



**PROVINCE OF KWAZULU-NATAL**

**ESTIMATES  
OF  
PROVINCIAL REVENUE AND  
EXPENDITURE**

**2025/26**

for the  
financial year ending 31 March 2026

**Presented to Provincial Legislature  
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To obtain further copies of this document, please contact:

Provincial Treasury

5<sup>th</sup> Floor

Treasury House

145 Chief Albert Luthuli Road

3201

P.O. Box 3613

Pietermaritzburg

3200

Tel: +27 (0) 33 – 897 4310

Fax: +27 (0) 33 – 897 4617

# FOREWORD

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The Government of Provincial Unity (GPU) in KwaZulu-Natal (KZN) fully aligns with the three strategic priorities set by the Government of National Unity. These are the cornerstone of the GPU's programme of action. The three strategic priorities are as follows:

- Driving economic growth and job creation.
- Reducing poverty and addressing the high cost of living.
- Building a capable and ethical state.

It is important that we set out to accomplish these priorities in a sustainable manner. In order to achieve that, we must ensure that economic growth continues to improve. This will lead to increased revenue for government and improve our capacity to fund key programmes.

The GPU has a responsibility to rebuild KZN's economy after several challenges which include the Covid-19 pandemic, July 2021 civil unrest and natural disasters, such as floods.

Fortunately, our economy is showing signs of improvement. The formulation of the GNU following the 2024 national and provincial government elections has boosted investor confidence.

Developments in the road freight and logistics industry, as well as the reduction in the frequency of loadshedding has also been cited among the contributing factors to the improved domestic economic performance.

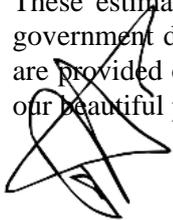
Unfortunately, the United Nations has warned that in 2025, global economic growth may remain subdued due to uncertainty in geopolitical developments. It is against this backdrop that National Treasury has predicted low growth prospects for South Africa over the 2025/26 Medium-Term Expenditure Framework (MTEF).

Low growth prospects mean that the country cannot afford to take on more expenses. KZN, like all other provinces, will have to reprioritise its existing budget to fund new service delivery imperatives that may be identified over the MTEF.

In this *Estimates of Provincial Revenue and Expenditure (EPRE)*, all 14 Votes provide significant detail of the projects and programmes they plan to roll-out over the MTEF.

It is my honour to present the 2025/26 MTEF *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 provincial government departments and public entities accountable on their expenditure. In this publication, details are provided on what the allocated funds will be spent on and how this budget will benefit the people of our beautiful province.



**Mr F.A. Rodgers**  
**MEC for Finance**



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# LIST OF ABBREVIATIONS

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<b>Abbreviation</b>	<b>Full description</b>
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
ATI	Africa's Travel Indaba
APP	Annual Performance Plan
AQMP	Air Quality Management Plan
ARRUP	African Renaissance Road Upgrading Programme
ARV	Anti-retroviral
ASP	Automotive Supplier Park
AU	African Union
AUAFCFATA	African Union African Continental Free Trade Area
AWGs	Action Work Groups
BACS	Biometric Access Control System
BAS	Basic Accounting System
B-BBEE	Broad-Based Black Economic Empowerment
BEE	Black Economic Empowerment
BFI	Budget Facility for Infrastructure
BPO	Business Process Outsourcing
BRICS	Brazil, Russia, India, China and South Africa
BSC	Bid Specification Committee
CAOPs	Committee Annual Operational Plans
CAPS	Curriculum Assessment Policy Statement
CAR	Capital Adequacy Ratio
CARC	Cluster Audit and Risk Committee
CASP	Comprehensive Agricultural Support Programme
CBOs	Community-Based Organisations
CCGs	Community Care-Givers
CCI	Cultural and Creatives Industries
CDC	Centre for Disease Control
CDW	Community Development Worker
CED	Civil Engineering Designer
CETA	Construction Education Training Authority
CFO	Chief Financial Officer
CHC	Community Health Centre
CIA	Certified Internal Auditors
CiDP	Communities-in-Dialogue Programme
CIPS	Co-ordinated and Integrated Permitting System
CNDC	Community Nutrition and Development Centre
COGTA	Co-operative Governance and Traditional Affairs
COHOD	Committee of Heads of Departments
COP	Conference of Parties
CPA	Commonwealth Parliamentary Association
CPF	Community Policing Forum
CPI	Consumer Price Index
CRU	Community Residential Unit
CSC	Community Service Centre
CSD	Central Supplier Database
CSF	Community Safety Forum
CSI	Corporate Social Investment
CSIR	Council for Scientific and Industrial Research
CWP	Community Work Programme
CYCC	Child and Youth Care Centre
DACT	Downstream Aluminium Centre of Technology

## List of Abbreviations

<b>Abbreviation</b>	<b>Full description</b>
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
DDA	District Development Agency
DDG	Deputy Director-General
DDM	District Development Model
DEFF	Department of Environment, Forestry and Fisheries
DHET	Department of Higher Education and Training
DHIS	District Health Information Services
DMRE	Department of Mineral Resources and Energy
DOE	Department of Education
DOH	Department of Health
DOHS	Department of Human Settlements
DOPWI	Department of Public Works and Infrastructure
DORA	Division of Revenue Act
DOT	Department of Transport
DPME	Department of Performance, Monitoring and Evaluation
DPSA	Department of Public Service and Administration
DSAC	Department of Sport, Arts and Culture
DSD	Department of Social Development
DTIC	Department of Trade, Industry and Competition
DTPC	Dube TradePort Corporation
DURA	Durban Aerotropolis
DUT	Durban University of Technology
DVA	Domestic Violence Act
EADP	Elite Athlete Development Programme
EAMF	Electricity Asset Management Framework
EC	Eastern Cape
ECD	Early Childhood Development
ECE	Estimates of Capital Expenditure
EDTEA	Economic Development, Tourism and Environmental Affairs
EEDBS	Enhanced Extended Discount Benefit Scheme
EGRI	Early Grade Reading Instruction
EIA	Environmental Impact Assessment
EIG	Education Infrastructure grant
EKZNW	Ezemvelo KZN Wildlife
e-LMS	electronic Liquor Management System
EMIS	Education Management Information System
EMP	Electricity Master Plan
EMS	Emergency Medical Services
EPRE	Estimates of Provincial Revenue and Expenditure
EPWP	Expanded Public Works Programme
ERP	Extension Recovery Plan
ESRI	Environmental System Research Institute
ETDP	Education, Training and Development Practices
EU	European Union
EXCO	Executive Council
FAL	First Additional Language
FBO	Faith-Based Organisations
FDI	Foreign Direct Investment
FET	Further Education and Training
FFC	Financial and Fiscal Commission
FIS	Focused Intervention Studies
FLISP	Finance Linked Individual Subsidy Programme
FMD	Foot and Mouth Disease
FMPPLA	Financial Management of Parliament and Provincial Legislatures Act
FNB	First National Bank
FPL	Food Poverty Line
FS	Free State

<b>Abbreviation</b>	<b>Full description</b>
FTE	Full-time Equivalent
GBV	Gender-Based Violence
GBVF	Gender-Based Violence and Femicide
GDP	Gross Domestic Product
GDP-R	Regional Gross Domestic Product
GEPF	Government Employees Pension Fund
GHS	General Household Survey
GIAMA	Government Immoveable Asset Management Act
GIS	Geographical Information System
GNU	Government of National Unity
GP	Gauteng
GPU	Government of Provincial Unity
GRAP	Generally Recognised Accounting Practice
GROP	Gaming Regulator Online Portal
GTAC	Government Technical Advisory Committee
GVA-R	Real Gross Value Added
HCBC	Home Community-Based Care
HDA	Housing Development Agency
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
HWSETA	Health and Welfare Sector Education Training Authority
IALCH	Inkosi Albert Luthuli Central Hospital
IASP	Invasive Alien Species Programme
ICT	Information Communication Technology
ID	Identity Document
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
IEH	Industrial Economic Hub
IEID	Informal Economy Infrastructure Development
IES	Income and Expenditure Survey
IGCC	Inter-Governmental Cash Co-ordination
IGFR	Inter-Governmental Fiscal Relations
IGR	Inter-Governmental Relations
IGULA	Inclusive Growth, Unity and Economic Liberation of Africans
IPCC	Inter-governmental Panel on Climate Change
IPID	Independent Police Investigation Department
IPIP	Infrastructure Programme Implementation Plan
IPMU	Infrastructure Programme Management Unit
IRDP	Integrated Residential Development Programme
IRM	Infrastructure Reporting Model
ISU	Informal Settlements Upgrade
ISUPG	Informal Settlements Upgrading Partnership grant
ISWP	iSimangaliso Wetland Park
ISWPA	iSimangaliso Wetland Park Authority
IT	Information Technology
ITCMS	Integrated Traffic Contravention Management System
ITI	Informal Trading Infrastructure
IUCN	International Union for Conservation of Nature
IYM	In-Year Monitoring
KSIA	King Shaka International Airport
KUMISA	KwaZulu-Natal Music Cluster

*List of Abbreviations*

<b>Abbreviation</b>	<b>Full description</b>
KWANABUCO	KwaZulu-Natal Bus Council
KZN	KwaZulu-Natal
KZNCN	KZN College of Nursing
KZNERA	KwaZulu-Natal Economic Regulatory Authority
KZNFC	KwaZulu-Natal Film Commission
KZNGBB	KwaZulu-Natal Gaming and Betting Board
KZNGFA	KwaZulu-Natal Growth Fund Agency
KZNGFT	KwaZulu-Natal Growth Fund Trust
KZN-IMP	KwaZulu-Natal Infrastructure Master Plan
KZNLA	KwaZulu-Natal Liquor Authority
KZNSB	KwaZulu-Natal Sharks Board
KZNTAFA	KwaZulu-Natal Tourism and Film Authority
LA	Legislature Assembly
LBPL	Lower-bound Poverty Line
LED	Local Economic Development
LOGIS	Local Government Information Systems
LP	Limpopo
LPID	Learners with Profound Intellectual Disabilities
LSAs	Learner Support Agents
LSEN	Learners with Special Education Needs
LSU	Legal Services Unit
LTSM	Learner Teacher Support Material
LURITS	Learner Unit Record Information and Tracking System
MBAT	Municipal Bid Appeals Tribunal
MDR	Multidrug-resistant
MEC	Member of Executive Council
MEI	Municipal Employment Initiative
MERSETA	Manufacturing, Engineering and Related Services Sector Education and Training Authority
MFMA	Municipal Finance Management Act
MICF	Municipal Integrated Compliance Forums
MinComBud	Ministers' Committee on the Budget
MISP	Municipal In-Service Programme
MKRI	Moses Kotane Research Institute
MOA	Memorandum of Agreement
MOU	Memoranda of Understanding
MP	Mpumalanga
MPLs	Members of Provincial Legislature
MPSD	Mass Participation and Sport Development
MSIPs	Municipal Support and Intervention Plans
MST	Mathematics, Science and Technology
MTBPS	Medium-Term Budget Policy Statement
MTDP	Medium-Term Development Plan
MTEF	Medium-Term Expenditure Framework
MTSF	Medium-Term Strategic Framework
MuniMEC	Municipalities and Members of the Executive Council
MYPE	Mid-Year Population Estimates
NC	Northern Cape
NCF	National Curriculum Framework
NCOP	National Council of Provinces
NDA	National Development Agency
NDC	National Determined Contributions
NDOH	National Department of Health
NDOHS	National Department of Human Settlements
NDOT	National Department of Transport
NDP	National Development Plan
NDSD	National Department of Social Development
NDT	National Department of Tourism
NEMA	National Environmental Management Act
NERSA	National Energy Regulator of South Africa
NGO	Non-Government Organisation
NHBRC	National Home Builders Registration Council

<b>Abbreviation</b>	<b>Full description</b>
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	Non-Profit Company
NPOs	Non-Profit Organisations
NQF	National Qualifications Framework
NRM	Natural Resource Management
NSC	National Senior Certificate
NSF	National Skills Fund
NSG	National School of Government
NSNP	National School Nutrition Programme
NW	North West
NYDA	National Youth Development Agency
ODA	Official Development Assistance
OPSCAP	Operational Support Capital Programme
OSCA	Owen Sithole College of Agriculture
OSD	Occupational Specific Dispensation
OSS	Operation Sukuma Sakhe
OTP	Office of the Premier
OVCY	Orphans, Vulnerable Children and Youth
PARMED	Parliamentary Medical Aid
PDA	Planning and Development Act
PDMC	Provincial Disaster Management Centre
PEHG	Provincial Emergency Housing grant
PES	Provincial Equitable Share
PFMA	Public Finance Management Act
PGDS	Provincial Growth and Development Strategy
PHC	Primary Health Care
PKISMH	Dr Pixley Ka Isaka Seme Memorial Hospital
PLA	Per Learner Allocation
PLC	Professional Learning Communities
PMG	Pay Master-General
PMS	Performance Management System
PMU	Project Management Unit
POPIA	Protection of Personal Information Act
PPA	Public Participation Associations
PPC	Provincial Planning Commission
PPECB	Perishable Product Export Control Board
PPF	Political Parties' Fund
PPN	Personnel Provisioning Norm
PPP	Public Private Partnership
PPFA	Preferential Procurement Policy Framework Act
PPSD	Provincial Pharmaceutical Supply Depot
PRE	Provincial Regulatory Entity
PREMIS	Professional Real Estate Management Information System
PRIS	Postgraduate Research and Innovation Symposium
PRMG	Provincial Roads Maintenance grant
PSETA	Public Sector Education and Training Authority
PSRIP	Primary School Reading Improvement Programme
PTOG	Public Transport Operations grant
PWDs	Persons with Disabilities
PYEI	Presidential Youth Employment Initiative
QCTO	Quality Council for Trades and Occupations
QLFS	Quarterly Labour Force Survey
QPR	Quarterly Performance Report
RAF	Road Accident Fund
RASET	Radical Agrarian Socio-Economic Transformation
RBIDZ	Richards Bay Industrial Development Zone
REALS-SA	Reading and Leadership Strengthening in South African Schools for Learning

