focus on accelerating service delivery and rebuilding our economy.

From the Addresses by the President and the Premier, it is evident that government's investment in infrastructure for job creation is a reflection of a strong sense of urgency.

The commitment to accelerate radical economic transformation is generating hope and optimism about the future of our country, its economy and the development agenda.

All this represents a fitting tribute to all those heroes and heroines who sacrificed their lives for us to achieve freedom and democracy. It is now up to all of us to hold each other's hands and forge ahead.

A budget prepared during a period of fiscal consolidation is always harder to put together than a budget when resources are freely available.

I am encouraged by the contribution from the business sector, professional bodies and individual members of society. I believe that with our collective plans for a strong economic recovery, we will soon turn the tide.

**I appreciate all the contributions and inputs from women across the province and women** from my party, the KZN African National Congress Women's League.

At this point, I wish to express my appreciation to the Honourable Premier, Mr Sihle Zikalala for his guidance.

I salute my colleagues in the Provincial Executive Council for their support in putting together this Budget.

I remain indebted to the governing party – the African National Congress - and its members across the length and breadth of the province.

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

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

To sisters in Finance – Imbokodo – from all provinces. I thank you for the invaluable support and guidance.

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

I thank the Heads of Departments, Chief Financial Officers and all provincial government officials for the role they play in managing their budgets.

Thank you Acting Head of Provincial Treasury, Ms Neli Shezi, and your team for the hard work you put into producing such detailed budget documents. Your work ethic, strength of character and dedication is truly appreciated.

I wish to thank my sister Lorraine, my kids and my entire family for being a pillar of strength.

I am who I am because of the unconditional love from my kids.

To my late husband, Mr Ncube – you remain a source of strength.

I thank you all the people of KwaZulu-Natal for all their Love, Prayers and support.

Umuntu ngumuntu ngabantu.

You are the reason I wake up everyday and being humble to serve. This budget is for you and MECs will outline further their Programme of Action as per the Premier's State of the Province Address.

May God Bless you all

Amandla!!!!