## List of Abbreviations

<b>Abbreviation</b>	<b>Full description</b>
RLED	Regional and Local Economic Development
RRT	Rapid Response Team
RTI	Road Traffic Inspectorate
RTMC	Road Traffic Management Corporation
SA	South Africa
SAAA	South African Agricultural Awards
SAAMBR	South African Association for Marine Biological Research
SABC	South African Broadcasting Corporation
SAC	Severity Assessment Code
SACE	South African Council for Educators
SADC	South African Development Community
SAFDA	South African Food and Development Agency
SAICA	South African Institute of Chartered Accountants
SALGA	South African Local Government Association
SANDF	South African National Defence Force
SANRAL	South African National Roads Agency Limited
SANTACO	South African National Taxi Council
SAPREF	South African Petroleum Refineries
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
SATSA	Southern Africa Tourism Services Association
SBC	Social and Behaviour Change
SCM	Supply Chain Management
SCOA	Standard Chart of Accounts
SCOPA	Standing Committee on Public Accounts
SDF	Spatial Development Framework
SECO	State Secretariat of Economic Affairs
SEDA	Small Enterprise Development Agency
SEIAS	Socio-Economic Impact Assessment System
SERO	Socio-Economic Review and Outlook
SETA	Sector Education and Training Authority
SEZ	Special Economic Zone
SGB	School Governing Bodies
SIDA	Strategic Infrastructure Development Agency
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 Nation Address
SOP	Standard Operating Procedure
SOPA	State of the Province Address
SPLUMA	Spatial Planning and Land Use Management Act
SRC	Shark Repellent Cable
SRD	Social Relief of Distress
SSL	Secure Sockets Layer
SSG	Shark Safety Gear
STACOV	Standing Committee on Oversight
STI	Sexually Transmitted Infections
SUD	Substance Use Disorder
TA	Technical Advisor
TACs	Traditional Administrative Centres
TBEX	Travel Blog Exchange
TC	Traditional Council
TETA	Transport Education and Training Authority
TEUF	Thuthuka Education Upliftment Fund

<b>Abbreviation</b>	<b>Full description</b>
TACs	Traditional Administrative Centres
THETA	Tourism, Hospitality, Education and Training Authority
TIKZN	Trade and Investment KwaZulu-Natal
TKZN	KwaZulu-Natal Tourism Authority
TLB	Tractor Loader Backhoe
TLTP	Taking Legislature to the People
TOR	Terms of Reference
TRERS	Township and Rural Economies Revitalisation Strategy
TRU	Temporary Residential Units
TVET	Technical and Vocational Education and Training
UAGYP	Unemployed Agricultural Graduates Youth Programme
UBPL	Upper-bound Poverty Line
UHC	Universal Health Coverage
UIFW	Unauthorised, Irregular, Fruitless and Wasteful
UKZN	University of KwaZulu-Natal
UMEDA	uMgungundlovu Economic Development Agency
UPS	Uninterruptible Power Supply
VFFs	Victim Friendly Facilities
VSCPP	Volunteer Social Crime Prevention Programme
VRRM	Vukay'bambe Routine Road Maintenance
WC	Western Cape
WESP	Waste Economy Support Programme
WESSA	Wildlife and Environmental Society of South Africa
WIMS	Works Information Management System
WSA	Water Service Authority
WSDP	Water Service Development Plan
WTO	World Trade Organisation
ZRHT	Zulu Royal House Trust

<b>Zulu words</b>	<b>English translation</b>
<i>Amabambabukhosi</i>	The royal family
<i>Amakhosi</i> (pl.)	Traditional leaders or Chiefs
<i>Amazinyane</i>	Zulu King's children
<i>Izandla Ziyagezana</i>	One hand washes another
<i>I(zi)nduna</i> (pl.)	Headmen
<i>Iziphakanyiswa</i>	Are raised
<i>Imikhosi KaZulu</i>	Zulu Ceremonies
<i>Imizi Yezizwe</i>	Houses for Chiefs
<i>Inkosi</i>	King
<i>Izigodi</i>	Valleys
<i>Izimbizo</i>	Meetings
<i>Izizwe</i>	Tribes/ Nations
<i>Ubukhosi</i>	Royalty
<i>Umgidi wamaNazaretha</i>	Feast of the Nazarenes
<i>Umkhosi KaNomkhubulwane</i>	Festival in honour of the Zulu goddess
<i>Umkhosi Wamaganu/Umthayi</i>	Amarula Festival
<i>Umkhosi WeLembe</i>	King Shaka commemoration
<i>Umkhosi Wesivivane</i>	First Fruit ceremony
<i>Umkhosi Womhlanga</i>	Royal reed dance
<i>Umkhosi Woselwa</i>	Thanksgiving
<i>Vulindlela</i>	Open the way
<i>Vukuzakhe</i>	Wake up build yourself
<i>Vukay'bambe</i>	Wake up and catch it

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



**OVERVIEW  
OF  
PROVINCIAL REVENUE  
AND  
EXPENDITURE**



## 1. SOCIO-ECONOMIC OUTLOOK

### 1.1 Introduction

This section provides a review of the socio-economic landscape in KZN and is an abridged version of the Socio-economic Review and Outlook (SERO) report that was tabled in the Provincial Legislature with the 2024/25 Adjustments Estimate. This insightful review will help the GPU, and partners from the public and private sectors, understand the prevailing socio-economic trends that could be pivotal in strategic planning and informed decision-making. Assessing the socio-economic indicators is essential to tracking progress made in uplifting the people of KZN's standard of living, while identifying future priority areas where resources could be directed.

The section also covers the population dynamics of KZN, while discussing the development indicators that are integral in attaining sustainable development, as well as the labour market dynamics in KZN. The analysis also discusses the impact that climate change has on the national, provincial and local economic spheres. The analysis further covers the global, national and provincial economic outlook.

### 1.2 Provincial population dynamics

Demographic analysis gives valuable information that can be used to make informed decisions in business, government, and non-profit organisations (NPOs), among others. It helps these institutions to understand the population characteristics and how they might change in the future for different purposes, including policy development, planning, and budgeting. Important to know is the size and composition of the population in terms of age and gender, population growth, number of households, level of fertility, life expectancy at birth and migration trends.

Decision-makers need to design and implement effective population policies that are rights-based, evidence-informed and gender-responsive. Effective population policies should consider scientific research, taking into account the basic themes of human development, reduction in the poverty rate and inequalities, and intergenerational transfers, among others.

#### 1.2.1 Total population

Table 1.1 shows that the South African population has grown, rising by 15.5 per cent from 44.820 million in 2001 to 51.771 million in 2011, and further increased by 21.7 per cent between 2011 and 2024 to 63.016 million.

**Table 1.1 : South African population by province, 1996, 2001, 2011 and 2024**

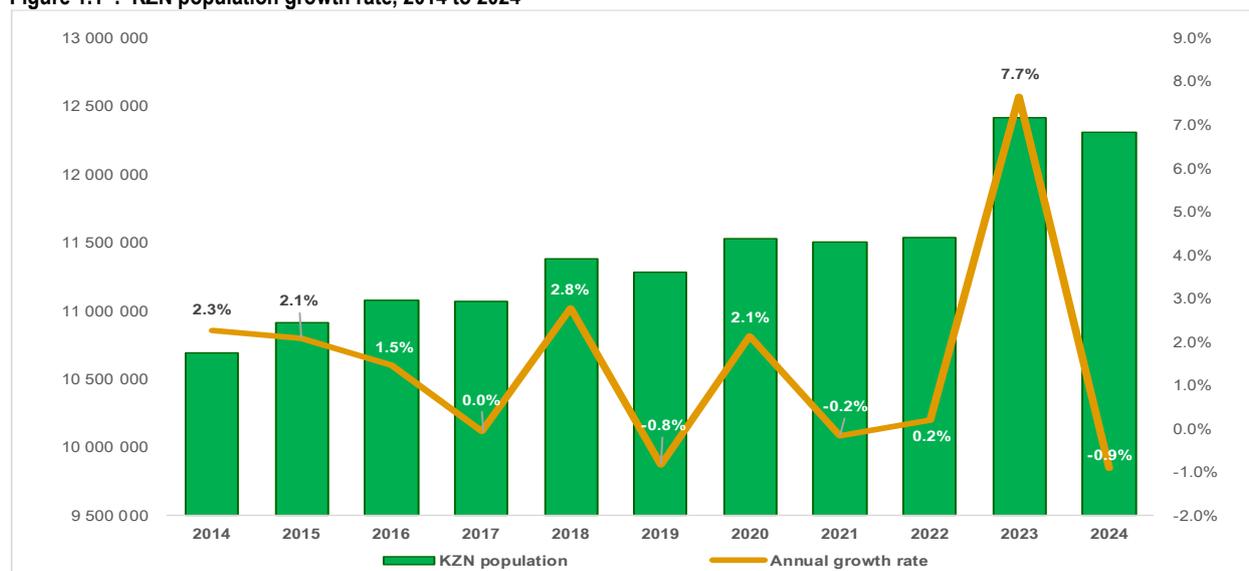
	1996		2001		2011		2024	
	Population	% Share of national population						
South Africa	40 583 573	100	44 819 777	100	51 770 561	100	63 015 904	100
Eastern Cape	6 147 244	13.7	6 278 651	14.0	6 562 053	12.7	7 176 230	11.4
Free State	2 633 504	5.9	2 706 775	6.0	2 745 590	5.3	3 044 050	4.8
Gauteng	7 834 620	17.5	9 390 528	21.0	12 272 263	23.7	15 931 824	25.3
KwaZulu-Natal	8 572 302	19.1	9 584 129	21.4	10 267 300	19.8	12 312 712	19.5
Limpopo	4 576 133	10.2	4 995 462	11.1	5 404 868	10.4	6 402 594	10.2
Mpumalanga	3 124 203	7.0	3 365 957	7.5	4 039 939	7.8	5 057 662	8.0
Northern Cape	1 011 864	2.3	991 876	2.2	1 145 861	2.2	1 372 943	2.2
North West	2 726 828	6.1	2 982 064	6.7	3 509 953	6.8	4 155 303	6.6
Western Cape	3 956 875	8.8	4 524 335	10.1	5 822 734	11.2	7 562 588	12.0

Source: Stats SA, 2024

Similarly, KZN's population has increased over the years. It grew by 7.1 per cent from 9.584 million in 2001 to 10.267 million in 2011 and further increased by 19.9 per cent to 12.313 million in 2024. KZN's share of the national population rose significantly by 2.3 percentage points, from 19.1 per cent in 1996 to 21.4 per cent in 2001 but declined to 19.5 per cent in 2024. KZN is the second largest populous province in 2024 after Gauteng (GP), which has a population of approximately 15.932 million, constituting 25.3 per cent of the national population. The continuous increase in GP's share of the total

national population in the past three decades from 17.5 per cent in 1996 to 25.3 per cent in 2024 is primarily due to inter-provincial migrants who move for better economic opportunities.

Figure 1.1 : KZN population growth rate, 2014 to 2024



Source: Stats SA, 2013, 2014, 2015, 2016, 2017, 2018, 2019, 2020, 2021, 2022, 2023, 2024

Figure 1.1 shows KZN’s population grew at an average annual rate of 1.5 per cent between 2014 and 2024. The year-on-year growth troughed in 2017, 2019, 2021 and 2024. The year-on-year growth was negative in these years, implying the provincial population size was declining, albeit marginally. This partly contributed to the decline in KZN’s weighted average share of the Provincial Equitable Share (PES) allocation. Conversely, KZN’s population growth rate peaked in 2018, 2020 and 2023. The significant spike and ensuing drop in growth in 2023 may be the result of a deviation in the population count in the 2022 Census when compared to the Mid-year Population Estimates (MYPE) of other years.

KZN occupies 94 361 km<sup>2</sup> and has 10 district municipalities and the eThekweni Metro. Table 1.2 shows that, as expected, approximately 34.9 per cent or 4.229 million of the KZN population in 2023 was from eThekweni, showing an increase from 3.477 million in 2011. This is followed by uMgungundlovu (10 per cent), King Cetshwayo (8.5 per cent) and Zululand (7.5 per cent). Harry Gwala (4.4 per cent), Amajuba (4.8 per cent), and uMzinyathi (5 per cent) had the lowest proportion of the KZN population.

Table 1.2 : KZN population by district municipalities, 2001, 2011 and 2023

	2001		2011		2023	
	Population	% Share of KZN population	Population	% Share of KZN population	Population	% Share of KZN population
<b>KwaZulu-Natal</b>	<b>9 730 427</b>	<b>100</b>	<b>10 267 299</b>	<b>100</b>	<b>12 109 770</b>	<b>100</b>
eThekweni	3 179 620	32.7	3 476 686	33.9	4 229 089	34.9
Amajuba	474 905	4.9	500 615	4.9	587 218	4.8
Harry Gwala	465 964	4.8	460 526	4.5	530 867	4.4
iLembe	567 498	5.8	606 809	5.9	716 952	5.9
King Cetshwayo	897 247	9.2	907 519	8.8	1 029 419	8.5
Ugu	680 325	7.0	689 051	6.7	793 423	6.6
uMgungundlovu	937 510	9.6	1 014 572	9.9	1 214 840	10.0
uMkhanyakude	581 670	6.0	625 846	6.1	736 510	6.1
uMzinyathi	488 215	5.0	514 028	5.0	600 775	5.0
uThukela	665 143	6.8	668 072	6.5	761 140	6.3
Zululand	792 329	8.1	803 575	7.8	909 536	7.5

Source: S&P Global, 2023, and Stats SA, 2024

According to the United Nations (2019), the size and composition of households are linked to multiple social and economic processes, such as childbearing, demand for education and health care, spending priorities, consumption patterns and demand for housing, among others. Therefore, understanding patterns and trends of household size and composition helps identify challenges and opportunities for the achievement of the Sustainable Development Goals (SDGs). These include poverty reduction, education, gender equality, sustainable cities and protection of the environment.

The average size of the household is determined by the ratio of the total population and the number of households. Table 1.3 shows that, in SA, with a population of 63.016 million and 19.005 million households, the average size per household was 3.3 in 2024, marginally less than the 4 and 3.6 in 2001 and 2011, respectively. All eight provinces reported a marginal drop in the average household size between 2011 and 2024, except the Eastern Cape (EC), with a slight increase from 3.9 to 4.1. As expected, given that GP had the highest number of people, its share of the national number of households was the highest at 30.4 per cent, followed by KZN at 17.3 per cent.

**Table 1.3 : Number of households per province, 2001, 2011 and 2024**

	2001			2011			2024		
	Households	Households size	% Share of national households	Households	Households size	% Share of national households	Households	Households size	% Share of national households
<b>South Africa</b>	<b>11 205 706</b>	<b>4.0</b>	<b>100</b>	<b>14 449 665</b>	<b>3.6</b>	<b>100</b>	<b>19 005 248</b>	<b>3.3</b>	<b>100</b>
Eastern Cape	1 481 640	4.2	13.2	1 687 343	3.9	11.7	1 760 977	4.1	9.3
Free State	733 302	3.7	6.5	823 285	3.3	5.7	999 122	3.0	5.3
Gauteng	2 791 835	3.4	24.9	3 908 826	3.1	27.1	5 779 139	2.8	30.4
<b>KwaZulu-Natal</b>	<b>2 117 274</b>	<b>4.5</b>	<b>18.9</b>	<b>2 539 337</b>	<b>4.0</b>	<b>17.6</b>	<b>3 292 373</b>	<b>3.7</b>	<b>17.3</b>
Limpopo	1 117 818	4.5	10.0	1 418 085	3.8	9.8	1 774 688	3.6	9.3
Mpumalanga	785 470	4.3	7.0	1 075 466	3.8	7.4	1 492 924	3.4	7.9
Northern Cape	245 066	4.0	2.2	301 400	3.8	2.1	379 837	3.6	2.0
North West	759 997	3.9	6.8	1 061 998	3.3	7.3	1 389 694	3.0	7.3
Western Cape	1 173 304	3.9	10.5	1 633 925	3.6	11.3	2 136 494	3.5	11.2

Source: Stats SA, 2024

Table 1.4 shows the number of households per district municipality in 2001, 2011 and 2023. As expected, the eThekweni Metro (827 868 in 2001, increasing to 1.161 million in 2023) had the highest number of households, followed by uMgungundlovu (228 578 in 2001, increased to 320 131 in 2023), and King Cetshwayo (181 354 in 2001 rising to 225 535 in 2023). The districts with the lowest number of households in 2023 are Harry Gwala (125 473) and Amajuba at 129 697. The eThekweni Metro (1 160 715) has the lowest average household size at 3.6, followed by uMgungundlovu (320 131) and iLembe (182 216) at 3.8 and 3.9, respectively. A similar trend is evident with the percentage share of the total number of households in KZN, with eThekweni having the highest at 39.2, followed by uMgungundlovu and King Cetshwayo at 10.8 and 7.6 in 2023, respectively. The changes in the average size of households and the number of households have a direct impact on the demand and delivery of basic services such as electricity, water, housing, etc.

**Table 1.4 : Number of households by district municipality, 2001, 2011 and 2023**

	2001			2011			2023		
	Households	Households size	% Share of KZN households	Households	Households size	% Share of KZN households	Households	Households size	% Share of KZN households
<b>KwaZulu-Natal</b>	<b>2 185 061</b>	<b>4.5</b>	<b>100</b>	<b>2 539 336</b>	<b>4.0</b>	<b>100</b>	<b>2 963 350</b>	<b>4.1</b>	<b>100</b>
eThekweni	827 868	3.8	32.6	963 011	3.6	37.9	1 160 715	3.6	39.2
Ugu	148 079	4.6	5.8	172 899	4.0	6.8	194 740	4.1	6.6
uMgungundlovu	228 578	4.1	9.0	272 357	3.7	10.7	320 131	3.8	10.8
uThukela	134 973	4.9	5.3	147 143	4.5	5.8	167 583	4.5	5.7
uMzinyathi	95 559	5.1	3.8	114 075	4.5	4.5	130 500	4.6	4.4
Amajuba	97 347	4.9	3.8	111 103	4.5	4.4	129 697	4.5	4.4
Zululand	142 320	5.6	5.6	157 748	5.1	6.2	177 023	5.1	6.0
uMkhanyakude	101 591	5.7	4.0	128 191	4.9	5.0	149 735	4.9	5.1
King Cetshwayo	181 354	4.9	7.1	202 971	4.5	8.0	225 535	4.6	7.6
iLembe	124 180	4.6	4.9	157 690	3.8	6.2	182 216	3.9	6.1
Harry Gwala	103 212	4.5	4.1	112 148	4.1	4.4	125 473	4.2	4.2

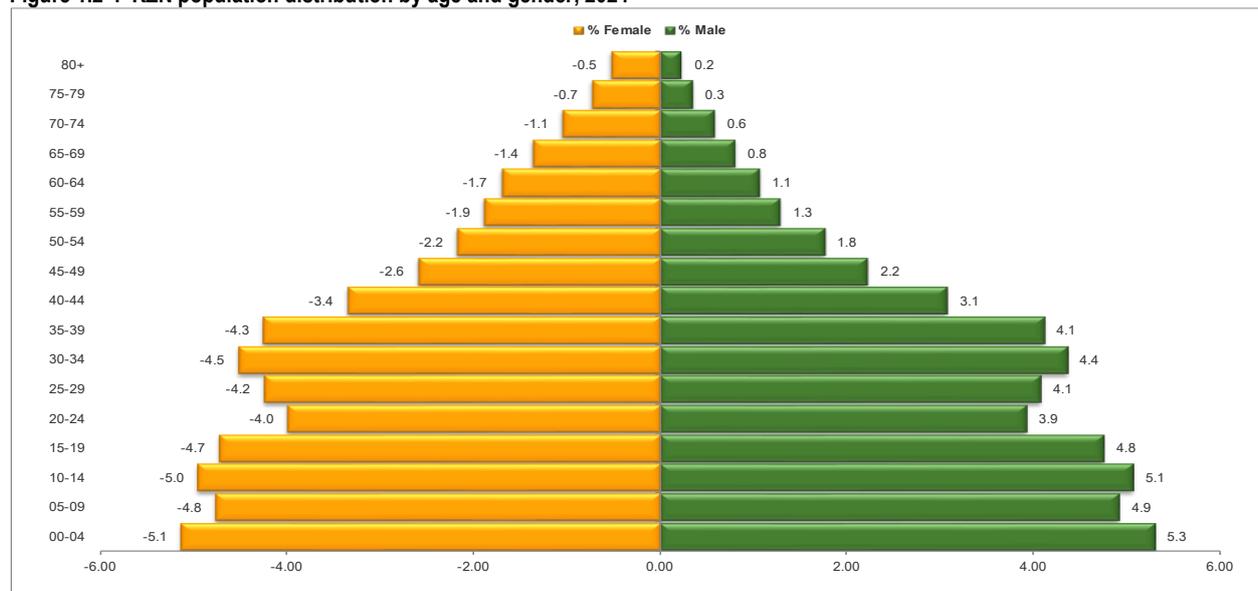
Source: S&P Global, 2024, and Stats SA, 2024

### 1.2.2 Population distribution by age and gender

Figure 1.2 shows the population distribution by age and gender in 2024. Approximately 30.2 per cent of KZN’s population are children aged between 00 and 14, and 34.6 per cent is the youth population of between the ages of 15 to 34. Collectively, children and youth account for an estimated 64.8 per cent of the total provincial population, compared to the national average of 60.6 per cent. A better understanding of the distribution of population by age and gender is critical in planning and budgeting for the educational, health and diversified needs of the communities.

The dependent population<sup>1</sup> is estimated at 4.412 million, while the economically active population<sup>2</sup> is 7.901 million. These estimates imply a dependency ratio<sup>3</sup> of 55.8 per cent compared to the national average of 51.6 per cent. The KZN dependency ratio is also higher than the aggregated global average of 55.1 per cent as per the World Bank (2024). A high dependency ratio indicates that the economically active population and the overall economy face a greater burden to support and provide the social services needed by children and older persons who are often economically dependent. It thus exerts pressure on government finances. Efforts must be made to reduce KZN’s dependency ratio to be lower than the global average as it poses a threat to competitiveness internationally, thus leading to a decline in the number of productive workers and a more significant tax burden (World Bank, 2023). However, the major limitation of the dependency ratio is that not every person below 15 and over 65 years is dependent. Further, not every person between the ages of 15 and 65 is productive, given the high unemployment rate and not in education, employment, or training (NEET) in SA and KZN.

Figure 1.2 : KZN population distribution by age and gender, 2024



Source: Stats SA, 2024

The female population was approximately 6.412 million, constituting 52.1 per cent of the total 12.313 million in KZN, compared to 5.900 million male population or 47.9 per cent in 2024. From birth to 19 years, males dominate the provincial population at 50.6 per cent, and females start to dominate from 20 years and above. The higher mortality seen in males, especially at ages above 30, leads to a growing excess in the number of females in each subsequent age group, with the eventual results being a substantially greater number of women than men in the older age cohorts.

### 1.3 Development indicators

#### 1.3.1 Poverty and human development

Similar to other developing nations across the globe, 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. Poverty lines are essential tools that allow for the statistical reporting of poverty levels and patterns, as well as the planning, monitoring and evaluation of poverty reduction programmes and policies (Ruch, 2022). As defined by Stats SA (2024), the FPL<sup>4</sup> shows the level of consumption below which individuals cannot purchase sufficient food to provide them with an adequate diet. Those living below this line consume insufficient calories for their nourishment. The LBPL<sup>5</sup> denotes food and non-food items required by households. However, those living below this line must sacrifice some food to

<sup>1</sup> An economically dependent population is defined as the sum of the population under 15 years of age plus the population 65 years of age and over,

<sup>2</sup> The economically active population is the total number of people between the ages of 15 and 64 who are willing and able to work.

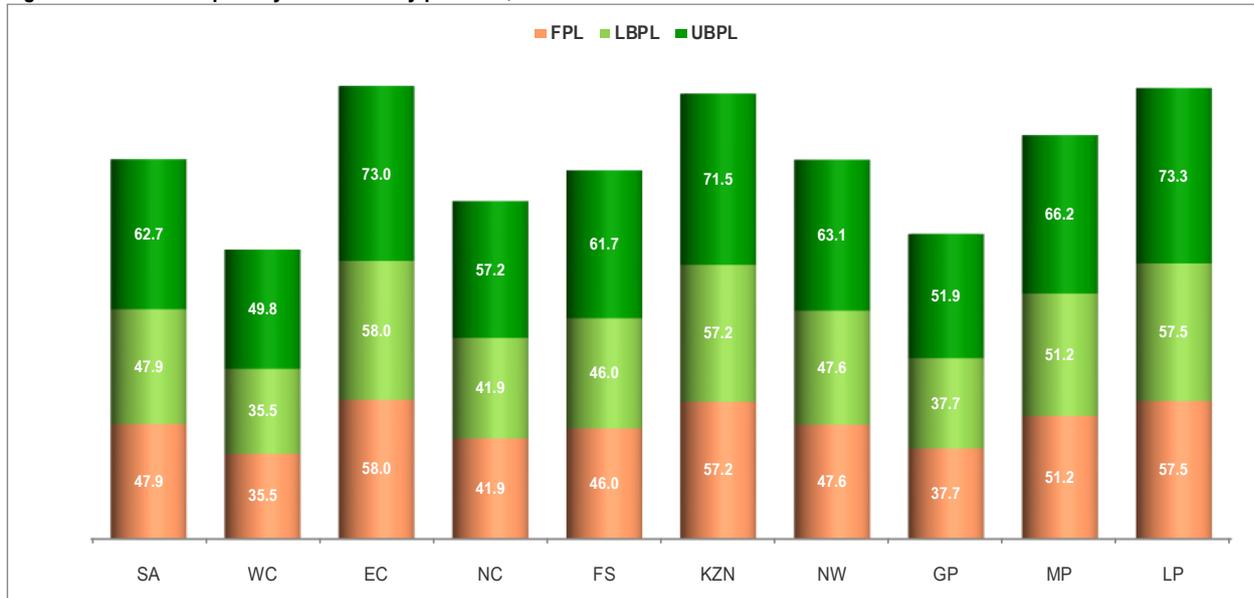
<sup>3</sup> Dependency Ratio = [(No. of people under 15 years) + (No. of people aged 65 and over)] ÷ (No. of people between 15 and 64) × 100 = (4 411 825 + 7 900 883) ÷ 7 900 883 × 100 = 55.8 per cent.

<sup>4</sup> Food poverty line – R585 (in April 2020 prices) per person per month. This refers to the amount of money that an individual needs to afford the minimum required daily energy intake. This is also commonly referred to as the "extreme" poverty line.

<sup>5</sup> Lower-bound poverty line – R840 (in April 2020 prices) per person per month. This refers to the food poverty line plus the average amount derived from non-food items of households whose total expenditure is equal to the food poverty line.

get these non-food items such as transport and airtime. Individuals living below the UBPL<sup>6</sup> are those who can consume both food and non-food items but cannot meet other necessities such as shelter, education, security and healthcare.

Figure 1.3 : Share of poverty lines in SA by province, 2023



Source: S & P Global, 2024

Figure 1.3 shows the share of people living below the FPL, the LBPL, and the UBPL in 2023. The Western Cape (WC) (35.5 per cent) had the lowest share of people living below the FPL, followed by GP (37.7 per cent), Northern Cape (NC) (41.9 per cent), and Free State (FS) (46 per cent). KZN's share reflected a significant increase of 16.7 percentage points, from 40.2 per cent in 2022 to 57.2 per cent in 2023. This percentage share is slightly below the EC (58 per cent) and Limpopo (LP) (57.5 per cent) but significantly surpassing the national average of 47.9 per cent.

Regarding the share of people living below the LBPL, KZN had the third-highest proportion of people living within this bracket at 57.2 per cent in 2023. This is after EC and LP, at 58 per cent and 57.5 per cent, respectively. The percentage of persons living below the UBPL in KZN was 71.5 per cent in 2023, the third highest in the country. uMkhanyakude, Zululand, and uMzinyathi also contributed to the KZN's UBPL at 87 per cent, 86 per cent and 83 per cent, respectively.

### 1.3.2 Education

Functional literacy<sup>7</sup> confers the benefits of human development on individuals, communities, and the nation. It also influences human capital and the ability of individuals, social institutions and countries to adapt and change along with technological and other developments in the global market. Moreover, literate people are less costly to train and tend to be more productive. Hence, they can obtain better employment and a higher economic status.

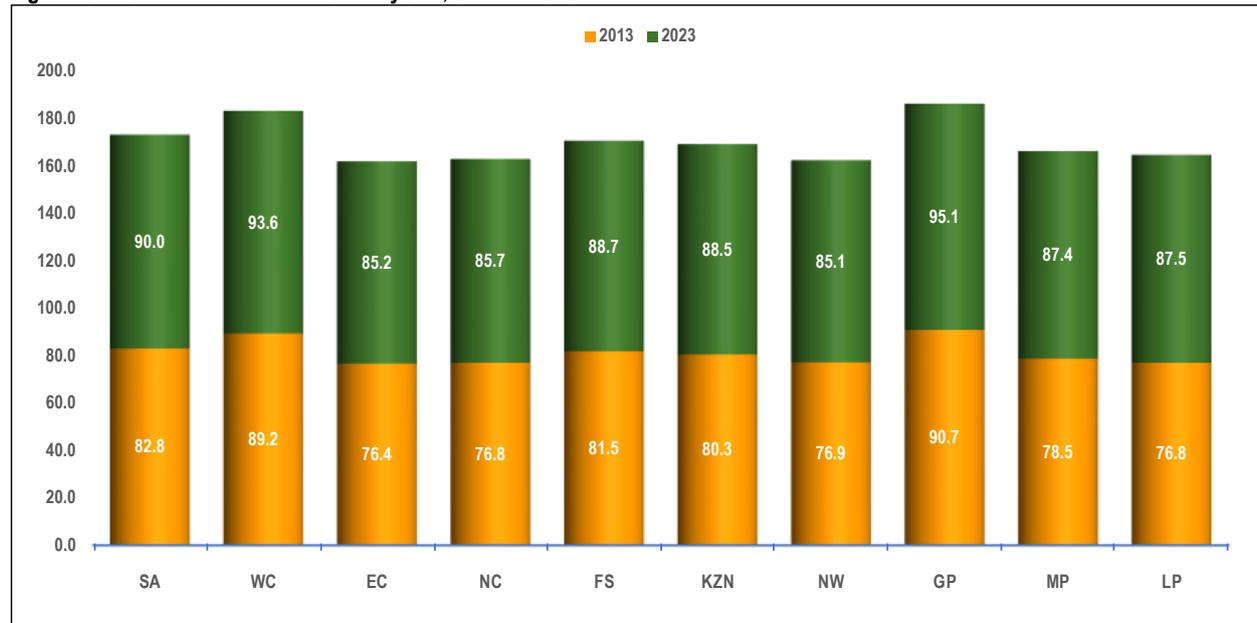
Figure 1.4 shows the functional literacy rate in SA by provinces in 2013 and 2023.

In KZN, the functional literacy rate improved sharply from 80.3 per cent in 2013 to 88.5 per cent in 2023. Despite this improvement, functional literacy in KZN is still 1.5 percentage points below the national average of 90 per cent. The WC and GP were the only two provinces with a functional literacy rate exceeding the national average, at 93.6 per cent and 95.1 per cent, respectively.

<sup>6</sup> Upper-bound poverty line – R1 268 (in April 2019 prices) per person per month. This refers to the food poverty line plus the average amount derived from non-food items of households whose food expenditure is equal to the food poverty line.

<sup>7</sup> Functional literacy refers to the practical skillset needed to read, write, and do mathematics for real-life purposes so that people can function effectively in their community.

Figure 1.4 : Provincial functional literacy rate, 2013 and 2023



Source: S&P Global, 2024

Table 1.5 represents the level of education in KZN in 2013 and 2023. The overall level of education has improved over the ten years. An estimated 4.4 per cent of people 20 years and older had not received any schooling in 2023, compared to 9 per cent in 2013. Approximately 0.2 percentage points more individuals aged 20 years and older had at least completed primary school or started high school in 2023 than in 2013. The percentage of people in this age group who had completed matric, also known as NSC, was 6.7 percentage points higher in 2023 than in 2013.

Table 1.5 : KZN level of education (percentages) for individuals aged 20+, 2013 and 2023

	2013					2023				
	African	White	Coloured	Asian	Total	African	White	Coloured	Asian	Total
No schooling	10.5	0.4	1.7	2.5	9.0	5.1	0.4	0.3	0.9	4.4
Grade 0-6	14.7	1.2	5.1	7.6	13.1	9.3	0.4	3.3	3.9	8.3
Grade 7-11	39.6	18.2	38.7	31.5	37.4	40.4	12.7	32.8	25.6	37.6
Cert/ diploma without matric	0.4	1.6	0.9	0.6	0.5	0.2	0.9	0.5	0.1	0.2
Matric only	28.1	42.2	38.4	44.0	30.7	35.9	42.1	43.5	48.5	37.4
Higher	6.7	36.3	15.3	13.9	9.3	9.1	43.4	19.5	20.9	12.0
<b>Total</b>	<b>100.0</b>									

Source: S&P Global, 2024

### 1.3.3 Household income and income inequality

Table 1.6 indicates that the proportion of KZN households categorised as lower-income earners (R0 – R54 000 per annum) declined by a marginal 2.3 percentage points from 24.8 per cent in 2022 to 22.5 per cent recorded in 2023. Over the same period, approximately 22.6 per cent were categorised as low-emerging middle-income earners (R54 000 – R96 000). An estimated 35.7 per cent were emerging middle-class, earning between R96 000 and R360 000 per annum. Approximately 8.3 per cent of households were categorised as realised middle-class earners (R360 000 – R600 000), 7 per cent were upper-middle-class (R600 000 – R1 200 000), and a minimal 4 per cent were considered as affluent, earning over R1.200 million per annum.

Table 1.6 : Income distribution by proportion of households in KZN, 2023

Income category	Income level (R'000)	African	White	Coloured	Asian	Total
Lower income	0 - 54	26.3%	1.2%	8.0%	1.5%	22.5%
Low emerging middle income	54 - 96	25.9%	1.4%	11.8%	4.9%	22.6%
Emerging middle class	96 - 360	36.1%	19.0%	45.0%	41.2%	35.7%
Realised middle class	360 - 600	6.1%	20.5%	16.1%	20.4%	8.3%
Upper middle class	600 - 1 200	3.9%	30.9%	12.9%	20.2%	7.0%
Affluent	1 200 +	1.6%	27.0%	6.3%	11.9%	4.0%
<b>Total</b>		<b>100%</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>

Source: S & P Global, 2023

In KZN, 26.3 per cent of Africans were categorised as lower-income earners compared to their white counterparts at 1.2 per cent in 2023. This proportion was part of the primary motivations for the government to implement various policies such as affirmative action and Broad-Based Black Economic Empowerment (B-BBEE), among others. The adopted programmes prioritise previously disadvantaged groups, mainly Africans, allowing them to participate in the mainstream economy.

The analysis shows that significant income disparities still exist among the four population groups in the country, with Africans remaining the least favoured by the current conditions.

### 1.3.4 Grant beneficiaries

In SA, where inequality levels are high, combined with low levels of labour market participation, social grants have played an essential role in supporting households to attain some minimum standard of living. Grants have also assisted in achieving human developmental goals, including improved education and health outcomes while reducing poverty levels in SA. Table 1.7 reflects the number and proportion of grant payments for the first quarter of 2024.

Compared with other provinces, KZN had the highest number of social grant beneficiaries nationally, with 4.248 million grant recipients in the first quarter of 2024. The province also had the highest share in all categories of social grants, except for the War Veterans and Foster Child grants at 22.2 per cent (same as GP) and 17.2 per cent, respectively. Foster Child grants marginally declined by 0.7 percentage points when comparing the first quarter of 2023 (17.9 per cent) and the first quarter of 2024 (17.2 per cent), translating to 5 919 beneficiaries who no longer receive the grant.

The disability grants, on the other hand, increased by 0.4 percentage points from the 20.8 per cent recorded in the first quarter of 2023 to 21.1 per cent in the first quarter of 2024, translating to an increase of 6 958 beneficiaries of the grant. Regarding the proportion of disability grant recipients, KZN was the highest at 21.1 per cent, followed by the EC (16.6 per cent) and the WC (15.2 per cent). This suggests that KZN has the highest number of people with disabilities requiring exceptional support, which the province must consider in the budget allocation processes. KZN was also the highest issuer of Grant-in-Aid, Care Dependency, and Foster Child Grants when compared to all the other provinces at 129 031 (29.9 per cent), 41 738 (24.8 per cent) and 46 624 (17.2 per cent), respectively.

Table 1.7 : Number and proportion of grants in payments, 2024: Q1

	Old Age		War Veterans'		Disability		Grant-in-aid		Care Dependency		Foster Child		Child Support		Total	
	No.	%	No.	%	No.	%	No.	%	No.	%	No.	%	No.	%	No.	%
Eastern Cape	628 981	15.4	1	11.1	176 170	16.6	60 182	14.0	24 996	14.8	56 543	20.9	1 951 188	14.8	2 898 061	15.1
Free State	231 238	5.7	-	-	73 741	7.0	18 779	4.4	10 017	5.9	17 825	6.6	708 130	5.4	1 059 730	5.5
Gauteng	779 388	19.1	2	22.2	127 417	12.0	24 815	5.8	24 573	14.6	37 113	13.7	2 050 357	15.5	3 043 665	15.8
<b>KwaZulu-Natal</b>	<b>798 701</b>	<b>19.6</b>	<b>2</b>	<b>22.2</b>	<b>223 136</b>	<b>21.1</b>	<b>129 031</b>	<b>29.9</b>	<b>41 738</b>	<b>24.8</b>	<b>46 624</b>	<b>17.2</b>	<b>3 008 532</b>	<b>22.7</b>	<b>4 247 764</b>	<b>22.1</b>
Limpopo	529 393	13.0		0.0	100 123	9.4	67 146	15.6	18 748	11.1	33 492	12.4	2 003 384	15.1	2 752 286	14.3
Mpumalanga	295 243	7.2		-	82 095	7.7	34 061	7.9	12 879	7.6	15 900	5.9	1 210 024	9.1	1 650 202	8.6
Northern Cape	301 334	7.4	1	11.1	61 838	5.8	27 139	6.3	11 213	6.7	21 191	7.8	919 065	6.9	1 341 781	7.0
North West	99 593	2.4		0.0	54 315	5.1	39 160	9.1	6 185	3.7	8 688	3.2	337 264	2.6	545 205	2.8
Western Cape	415 646	10.2	3	33.3	160 896	15.2	30 629	7.1	18 172	10.8	32 944	12.2	1 037 234	7.8	1 695 524	8.8
<b>South Africa</b>	<b>4 079 517</b>	<b>100.0</b>	<b>9</b>	<b>100.0</b>	<b>1 059 731</b>	<b>100.0</b>	<b>430 942</b>	<b>100.0</b>	<b>168 521</b>	<b>100.0</b>	<b>270 320</b>	<b>100.0</b>	<b>13 225 178</b>	<b>100.0</b>	<b>19 234 218</b>	<b>100.0</b>

Source: South African Social Security Agency (SASSA), 2024

## 1.4 Climate change

Climate change is one of the most pressing challenges facing humanity today, posing threats to ecosystems, livelihoods, and economies worldwide. It significantly impacts human development, disproportionately affecting vulnerable populations, deepening inequalities, and threatening sustained economic growth. Similar to other developing countries, SA is vulnerable to the negative impact of climate change. According to Kitili & Ribarsky (2023) over the last decade, 3.800 million people in SA have been affected by natural catastrophes such as severe floods, storms, and prolonged droughts. The Intergovernmental Panel on Climate Change (IPCC) projects that extreme temperatures will be on an upward trajectory, with carbon dioxide (CO<sub>2</sub>)<sup>8</sup> counted as one of the major greenhouse gases (GHGs)<sup>9</sup>

<sup>8</sup> Carbon dioxide is a colourless and non-flammable gas at normal temperature and pressure.

concentrated in the atmosphere. There has been a substantial increase in these gases since the beginning of the Industrial Revolution, which resulted in the GHGs effect, commonly referred to as global warming, translating to the intensity of weather events.

The intensity of extreme weather events is expected to profoundly impact the economy and human development, including but not limited to human health, access to food and water biodiversity, habitats and ecosystems, the coast and coastal infrastructure, and human settlements.

#### **1.4.1 Climate status quo in SA and greenhouse gas emission sources**

According to Creecy (2024), the SA GHG Inventory published by the Department of Forestry, Fisheries and the Environment, the country has experienced an increase in the Global Warming Potentials (GWP) over 22 years. As defined by the United States Environmental Protection Agency (2022), GWP allows comparison of the global warming impacts of different gases, measuring how much energy the emission of one ton of a gas will absorb over a given period relative to the emission of one ton of carbon dioxide (CO<sub>2</sub>). The large GWP is not favourable for the environment because it means that there is an increase in the infrared radiation absorbed by gas, and more energy will be added to the atmosphere, leading to increased warming.

The increased warming results in an inverse impact on both the economy and human development. The climate impacts manifesting in unprecedented droughts, floods, bushfires, and other extreme weather events bring disruptions in many businesses, crippling economic growth while damaging droughts and exceptional seasonal rainfall cause deaths and add to the already high humanitarian crisis. The unequal distribution of the impacts of climate change further deepens disparities between the poor and the rich, as the wealthier have more resources to mitigate and adapt to the effects of climate change. Therefore, this threatens the development efforts to reduce poverty and promote inclusive growth.

The main contributors to the GHG emissions are CO<sub>2</sub> from the energy sector, constituting 81.9 per cent, followed by the Industrial Processing and Product Use (IPPU) (6.8 per cent) and agriculture (0.6 per cent) (GHG Inventory, 2022).

#### **1.4.2 Climate change in KwaZulu-Natal**

KZN is the second largest populous province in SA with 19.5 per cent of the national population in 2024 after GP at 25.3 per cent. The province is known for its substantial contributions to key economic sectors, including tourism, agriculture, forestry, manufacturing, finance, real estate, business services, transport, storage, and communications. However, the province is also highly vulnerable to the impacts of climate change, including rising sea levels, extreme weather events, droughts, and biodiversity loss.

In line with the national mandate to address climate change and its impacts, KZN has developed a climate strategy aimed at transitioning to a sustainable development pathway. This approach seeks to minimise carbon emissions while enhancing adaptation efforts to ensure resilience against climate-related challenges. The KZN climate strategy seeks to integrate mitigation and adaptation efforts to reduce GHG emissions, enhance resilience, and promote sustainable development. The strategy also seeks to implement an institutional structure that will lead and coordinate climate change programmes. Through the climate strategy, the institutional structure seeks to ensure that municipalities include climate programmes and climate financing in their programmes. Though this initiative is plausible, additional monitoring strategies by the provincial government should be utilised to ensure compliance and proper implementation of the climate strategy in districts and municipalities.

Further, KZN seeks to incorporate climate change policies into provincial policies and plans to enable climate change response. Proper implementation of the climate strategy and policy should result in strengthened coastal management, enhanced water resource management, promotion of renewable energy, sustainable land use and agriculture, protection of biodiversity and ecosystems, building climate-

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<sup>9</sup> Greenhouse gases (GHGs) are gases in the earth's atmosphere that trap heat. During the day, the sun shines through the atmosphere, warming the earth's surface. The earth's surface cools at night, releasing heat back into the air.

resilient infrastructure, community awareness and capacity building, climate change monitoring and research, etc.

### 1.4.3 Climate finance

Financing climate change is critical in mitigating the devastating impacts of global warming and building resilience to its consequences. Adequate financial resources are essential to drive the transition toward a low-carbon economy and to protect vulnerable populations. The United Nations on Climate Change (UNCC, 2024), states that climate financing refers to local, national, or transnational financing drawn from public, private, and alternative financing sources that seek to support mitigation and adaptation actions to address climate change. SA also benefits from international funding to support its climate goals and actively engages in international climate discussions. The country works with international bodies like the Green Climate Fund (GCF) and the Global Environment Facility (GEF) to finance clean energy projects, climate adaptation programmes, and capacity building initiatives. At the UN Climate Change Conference (COP26) Climate Summit in 2021, SA secured a \$8.500 billion *Just Energy Transition Partnership (JETP)* with developed countries to accelerate its shift from coal to clean energy.

The Presidential Climate Commission (PCC), 2023 states that while considerable funding is available for decarbonisation projects and, to some extent, for adaptation initiatives, the *just transition* (framework to start dealing with practical issues around climate change relating to jobs, local economies, skills, social support, and governance) faces funding constraints. The report further indicates that the country needs approximately R574 billion by 2030 and R1.900 trillion by 2050 for its *just transition*.

Further, the South African Reserve Bank (SARB, 2024) argues that there is more urgency to increase the resilience of financial systems to climate-related shocks and ensure strong monetary policy credibility to address larger and more persistent price shocks. Therefore, several government climate finance and market-based interventions are emerging, such as Treasury's Green Fund, the proposed carbon tax, and the South African Renewables Initiative (Naidoo, 2011).

In the 2024 budget speech, National Treasury noted that, in dealing with climate disasters, a climate change response fund is being reviewed in line with the disaster response grant to improve efficiency and create incentives for disaster planning, preparedness, and risk reduction. Further to this, a climate-budget tagging framework is being developed to influence policy, planning, and budget decisions, by tracking climate-related expenditures in public budgets (National Treasury, 2024). Adding to the soaring government debt-to-GDP ratio of 74 per cent, the government has raised \$3.300 billion so far from Multilateral Development Banks and International Finance Institutions to support climate change, energy, and *just transition* objectives (National Treasury, 2024).

Through the Department of Economic Development, Tourism, and Environmental Affairs (EDTEA), KZN has made efforts to deal with climate change. In addition to climate policies and plans such as the Air Quality Management Plan, EDTEA has an Environmental Policy Planning and Coordination sub-programme, which is mainly responsible for environmental research and climate change management. The sub-programme is allocated R29.943 million in 2025/26. Out of this amount, R7.610 million is appropriated for climate change management.

## 1.5 Global, national and provincial economic outlook

### 1.5.1 Global economic review and outlook

After the Covid-19 pandemic, the world experienced heightened geopolitical conflicts and inclement weather conditions that had a negative impact on global supply value chains. The adverse shocks on global supply chains had a lasting effect on economic performance and inflation, forcing central banks to implement tighter monetary policies. Higher policy rates resulted in higher mortgage and bank lending rates, restricting private credit growth and investment.

However, the global economic landscape has been relatively stable from the second half of 2023 to 2024. The persistent geopolitical conflicts, particularly in the Middle East and the war in Ukraine and Russia, did not cause major challenges that could weigh down economic activity. Also, global inflation continued

to recede in 2024 amid easing energy and food prices, firm global supply chains, and the lagged effects of tight monetary policy stances. Inflation across many economies is expected to decelerate further in 2025 and reach its lowest level since the peak in 2022. Therefore, the easing of monetary policy has now become widespread.

Thus, the protracted period of deteriorating economic activity is gradually subsiding, as evidenced by the projected stable and yet modest global growth. Against this backdrop, the global economy has dropped slightly from an estimated 3.3 per cent growth in 2023 to 3.2 per cent in 2024. This growth rate is, however, projected to stabilise at 3.3 per cent in 2025 and 2026, as shown in Table 1.8. The projected global growth is expected to be supported by an improvement in real income growth as inflation continues to moderate, aided by lower commodity prices, as well as by the easing of policy rates globally.

Notably, the predicted stable global growth could be interrupted by downside risks, such as heightened policy uncertainty and adverse trade policy shifts. For instance, an increase in the United States of America (US) tariffs would adversely affect global and Emerging Market and Developing Economies (EMDE) growth, amplified by retaliatory action from the US's trading partners. Also, the global outlook remains susceptible to the uncertainty surrounding the Chinese real estate market, especially if property prices drop further and weigh down consumption and investment.

**Table 1.8 : Percentage change in global economic performance measured in GDP, 2022 - 2026**

	GDP Estimates (Percentage)			GDP Forecast (Percentage)	
	2022	2023	2024 e	2025 f	2026 f
<b>World</b>	<b>3.5%</b>	<b>3.3%</b>	<b>3.2%</b>	<b>3.3%</b>	<b>3.3%</b>
<b>Advanced economies</b>	<b>2.7%</b>	<b>1.7%</b>	<b>1.7%</b>	<b>1.9%</b>	<b>1.8%</b>
United States	2.1%	2.9%	2.8%	2.7%	2.1%
Euro area	3.3%	0.4%	0.8%	1.0%	1.4%
Japan	1.0%	1.5%	-0.2%	1.1%	0.8%
United Kingdom	4.1%	0.3%	0.9%	1.6%	1.5%
<b>Emerging market and developing economies</b>	<b>4.1%</b>	<b>4.4%</b>	<b>4.2%</b>	<b>4.2%</b>	<b>4.3%</b>
Russia	-2.1%	3.6%	3.8%	1.4%	1.2%
China	3.0%	5.2%	4.8%	4.6%	4.5%
India	7.2%	8.2%	6.5%	6.5%	6.5%
Brazil	2.9%	3.2%	3.7%	2.2%	2.2%
<b>Sub-Saharan Africa</b>	<b>4.0%</b>	<b>3.6%</b>	<b>3.8%</b>	<b>4.2%</b>	<b>4.2%</b>
Nigeria	3.3%	2.9%	3.1%	3.2%	3.0%
South Africa	1.9%	0.7%	0.8%	1.5%	1.6%

Source: International Monetary Fund, 2025<sup>10</sup>

Note: e represents Estimate, and f is Forecast

Economic performance in *Sub-Saharan Africa* (SSA) increased to an estimated 3.8 per cent in 2024, but slightly lower than anticipated due to violent conflict in Sudan, as well as various country-specific challenges that weighed down economic recovery. Notably, economic growth in SSA was supported by a moderate uptick in the output of the region's two largest economies, Nigeria and SA, owing to improved electricity supply in SA and higher oil production in Nigeria. Economic growth in SSA is projected to strengthen to 4.2 per cent in 2025 and 2026, driven primarily by improvements in the outlook for industrial-commodity-exporting countries, including the region's largest economies. However, high government debt and elevated interest rates have narrowed fiscal space, prompting fiscal consolidation efforts in many countries while financing needs remain high. Despite the projected pickup in growth, per capita income<sup>11</sup> gains will remain inadequate to significantly reduce extreme poverty in the region.

### 1.5.2 South African economic review and outlook

Figure 1.5 shows that, following a robust growth of 4.7 per cent in 2021, the SA economy has reverted to its low growth trajectory that prevailed a few years before Covid-19. Real gross domestic product (GDP) growth decelerated to 1.9 per cent in 2022 and further edged down to 0.7 per cent in 2023. The disappointing growth path over the past two years resulted mainly from a combination of several devastating shocks, including the geopolitical conflicts between Russia and Ukraine, soaring consumer

<sup>10</sup> International Monetary Fund 2025. World Economic Outlook Update January 2025. Global growth: Divergent and Uncertain. Retrieved from: <https://www.imf.org/en/Publications/WEO/Issues/2025/01/17/world-economic-outlook-update-january-2025>

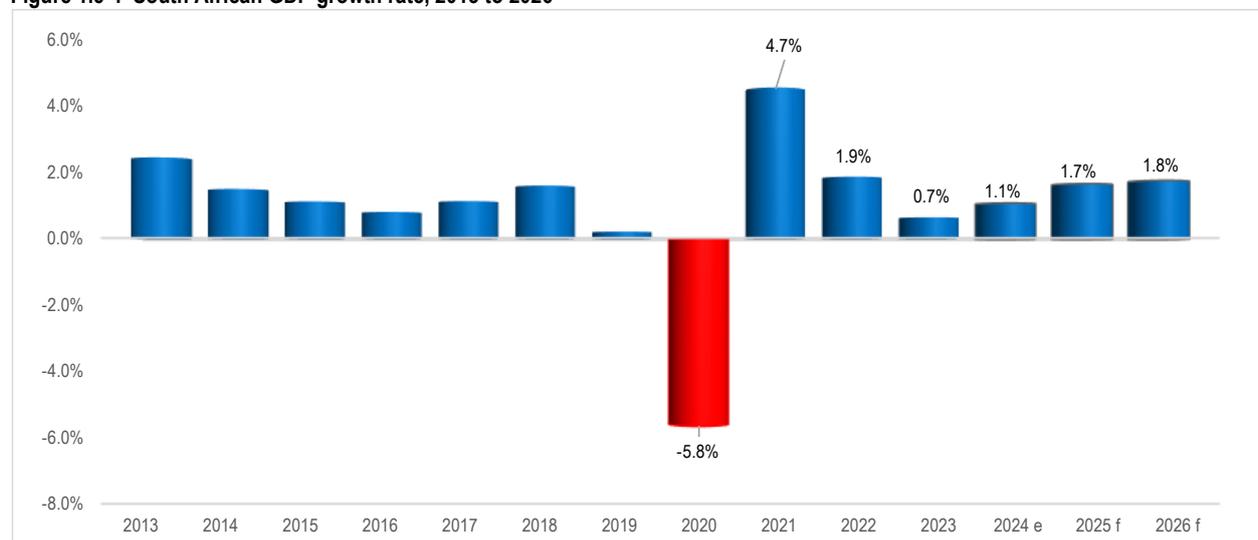
<sup>11</sup> Per capita income is a measure that calculates the average income earned per person in a particular area over a specified period.

price inflation and tighter monetary policy stances, destructive flooding in 2022, persistent energy supply challenges, and rail and port infrastructure operational constraints. The Russia-Ukraine war had spill-over effects on the global economy, including SA, through supply chain disruptions and commodity market volatility. The impact on commodity markets affects SA in terms of rising fuel prices resulting mainly from high international oil prices and higher agricultural input costs such as fertilizers.

On a positive note, the energy reforms continue to bear fruit, as electricity shedding has been suspended for over ten months since March 2024. As the power utility (Eskom) engaged in extensive maintenance of power stations early in 2024, Eskom's energy availability factor (EAF) has consistently improved reaching about 70 per cent. The logistical constraints are expected to improve as the Logistics Crisis Committee (LCC) continues to implement reforms.

Despite an improved energy supply, economic activity in SA remained depressed in the third quarter of 2024 as real GDP contracted by 0.3 per cent, following a revised expansion of 0.3 per cent in the second quarter of 2024<sup>12</sup>. The contraction in the third quarter was driven largely by the decrease in real output within four industries, with the largest decline reported in the agricultural, forestry and fisheries, as well as transport, storage and communication.

**Figure 1.5 : South African GDP growth rate, 2013 to 2026**



Source: Stats SA, 2024 and SARB, 2024

Note: e represents Estimate, and f is Forecast

The real gross value added (GVA) by the agricultural sector contracted significantly by 28.8 per cent in the third quarter of 2024, following a revised decrease of 4.8 per cent in the second quarter. The significant contraction in the third quarter of 2024 was mainly due to the lower production of field crops as unfavourable weather conditions and rising input costs continued to hamper agricultural output. Subsequently, the average level of real agricultural output in the first three quarters of 2024 was 15.5 per cent lower than in the corresponding period in 2023.

Real output of the transport, storage and communication services sector contracted further by 1.6 per cent in the third quarter of 2024, marking the third successive quarterly contraction. The contraction was driven by reduced activity in land transportation and transport support services. By contrast, the number of passenger journeys undertaken by rail increased over this period. The average level of real output of the transport, storage and communication services sector in the first three quarters of 2024 was 0.1 per cent higher than in the corresponding period in 2023.

The SA economy is estimated to reach 1.1 per cent in 2024 supported by improved electricity supply and easing inflation. However, persistent structural constraints, especially transport bottlenecks, continued to impede economic activity. The SARB<sup>13</sup> expects economic growth to pick up moderately to 1.7 per cent in

<sup>12</sup> Statistics South Africa 2024. Gross Domestic Product Third Quarter 2024. Statistical Release P0441. Retrieved from: <https://www.statssa.gov.za/publications/P0441/P04413rdQuarter2024.pdf>

<sup>13</sup> South African Reserve Bank 2025. Monetary Policy Statement January 2025. Retrieved from: <https://www.resbank.co.za/content/dam/sarb/publications/statements/monetary-policy-statements/2025/Statement%20of%20the%20monetary%20policy%20committee%20January%202025%20.pdf>

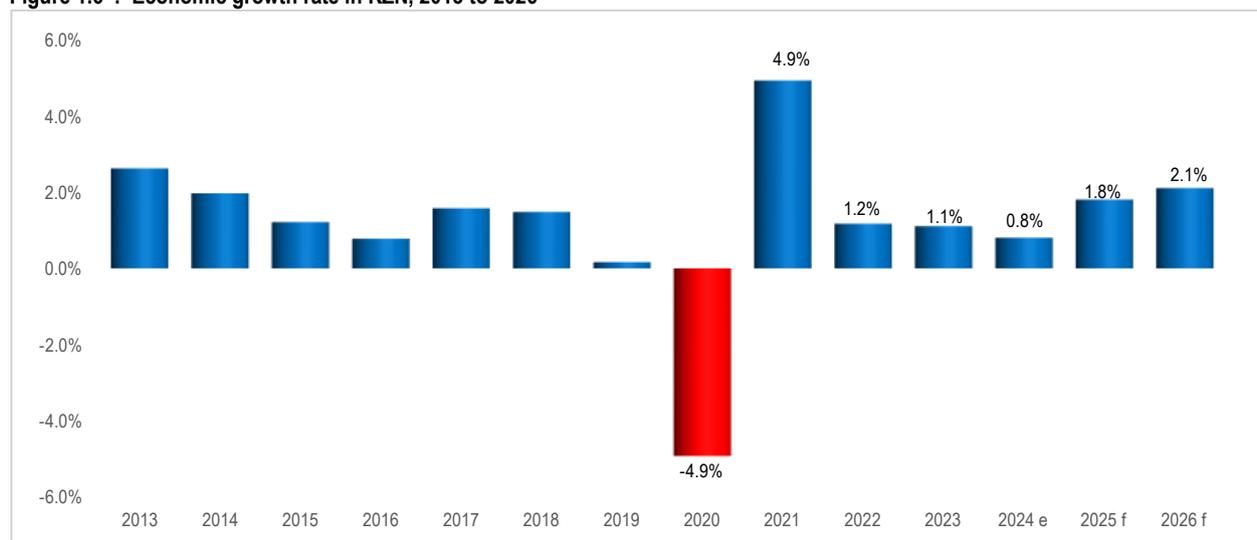
2025 and 1.8 per cent in 2026. The forecast growth is expected to be supported by improving energy availability and further reforms in the transport sector. Also, household consumption is expected to benefit from lower inflation and interest rates, while rising business confidence could stimulate growth in private investment.

### 1.5.3 KZN economic review and outlook

After a considerable deterioration over the past two years, KZN’s economy has somewhat stabilised at its historic low growth path that prevailed prior to the Covid-19 global pandemic. This is evident in Figure 1.6, which shows that the real regional gross domestic product (GDP-R) dropped to 1.1 per cent in 2023. The continuous deceleration was attributed to numerous structural challenges, including extensive electricity load-shedding alongside rail and port operational bottlenecks. Despite a low growth trajectory, KZN’s economy was growing faster than the national economy when using 2013 as a base year. Also, KZN’s GDP-R growth (1.1 per cent) in 2023 was the highest compared to other provinces.

With regards to GDP-R contribution, KZN is the second largest regional economy (R1.124 trillion total nominal GDP-R), contributing about 16.2 per cent toward the national output. Like the national economy, KZN’s real GDP-R contracted by 0.9 per cent in the third quarter of 2024, following a revised increase of 0.2 per cent in the second quarter. Consequently, real GDP-R in KZN is estimated to have moderated marginally to 0.8 per cent in 2024. It is expected to improve moderately to 1.8 per cent in 2025 and 2.1 per cent in 2026, supported by a stable energy supply, as well as improving rail and ports’ operations.

Figure 1.6 : Economic growth rate in KZN, 2013 to 2026



Source: S & P Global, 2025

Note: e represents Estimate, and f is Forecast

About 75 per cent of KZN’s total nominal GDP-R generated in 2023 emanated from three economic epicenters, namely the eThekweni Metro, which accounts for 59.8 per cent of provincial GDP-R, followed by uMgungundlovu and King Cetshwayo at 10.3 per cent and 5.6 per cent, respectively. The significant contribution by eThekweni is attributable to various economic activities concentrated in the Metro, including the most prominent and busiest harbour port in the country. The Durban port is the largest and most active shipping terminal in Sub-Saharan Africa, handling up to 31.4 million tons of cargo annually. Most district municipalities that are characterised by rural settings, such as uMzinyathi (1.8 per cent), Harry Gwala (1.8 per cent), and uMkhanyakude (2.4 per cent), contribute the least toward the GDP-R due to limited economic activities<sup>14</sup>.

<sup>14</sup> For a detailed analysis, refer to KZN Socio-Economic Review and Outlook 2025/26

**Sector analysis**

The slight contraction in KZN's GDP-R in the third quarter of 2024 stemmed from the decline in economic activity across three of the nine sectors: agricultural, forestry and fisheries, transport, and trade.

Real output in the *agricultural, forestry and fisheries* sector decreased further by 28.9 per cent in the third quarter of 2024, following a considerable contraction of 4.9 per cent in the second quarter. The decrease reported in agricultural economic activity marked the industry as the largest negative contributor, subtracting 1.2 percentage points from the overall GDP growth. The decline in economic activity within this industry can be attributed to lower production of *field crops*, as well as *horticultural and animal products*. The poultry industry was also weighed down by the avian influenza outbreak. Furthermore, cattle-related production processes were under threat due to the recent foot and mouth disease outbreak in the province. Overall, the agricultural industry was also negatively impacted by electricity supply challenges, geopolitical tensions, as well as logistical constraints.

Real GVA-R by the *transport, storage and telecommunication* industry decreased further by 1.9 per cent in the third quarter of 2024, the third consecutive quarterly contraction. The reduction in real output reflected a decline in economic activity for *land and water transport, air transport and transport support services*. Economic activities in land transportation, such as rail, continued to be affected by theft, vandalism, and inadequate maintenance, which reduced the efficiency of SA's rail network.

Real output by the *trade, catering and accommodation* industry slightly decreased by 0.3 per cent in the third quarter despite maintaining a positive trajectory in the first half of 2024. The lacklustre economic performance in the trade sector reflects lower production volumes in three subsectors: the *wholesale and commission trade, sales and repairs of motor vehicles and sale of fuel, and food and beverages*.

While the abovementioned sectors recorded contractions in real output in the third quarter, six reported expansions. The electricity, finance, and construction sectors recorded the largest increases. Real GVA-R by the industry that supplies *electricity, gas, and water* increased by 1.5 per cent, mainly driven by increased electricity production and consumption.

Real output by the *finance, real estate and business services* industry maintained a positive trajectory with an expansion of 1.4 per cent in the third quarter of 2024, following a marginal increase of 1.6 per cent in the second quarter. The increased output in the finance sector was largely due to increased economic activities in *financial intermediation, insurance and pension funding, auxiliary activities, real estate activities and other business services*. Real GVA-R by the *construction* sector increased by 1.1 per cent in the third quarter of 2024 due to increased *residential and non-residential building* activity.

**1.6 Provincial labour market**

The SA labour market remains unstable after the adverse effects of the Covid-19 pandemic. The pandemic, coupled with various international negative shocks over the past four years alongside domestic structural constraints, weakened the country's economic growth and ultimately hindered job creation. Despite these challenges, the country's levels of employment have improved and surpass the pre-pandemic levels.

The Quarterly Labour Force Survey<sup>15</sup> (QLFS) indicates that the country's employment levels increased by 294 000 (1.8 per cent) in the third quarter of 2024, from 16.650 million in the second quarter of 2024 to 16.950 million in the third quarter of 2024. The increase in employment mainly emanated from the employment gains recorded in the community and social services industry (194 000), followed by the construction (176 000) and trade (109 000) industries. In contrast, four industries reported decreases in employment levels, with the largest employment losses recorded in finance (189 000) and private households (32 000).

Compared to the same period in 2023, employment levels increased by 201 000 (1.2 per cent) in the third quarter of 2024. The year-on-year employment changes were largely due to increased employment in the

<sup>15</sup> Stats SA (2024): *Quarterly Labour Force Survey, Quarter Three: 2024*, Statistical release P0211. Available online: <https://www.statssa.gov.za/publications/P0211/P02113rdQuarter2024.pdf> [Accessed on 20 January 2025].

manufacturing (127 000), transport (81 000), trade (79 000) and mining (75 000) industries. However, employment losses were recorded in the finance (120 000), community and social services (62 000) and agriculture (21 000) industries.

SA's labour market continues to be characterised by persistently high levels of unemployment, with young people bearing the brunt of the country's staggering unemployment levels. According to the QLFS, the number of unemployed South Africans decreased by 373 000 (-4.5 per cent) in the third quarter of 2024, after increasing by 158 000 (1.9 per cent) in the second quarter. Consequently, the official unemployment rate declined by 1.4 per cent, from 33.5 per cent in the second quarter to 32.1 per cent in the third quarter of 2024. When compared to the same period in 2023, the official unemployment rate increased slightly by 0.2 of a percentage point in the third quarter of 2024.

Also, the expanded unemployment rate, which is inclusive of discouraged work-seekers, dropped slightly by 0.7 of a percentage point, from 42.6 per cent in the second quarter to 41.9 per cent in the third quarter of 2024. This implies that about 12.23 million South Africans were unemployed during this period when those not actively searching for employment were included.

Similarly, KZN also grapples with a slow pace of employment growth attributable to a slow provincial economic performance. The province's employment levels decreased by 2 000 (-0.1 per cent), from 2.842 million in the second quarter to 2.840 million in the third quarter of 2024. The slight decline in employment levels can be attributed to the employment losses recorded in the manufacturing (38 000), finance (26 000), and transport (12 000) industries.

Compared to the same quarter in 2023, the provincial employment levels have increased considerably by 46 000 (1.7 per cent) in the third quarter of 2024. The year-on-year employment gains were mainly driven by an increase in employment in the community and social services (63 000) industry, followed by the manufacturing (26 000) and trade (12 000) industries.

KZN's official unemployment rate slightly increased by 0.1 percentage point, from 31.1 per cent in the second quarter to 31.2 per cent in the third quarter of 2024. This translates to about 1.29 million unemployed people during the third quarter. The province experienced an upward trend in the expanded unemployment rate during the first three quarters of 2024. The expanded unemployment rate was recorded at an overwhelming 45.6 per cent in the third quarter of 2024, thus implying that about 2.380 million people in the province were without jobs during this period.

## 2. BUDGET STRATEGY AND AGGREGATES

### 2.1 Introduction: Budget strategy – An overview

The previous chapter provided a detailed analysis of the current global and domestic economic condition and outlook. This background is important in understanding the background to the 2025/26 MTEF budget, as it provides insight into National Treasury's ability to provide additional funding to provinces to fund either existing budget pressures, or any new provincial priorities that a province may want to fund. The reality remains that the economic climate remains constrained while the country carries a high debt burden. This severely limits the allocation of additional resources to provinces.

National Treasury issued allocation letters to the province, indicating amendments made to the Provincial Equitable Share (PES) and conditional grant allocations over the 2025/26 MTEF.

The PES formula was updated with new data released by Stats SA, and for the first time in the last 12 years, the data updates have favoured KZN and resulted in an increase in the PES allocation. Furthermore, the allocation includes additional funding to fund the 2025 wage agreement gap following the conclusion of the wage negotiations (as detailed in the next chapter), as well as funding towards the Presidential Youth Employment Initiative (PYEI) under DOE. The province's equitable share allocation is therefore increased by R1.735 billion in 2025/26, R2.348 billion in 2026/27 and R3.097 billion in 2027/28. The additional funds resulting from the higher PES allocation, were allocated towards various provincial priorities, as summarised in Table 3.3 in Chapter 3, with more detail provided in each respective Vote's chapter.

Similarly, additions are made to various conditional grants across the sectors, largely towards funding the 2025 wage agreement gap. The aggregate increase in the conditional grant allocation is R1.315 billion in 2025/26, R79.406 million in 2026/27 and R1.238 billion in 2027/28.

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

In preparing the 2025/26 budget, departments were to focus on aligning and integrating their plans to the national outcomes, as contained in the MTDP 2024-2029, which is derived from the Statement of Intent, and these are aligned to the implementation plan of the National Development Plan Vision 2030.

Table 2.1 shows some of the provincial initiatives funded in this budget.

**Table 2.1 : Alignment of the Medium-Term Development Plan to the 2025/26 budget**

MTDP priority	Department	Priority Projects	Budget
Inclusive growth and job creation	1. Transport	Programme management of the Contractor Development Programme (business training and mentorship)	R120 million
		Capacity building and mentorship for designated groups and SMMEs	R90 million
		Commemoration of women, you and persons with disabilities (WYPD)	R7.500 million
		Maintenance and repairs	R2.521 billion
		Rehabilitation	R2.266 billion
		Upgrades and additions	R1.150 billion
	2. Education	Presidential Youth Employment Initiative	R382.323 million
	3. COGTA	Construction, Small Town revitalisation and provincial disaster management	R236.946 million
	4. EDTEA	Incr. employ. opportunities - capacity building (entrepreneurs), support to informal econ., infrastr. and fin. support, women and youth empower., etc.	R255.900 million
	5. DARD	Producer support services	R352.579 million
		Extension and advisory services	R712.981 million
		Sustainable resource management	R36.049 million
		Veterinary services	R303.877 million
		Research and technology development	R228.592 million
		Agricultural economic services	R11.099 million
	6. DOPWI	Agri-hubs	R58.200 million
		Office maintenance	R16 million
		Removal of asbestos and replacing with new sheets at Ugu district office	R1.500 million
		Midlands regional office - replacement of fence	R2.200 million
Izandle Ziyagezana programme		R10.368 million	
Mayville lecture hall rehabilitation and renovations	R1 million		
EPWP maintenance	R5.418 million		

**Table 2.1 : Alignment of the Medium-Term Development Plan to the 2025/26 budget**

MTDP priority	Department	Priority Projects	Budget
Reduce poverty and tackle the high cost of living	1. Health	Contracting of general practitioners under the National Health Insurance grant	R84.496 million
		Roll-out of HIV and AIDS/TB treatment	R7.224 billion
		Primary health care (clinics and district hospitals)	R15.858 billion
		Referral hospitals (general, tertiary and central)	R17.885 billion
		Construction and maintenance of health facilities	R2.054 billion
	2. Transport	Scholar transport	R459 million
		Monitoring of subsidised services	R15 million
		Public transport electronic management and monitoring system	R662 million
		Implementation of transformation programme of subsidised contracts	R9 million
		KWANABUCO	R3.800 million
		Subsidised public transport services in Harry Gwala and uMzinyathi District Municipalities	R30 million
		Incubation programme	R4 million
		Purchase of 5 000 Shovakalula bicycles and accessories	R5 million
	3. Education	Maintenance and calibration	R20 million
		Feasibility study for revitalisation of railway branch lines	R15 million
	4. COGTA	Provision of sanitation facilities in schools, nutritious meals, learners with disabilities enrolled in formal education, and early childhood development	R3.276 billion
	4. COGTA	Awareness campaign on key social challenges, training and development	R3 million
	5. EDTEA	Economic equality through inclusive economic growth	R132.870 million
	6. DARD	Food security	R104.831 million
		Land care	R31.973 million
Structured agricultural education and training		R116.620 million	
Rural development (excluding fresh produce)		R19.935 million	
External bursaries		R4.368 million	
Unemployed graduates placement programme		R28.873 million	
Build a capable, ethical and developmental state	1. OTP	Improved co-ordination, integration and efficiency in government - ICT and special projects	R87.078 million
		Inclusive stakeholder engagement and improved partnerships - stakeholder management and co-ordination	R27.527 million
		Professional and ethical provincial administration - forensic investigations and integrity management	R44.950 million
	2. COGTA	Good governance in municipalities	R38.558 million
	3. DOPWI	Digitisation of departmental processes: eLeave, ICT form automation, e-submissions, e-signatures	R2 million

### 2.3 Summary of budget aggregates

Table 2.2 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.

The province is budgeting for a Contingency Reserve of R278.085 million, R356.771 million and R468.391 million over the 2025/26 MTEF. This is higher than the amount set over the 2024/25 MTEF and highlights the need to be able to respond to unforeseen spending pressures in-year that may arise.

**Table 2.2 : Provincial budget summary**

R thousand	Audited Outcome			Main Appropriation	Adjusted Appropriation	Revised Estimate	Medium-term Estimates		
	2021/22	2022/23	2023/24	2024/25			2025/26	2026/27	2027/28
<b>Provincial receipts</b>									
Transfer receipts from national	134 622 608	142 508 759	144 163 459	146 541 000	146 541 000	146 541 000	154 460 711	159 845 764	167 692 261
Equitable share	111 551 514	116 421 659	119 102 700	121 145 053	121 145 053	121 145 053	128 094 529	134 319 766	141 007 305
Conditional grants	23 071 094	26 087 100	25 060 759	25 395 947	25 395 947	25 395 947	26 366 182	25 525 998	26 684 956
Provincial own receipts	3 646 230	3 992 159	4 504 849	4 176 860	4 176 860	4 190 399	4 292 863	4 489 350	4 689 981
<b>Total provincial receipts</b>	<b>138 268 838</b>	<b>146 500 918</b>	<b>148 668 308</b>	<b>150 717 860</b>	<b>150 717 860</b>	<b>150 731 399</b>	<b>158 753 574</b>	<b>164 335 114</b>	<b>172 382 242</b>
<b>Provincial payments*</b>									
Current payments	118 463 572	124 490 676	129 861 104	128 860 163	129 810 323	135 458 857	135 646 065	141 641 238	148 105 127
Transfers and subsidies	13 936 523	13 867 140	13 922 462	13 005 924	13 715 564	13 719 092	13 671 952	13 819 375	14 642 857
Payments for capital assets	8 731 717	7 248 352	7 132 072	8 622 013	7 952 185	7 849 815	9 160 032	8 520 290	9 165 867
Payments for financial assets	19 536	26 495	20 171	-	3 029	4 236	-	-	-
<b>Total provincial payments</b>	<b>141 151 348</b>	<b>145 632 663</b>	<b>150 935 808</b>	<b>150 488 101</b>	<b>151 481 101</b>	<b>157 032 000</b>	<b>158 478 049</b>	<b>163 980 903</b>	<b>171 913 851</b>
<b>Surplus/(deficit) before financing</b>	<b>(2 882 510)</b>	<b>868 255</b>	<b>(2 267 500)</b>	<b>229 759</b>	<b>(763 241)</b>	<b>(6 300 601)</b>	<b>275 525</b>	<b>354 211</b>	<b>468 391</b>
<b>Financing</b>	<b>2 905 903</b>	<b>33 725</b>	<b>1 427 537</b>	<b>6 660</b>	<b>763 242</b>	<b>763 242</b>	<b>2 560</b>	<b>2 560</b>	<b>-</b>
Provincial roll-overs	356 889	113 704	593 805	-	336 046	336 046	-	-	-
Provincial cash resources	2 280 352	(95 910)	789 132	6 660	397 018	397 018	2 560	2 560	-
Surplus Own Revenue surrendered	-	-	-	-	-	-	-	-	-
Surplus Own Revenue from prior year	4 662	-	-	-	-	-	-	-	-
Suspension to ensuing years	264 000	15 931	44 600	-	30 178	30 178	-	-	-
Allocations from the Contingency Reserve	-	-	-	-	-	-	-	-	-
<b>Surplus/(deficit) after financing</b>	<b>23 393</b>	<b>901 980</b>	<b>(839 963)</b>	<b>236 419</b>	<b>1</b>	<b>(5 537 359)</b>	<b>278 085</b>	<b>356 771</b>	<b>468 391</b>

\* Estimated actual expenditure for 2024/25 as at 30 November 2024

## 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 14 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. There is no first charge implemented against any Vote in the 2025/26 MTEF budget process.

### *Sources of financing*

The paragraphs below provide an explanation for some of the terms contained in Table 2.2. The province has three sources of financing, over and above the funds received from National Treasury and the provincial own revenue, 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 departments 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, surplus provincial own revenue that was collected in a prior financial year, as well as funds recalled from public entities to fund provincial priorities.

*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.

## 2.5 Cost-cutting measures

The National Treasury Instruction Note related to the cost-cutting measures, and the National Travel Policy Framework are both available on the National Treasury website ([www.treasury.gov.za](http://www.treasury.gov.za)). National Treasury also issued further cost-cutting directives in 2023/24 to help contain costs in the face of an increasingly difficult fiscal space.

The Department of Public Service and Administration (DPSA) issued specific directives on the process of filling posts and the Office of the Premier then issued Circulars during 2023/24 to explain the provincial processes to be followed with filling posts, so as to provide clarity and guidance on the provincial processes in the context of the updated national cost-cutting measures.

In 2023/24, the responsibility of overseeing the implementation of the cost-cutting measures was devolved from Provincial Treasury to the Accounting Officers. Only the filling of posts process is still reviewed centrally and requires the approval of the MEC for Finance and the Premier before posts can be filled.



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

#### **3.1 The 2025/26 MTEF budget process in brief**

##### **3.1.1 Treasury Guidelines**

The 2025/26 MTEF budget process started with Provincial Treasury holding a Treasury Guidelines workshop with all departments and public entities. This workshop was held virtually thus increasing the reach to a greater number of attendees. KZN's budget was not affected by any fiscal consolidation budget cuts over the 2025/26 MTEF, while recognizing that the historic budget cuts continue to impact on the departments' baselines. For the first time in many years, the province's budget saw an increase over the MTEF as a result of the annual data updates of the PES formula. Also, National Treasury added funds to the PES specifically towards the PYEI under DOE, as well as funds for the 2025 wage agreement (for funding the gap of the 2025 wage agreement where departments were told to budget for a 4.6 per cent increase versus the amount that was agreed on, which is a 5.5 per cent increase). The additional PES funds resulting from the annual data updates of the PES formula were allocated to a number of provincial priorities, while some were used to increase the Contingency Reserve, particularly in the two outer years of the MTEF. The provincial priorities that were supported with additional funding are detailed in Table 3.3, while Table 4.7 in the next chapter details the additional PES funding received from National Treasury. The province continues to budget for a Contingency Reserve set at R278.085 million, R356.771 million and R468.391 million over the MTEF.

##### **3.1.2 Additional funding requests**

All departments were given an opportunity to request additional funding that became available to the province when the data updates to the PES formula showed a favourable outcome for the province. The requests for additional funding, though, was far higher than the funds available for allocation. In this regard, R12.619 billion, R9.815 billion and R10.204 billion was requested by the various Votes, while only R507.347 million, R1.248 billion and R1.844 billion was available for allocation over the MTEF.

##### **3.1.3 Allocation process**

The Ministers' Committee on the Budget (MinComBud) and the Provincial Executive Council considered all funding requests and had the difficult task of determining what was to be funded. The areas that received additional funding are shown in Table 3.3. With respect to the PYEI funds, these were allocated to DOE, as specified by National Treasury. The additional funds for the 2025 wage agreement gap were allocated only to the social sector departments in the main budget, whereas the balance will be allocated in the 2025/26 Adjustments Estimate.

#### **3.2 Provincial fiscal framework**

Table 3.1 summarises the provincial fiscal framework for the 2025/26 MTEF. As explained, the PES formula was updated with new data as described in Chapter 4 and the impact of this meant that the equitable share allocation was increased over the MTEF. The province also receives additional PES funds for the PYEI and the 2025 wage agreement gap.

Amendments are also made to the province's conditional grant allocation. Some changes to the conditional grants are being implemented over the 2025/26 MTEF as part of the conditional grants system review initiated by the Budget Council in 2022 with this work currently ongoing. In aggregate, KZN's conditional grant allocation increases by R1.315 billion in 2025/26, by R79.406 million in 2026/27 and by R1.238 billion in 2027/28.

Most conditional grants show an inflationary increase in the outer year only, while the province benefits from the incentive nature of the Education Infrastructure grant (EIG) and the Health Facility Revitalisation grant (HFRG) with additions made to both these grants. The Provincial Roads Maintenance

grant (PRMG) also sees a significant increase in 2025/26, likely due to the incentive nature of the grant. Funds are allocated to the conditional grants that have a *Compensation of employees*’ aspect for the 2025 wage agreement gap, as explained.

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

R thousand	2025/26	2026/27	2027/28
<b>1. Receipts</b>			
<b>Baseline allocation</b>	<b>155 770 387</b>	<b>161 962 313</b>	<b>168 105 520</b>
Transfer receipts from national	151 410 642	157 418 604	163 357 344
<i>Equitable share</i>	126 359 814	131 972 012	137 910 752
<i>Conditional grants</i>	25 050 828	25 446 592	25 446 592
Provincial own receipts	4 359 745	4 543 709	4 748 176
<b>Increase / (Decrease) in allocation</b>	<b>2 983 187</b>	<b>2 372 801</b>	<b>4 276 722</b>
Transfer receipts from national	3 050 069	2 427 160	4 334 917
<i>Equitable share</i>	1 734 715	2 347 754	3 096 553
<i>Conditional grants</i>	1 315 354	79 406	1 238 364
Provincial own receipts	(66 882)	(54 359)	(58 195)
<b>Revised allocation</b>	<b>158 756 134</b>	<b>164 337 674</b>	<b>172 382 242</b>
Transfer receipts from national	154 460 711	159 845 764	167 692 261
<i>Equitable share (after update of formula data)</i>	128 094 529	134 319 766	141 007 305
<i>Conditional grants</i>	26 366 182	25 525 998	26 684 956
Provincial own receipts	4 292 863	4 489 350	4 689 981
Provincial cash resources	2 560	2 560	-
<b>2. Planned spending by departments</b>	<b>158 478 049</b>	<b>163 980 903</b>	<b>171 913 851</b>
<b>3. Contingency Reserve</b>	<b>278 085</b>	<b>356 771</b>	<b>468 391</b>
Of which: Funds for 2025 wage agreement gap to be allocated in-year	69 944	75 367	79 267

Most conditional grants show an inflationary increase in the outer year only, with the following exceptions:

- A number of conditional grants see additions for the 2025 wage agreement, where departments were required to budget for a 4.6 per cent increase while the offer was concluded at 5.5 per cent. The additional funding relates to grants that have a *Compensation of employees*’ aspect and the additions made provide for the 0.9 per cent difference.
- The **Comprehensive Agriculture Support Programme (CASP) grant** sees a net reduction (taking into account the 2025 wage agreement addition mentioned above) and a reduction against the grant as these funds are reprioritised and allocated to the national Department of Agriculture, Land Reform and Rural Development (DALRRD). These funds will be used by national to augment the funding for the Blended Finance Scheme. Within the grant, there is a shift from the infrastructure portion of the grant to fund Extension Officers in the extension recovery planning services portion of the grant.
- The **National School Nutrition Programme (NSNP) grant** receives an increase of R33.327 million in 2025/26, no change to the allocation in 2026/27 and inflationary growth in the outer year. The allocation letter from National Treasury is silent about the reason for the increase in 2025/26, though it is noted that this grant showed spending pressures in 2024/25 and this allocation is likely to assist in addressing these shortfalls.
- Vote 5: Education fared well and scored 84 per cent with respect to the incentive nature of the **EIG** and thus receives an incentive allocation of R93 million in 2025/26.
- Vote 7: Health also fared well and scored 95 per cent with respect to the incentive nature of the **HFRG** and thus receives an incentive allocation of R76.220 million in 2025/26.
- The **District Health Programmes grant** sees an increase of R34.628 million, R37.152 million and R390.384 million over the MTEF, partly due to the 2025 wage agreement.
- The **Mass Participation and Development (MPSD) grant** under Vote 10: Sport, Arts and Culture shows an increase of R5.972 million in 2025/26, a decrease of R1.570 million in 2026/27 and an inflationary increase of R4.385 million in the outer year, over and above the additions made for the 2025 wage agreement.

- The **PRMG** under Vote 12: Transport sees a significant increase of R874.627 million in 2025/26, likely due to the incentive nature of this grant. There is a minor decrease in 2026/27 with these funds allocated to the S’hamba Sonke Programme within the National Department of Transport. The funds will be used to augment existing funds allocated towards providing technical support services for the monitoring of road maintenance projects implemented by provinces. There is inflationary growth in the outer year.
- The **EPWP Integrated Grant for Provinces** allocation for the year amounts to R147.019 million in 2025/26. This allocation is made annually and not over the MTEF, as the following year’s allocation is based on prior year performance and adequate reporting, as required by the National Department of Public Works and Infrastructure (NDPWI). This allocation sees a slight increase from the R141.398 million allocated in 2024/25 and the funds are allocated to various departments.

There is a downward revision in the provincial own revenue budget over the 2025/26 MTEF, mainly related to a decrease in the budget from the collection of health patient fees by DOH.

The Contingency Reserve is set at R278.086 million, R356.772 million and R468.390 million over the 2025/26 MTEF, and this includes the unallocated 2025 wage agreement funds of R69.944 million, R75.367 million and R79.267 million over the MTEF. Table 3.1.1 gives 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	2025/26	2026/27	2027/28
1. Vote 6: Funds returned from over-stated bank charges, allocated for Biometric Access Control System upgrades	2 560	2 560	-
<b>Total</b>	<b>2 560</b>	<b>2 560</b>	<b>-</b>

Line 1 indicates funds allocated to Provincial Treasury from over-stated bank charges, being allocated towards upgrades of the Biometric Access Control System. This allocation was made over the 2024/25 MTEF, with the allocations made over three years ending in 2026/27.

### 3.3 Summary of additional allocations for the 2025/26 MTEF

#### 3.3.1 Existing growth in the 2024/25 MTEF baseline allocation

Table 3.2 shows the baseline budgets for the 2024/25 MTEF before any changes were made as part of the 2025/26 budget process. Most departments’ baselines for the MTEF showed positive rates of growth, although the growth is very low, mainly due to the significant budget cuts implemented against the province over the 2021/22 MTEF with carry-through, as well as further fiscal consolidation budget cuts made over the 2024/25 MTEF. The negative growth shown by Human Settlements is because the Human Settlements Development grant (HSDG) was affected by significant fiscal consolidation budget cuts over the 2024/25 MTEF and these cuts were more pronounced in the outer years.

**Table 3.2 : Existing growth rates in 2024/25 MTEF baseline budgets**

R thousand	Main Appropriation 2024/25	Medium-term baseline budgets			Ann. % growth 24/25-27/28
		2025/26	2026/27	2027/28	
1. Office of the Premier	784 153	817 875	854 789	893 255	4.4
2. Provincial Legislature	782 115	810 071	847 334	885 464	4.2
3. Agriculture and Rural Development	2 608 385	2 706 490	2 768 141	2 892 707	3.5
4. Economic Development, Tourism and Enviro. Affairs	3 459 828	3 600 837	3 763 357	3 932 708	4.4
5. Education	62 988 588	65 708 377	68 629 317	71 717 636	4.4
6. Provincial Treasury	680 901	710 190	742 071	775 464	4.4
7. Health	53 796 892	55 635 731	58 118 228	60 733 548	4.1
8. Human Settlements	3 529 676	3 543 574	3 258 950	3 405 603	(1.2)
9. Community Safety and Liaison	243 343	249 337	260 590	272 317	3.8
10. Sport, Arts and Culture	1 537 422	1 586 528	1 659 663	1 734 348	4.1
11. Co-operative Governance and Traditional Affairs	1 850 066	1 927 713	2 014 718	2 105 380	4.4
12. Transport	13 023 631	12 847 846	13 178 330	13 771 355	1.9
13. Social Development	3 411 555	3 537 971	3 695 822	3 862 134	4.2
14. Public Works and Infrastructure	1 791 546	1 863 292	1 948 077	2 035 740	4.4
<b>Total</b>	<b>150 488 101</b>	<b>155 545 832</b>	<b>161 739 387</b>	<b>169 017 659</b>	<b>3.9</b>

### 3.3.2 Summary of changes to baselines

The amendments to the equitable share allocations of departments are summarised in Table 3.3. The detail can be found under each Vote's chapter in the EPRE.

**Table 3.3 : Summary of equitable share changes to allocations, 2025/26 MTEF**

	2025/26	2026/27	2027/28	2025/26	2026/27	2027/28
	R thousand			Percentage share		
<b>Vote 1 : Office of the Premier</b>	-	-	-	-	-	-
<b>Vote 2 : Provincial Legislature</b>	<b>40 725</b>	<b>47 079</b>	<b>49 197</b>	<b>2.5</b>	<b>2.2</b>	<b>1.8</b>
Funding for 24/25 wage increase, researchers, Voter education, oversight comms	40 725	47 079	49 197	2.5	2.2	1.8
<b>Vote 3 : Agriculture and Rural Development</b>	<b>60 165</b>	<b>68 198</b>	<b>46 721</b>	<b>3.7</b>	<b>3.2</b>	<b>1.7</b>
Communal livestock production, FMD and laboratory equipment	60 165	68 198	46 721	3.7	3.2	1.7
<b>Vote 4 : Economic Development, Tourism &amp; Enviro. Affairs</b>	-	-	-	-	-	-
<b>Vote 5 : Education</b>	<b>821 755</b>	<b>798 502</b>	<b>990 749</b>	<b>50.8</b>	<b>36.9</b>	<b>35.3</b>
Funding to assist with budget pressures	64 002	262 785	427 310	4.0	12.2	15.2
Funds for 2025 wage agreement shortfall	497 171	535 717	563 439	30.8	24.8	20.1
Presidential Youth Employment Initiative	260 582	-	-	16.1	-	-
<b>Vote 6 : Provincial Treasury</b>	-	-	-	-	-	-
<b>Vote 7 : Health</b>	<b>397 004</b>	<b>623 094</b>	<b>806 263</b>	<b>24.6</b>	<b>28.8</b>	<b>28.7</b>
Funding to assist with budget pressures	62 620	262 785	427 309	3.9	12.2	15.2
Funds for 2025 wage agreement shortfall	334 384	360 309	378 954	20.7	16.7	13.5
<b>Vote 8 : Human Settlements</b>	-	-	-	-	-	-
<b>Vote 9 : Community Safety and Liaison</b>	<b>21 055</b>	<b>22 002</b>	<b>22 993</b>	<b>1.3</b>	<b>1.0</b>	<b>0.8</b>
Funds for comm. safety structures, complaints mgt system, GBV activists, law graduates	21 055	22 002	22 993	1.3	1.0	0.8
<b>Vote 10 : Sport, Arts and Culture</b>	-	-	-	-	-	-
<b>Vote 11 : Co-operative Governance and Traditional Affairs</b>	-	-	-	-	-	-
<b>Vote 12 : Transport</b>	<b>50 000</b>	<b>60 000</b>	<b>100 000</b>	<b>3.1</b>	<b>2.8</b>	<b>3.6</b>
Learner transport	50 000	60 000	100 000	3.1	2.8	3.6
<b>Vote 13 : Social Development</b>	<b>57 109</b>	<b>68 435</b>	<b>84 389</b>	<b>3.5</b>	<b>3.2</b>	<b>3.0</b>
Funding to assist with budget pressures	40 000	50 000	65 000	2.5	2.3	2.3
Funds for 2025 wage agreement shortfall	17 109	18 435	19 389	1.1	0.9	0.7
<b>Vote 14 : Public Works and Infrastructure</b>	<b>168 780</b>	<b>474 800</b>	<b>705 286</b>	<b>10.4</b>	<b>22.0</b>	<b>25.1</b>
Property rates	168 780	474 800	705 286	10.4	22.0	25.1
<b>Total</b>	<b>1 616 593</b>	<b>2 162 110</b>	<b>2 805 598</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>

Table 3.4 shows the revised budgets of departments for the 2025/26 MTEF, after taking into account all adjustments made.

KZN's budget increases by 5.3 per cent in aggregate in 2025/26. The most significant growth is shown by Vote 9: Community Safety and Liaison and Vote 14: Public Works and Infrastructure as a result of the additional PES funding allocated to these two departments, as shown in Table 3.3.

**Table 3.4 : Summary of revised budgets by Vote, 2025/26 MTEF**

R thousand/ percentage	Main Appropriation	Medium-term Estimates			Annual Percentage Growth		
	2024/25	2025/26	2026/27	2027/28	2025/26	2026/27	2027/28
1. Office of the Premier	784 153	817 875	854 789	893 255	4.3	4.5	4.5
2. Provincial Legislature	782 115	850 796	894 413	934 661	8.8	5.1	4.5
3. Agriculture and Rural Development	2 608 385	2 757 443	2 820 537	2 924 769	5.7	2.3	3.7
4. Economic Development, Tourism and Environmental Affairs	3 459 828	3 606 998	3 763 357	3 932 708	4.3	4.3	4.5
5. Education	62 988 588	66 690 206	69 470 155	72 755 990	5.9	4.2	4.7
6. Provincial Treasury	680 901	710 190	742 071	772 789	4.3	4.5	4.1
7. Health	53 796 892	56 211 801	58 800 820	61 604 881	4.5	4.6	4.8
8. Human Settlements	3 529 676	3 549 877	3 260 087	3 407 411	0.6	(8.2)	4.5
9. Community Safety and Liaison	243 343	275 716	282 592	295 310	13.3	2.5	4.5
10. Sport, Arts and Culture	1 537 422	1 598 141	1 658 393	1 733 399	3.9	3.8	4.5
11. Co-operative Governance and Traditional Affairs	1 850 066	1 931 153	2 014 718	2 105 380	4.4	4.3	4.5
12. Transport	13 023 631	13 827 066	13 231 837	13 865 749	6.2	(4.3)	4.8
13. Social Development	3 411 555	3 613 297	3 764 257	3 946 523	5.9	4.2	4.8
14. Public Works and Infrastructure	1 791 546	2 037 490	2 422 877	2 741 026	13.7	18.9	13.1
<b>Total</b>	<b>150 488 101</b>	<b>158 478 049</b>	<b>163 980 903</b>	<b>171 913 851</b>	<b>5.3</b>	<b>3.5</b>	<b>4.8</b>

## 4. RECEIPTS

### 4.1 National Fiscal Framework and Division of Revenue for the 2025/26 MTEF

#### 4.1.1 Background

The Division of Revenue Bill (DORB) provides for the equitable division of revenue between national government, the nine provinces and 257 municipalities, as per Section 214(1) of the Constitution on an annual basis. In terms of Section 10(1) of the Intergovernmental Fiscal Relations (IGFR) Act (Act 97 of 1997), the DORB Bill must be tabled when the budget is tabled in the National Assembly. The IGFR Act also sets out the process to determine the equitable allocation of nationally raised revenue, as well as the consultation process to be undertaken to ensure that an effective, equitable and sustainable system of intergovernmental relations is created and maintained. The 2025/26 budget process included, among others, consultation on the recommendations made by the FFC on the annual division of revenue.

#### 4.1.2 Division of revenue and fiscal framework

##### 4.1.2.1 Fiscal policy and trends

Government's fiscal strategy remains focused on fiscal sustainability, aimed at putting SA in a stronger position to withstand unforeseen shocks, while creating an environment conducive to higher investment and faster economic growth. The strategy is also geared to enable government to prioritise investment over debt service, which now consumes 22 cents of every Rand of revenue. Considering new and persistent spending pressures, government has decided to raise additional tax revenues, as indicated in the Minister's budget speech. This and other revenue increases will provide additional funding for several frontline functions, and fund investments in education, health, early childhood development, commuter rail services, as well as strategic infrastructure in support of job creation and growth.

##### 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, 2021/22 – 2027/28**

R million	Audited Outcome			Revised Estimate	Medium-term Estimates		
	2021/22	2022/23	2023/24	2024/25	2025/26	2026/27	2027/28
<b>National departments</b>	<b>822 785</b>	<b>855 868</b>	<b>826 901</b>	<b>862 335</b>	<b>912 813</b>	<b>910 228</b>	<b>943 903</b>
<i>Of which:</i>							
<i>Indirect transfers to provinces</i>	3 757	3 536	4 099	3 877	4 909	3 024	2 624
<i>Indirect transfers to local government</i>	5 702	7 182	8 174	7 127	7 863	7 866	8 222
<b>Provinces</b>	<b>660 799</b>	<b>694 131</b>	<b>706 258</b>	<b>730 658</b>	<b>767 791</b>	<b>798 427</b>	<b>833 804</b>
Equitable share	544 835	570 868	585 086	600 476	633 166	660 569	690 243
Conditional grants	115 964	123 263	121 172	130 182	134 625	137 858	143 561
<b>Local government</b>	<b>135 625</b>	<b>150 699</b>	<b>157 650</b>	<b>167 734</b>	<b>176 825</b>	<b>185 112</b>	<b>190 804</b>
Equitable share	76 169	83 938	92 262	99 478	106 087	110 661	115 666
Conditional grants	44 839	51 426	49 955	52 129	53 889	56 830	56 720
General fuel levy sharing with metros	14 617	15 335	15 433	16 127	16 849	17 621	18 418
Provisional allocation not assigned to Votes <sup>1</sup>	-	-	-	-	37 056	83 011	84 749
<b>Non-interest allocations</b>	<b>1 619 208</b>	<b>1 700 698</b>	<b>1 690 809</b>	<b>1 760 727</b>	<b>1 894 485</b>	<b>1 976 778</b>	<b>2 053 260</b>
<i>Percentage increase/decrease</i>	4.0%	5.0%	(0.6%)	4.1%	7.6%	4.3%	3.9%
Debt-service costs	268 072	308 459	356 110	389 561	424 869	449 185	478 611
Contingency reserves	-	-	-	-	5 000	5 500	11 127
<b>Main budget expenditure</b>	<b>1 887 280</b>	<b>2 009 157</b>	<b>2 046 919</b>	<b>2 150 287</b>	<b>2 324 354</b>	<b>2 431 464</b>	<b>2 542 997</b>
<i>Percentage increase</i>	5.5%	6.5%	1.9%	5.0%	8.1%	4.6%	4.6%
<i>Percentage shares</i>							
<i>National departments</i>	50.8%	50.3%	48.9%	49.0%	49.1%	48.1%	48.0%
<i>Provinces</i>	40.8%	40.8%	41.8%	41.5%	41.3%	42.2%	42.4%
<i>Local government</i>	8.4%	8.9%	9.3%	9.5%	9.5%	9.8%	9.7%

<sup>1</sup> Budget Facility for Infrastructure projects and other provisional allocations included.

Source: National Treasury

The budget prioritises striking a balance between reducing risks to the fiscal framework and supporting economic growth and social programmes. The aim is to achieve a debt-stabilising main budget primary surplus in 2025/26, maintaining sufficient primary surpluses, increasing spending on capital assets, while

ensuring that current revenue exceeds current spending. The most important public spending programmes that help poor South Africans, contribute to growth and create jobs have been protected from major reductions. Government is implementing a range of reforms to support resilience and disaster management, increase the financing and delivery of infrastructure, and improve the delivery of services. Subnational governments need to implement structural reforms to improve spending efficiency, enhance revenue management and enforce accountability. Excluding debt-service costs and the contingency reserve, allocated expenditure shared across government amounts to R1.894 trillion in 2025/26, R1.977 trillion in 2026/27 and R2.053 trillion in 2027/28.

The division of the funds between the three spheres of government considers government’s policy priorities, each sphere’s revenue raising ability, expenditure plans and input from various intergovernmental forums and the FFC. Provinces and municipalities face spending and revenue pressures from the rising costs of basic and social services, as well as declining economic growth and high borrowing costs. Taking this into account, 49.1 per cent, 41.3 and 9.5 per cent of nationally raised revenue are allocated to national, provincial and local government, respectively in 2025/26.

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

**Table 4.2 : Changes to baselines, 2025/26 - 2026/27**

R million	2025/26	2026/27	Total
National departments	59 103	19 777	78 879
Provinces	6 939	7 624	14 563
Local government	(831)	1 337	506
<b>Increases/ (Decreases)</b>	<b>65 210</b>	<b>28 738</b>	<b>93 948</b>

The combined baseline increases by R65.210 billion in 2025/26 and by R28.738 billion in 2026/27 compared to indicative figures published in the 2024 MTBPS. The provincial baseline increases by R6.939 billion and R7.624 billion in 2025/26 and 2026/27, respectively.

### 4.1.3 Provincial Equitable Share

Provincial revenue consists of the equitable share, conditional grants and provincial own revenue. The equitable share 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 discretion to allocate funds in line with their specific provincial priorities.

The formula has six components (education, health, basic, institutional, poverty and economic activity). To ensure fair funding allocations to each province, the equitable share formula is updated annually to reflect demographic shifts and service delivery needs. The periodic review of the equitable share formula, to assess its continued appropriateness and equity, started in 2016 and is being carried out in a phased manner. In addition to the annual data updates, changes are being made to the components. The most recent phase of the review involved updating the health component with the risk-adjusted index to inform the risk profile of each province, with the changes taking full effect in 2024/25. The review of the education component has been finalised and endorsed by the Department of Basic Education (DBE). The proposed reforms include incorporating learners with special needs into enrolment numbers but restructuring the enrolment sub-component to differentiate among learners. This redesign assigns greater weight to learners from poorer backgrounds compared to those who are better off. However, implementation of these reforms has been deferred to the 2026/27 MTEF due to the unavailability of detailed Income and Expenditure Survey (IES) data from Stats SA to categorise learners.

For 2025, the education component has been updated using the school-age population data using the 2024 Mid-Year Population Estimates (MYPE) data from Stats SA, and the school enrolment data is obtained from DBE’s LURITS system, with the most recent data collected in 2024. These sub-components are used to calculate a weighted share for the education component for each of the provinces. The health component has also been updated with the 2022/23 and 2023/24 District Health Information Services (DHIS) patient load data from DOH, and the 2022 General Household Survey (GHS).

**Table 4.3 : Equitable share components and weighting, 2025/26 MTEF**

Component	Share (weighting) %
<b>Education share</b> - based on the size of the school-age population (ages 5 - 17) and the no. of learners (Grade R - 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 impact of the changes to components and data updates on KZN over the MTEF is as follows:

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

The education component has two sub-components, accounting for school-age population (five to 17 years) and enrolment data. Each element is assigned a weight of 50 per cent. The school-age population data is updated using the 2024 MYPE data obtained from Stats SA. The enrolment data is obtained from the DBE's LURITS system, with the most recent data collected in 2024. These sub-components are used to calculate a weighted share for the education component for each of the provinces. The school enrolment in KZN increased by 17 000 from 2023 to 2024, and hence the weighted average was revised upward by 0.19 per cent, to 21.4 per cent in 2025.

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

The health component is based on each province's risk profile and health system caseload (output). The risk-adjusted capitation sub-component includes factors that consider the relative cost of health care needs by age and sex, the total fertility rate of the female population, the burden of disease through premature mortality, a deprivation index to account for the impact of socio-economic factors and sparsity to account for costs of delivering health care needs. The risk-adjusted sub-component was updated with population without medical aid, using the 2022 GHS and the 2024 MYPE data. The output sub-component uses patient load data from the DHIS. The average number of visits to primary healthcare clinics in 2022/23 and 2023/24 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 2022/23 and 2023/24 is used to estimate their share of this part of the output sub-component, which makes 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 resulted in an increase of 0.4 per cent to the weighted share, up from 20.6 per cent in 2024/25 to 21 per cent in 2025/26.

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

The basic component is derived from the province's proportion of the national population. The formula was updated with the 2024 MYPE data from Stats SA and KZN's population increases by 774 000 to 12.313 million and, consequently, the basic component share increases by 1 per cent.

#### ***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. 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 IES by the 2024 MYPE population data for the province. The proportion of poor households in KZN is 22.2 per cent in 2025/26, up by 0.4 per cent from 2024/25.

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

The economic activity component is a proxy for provincial tax capacity and expenditure assignments and was updated with the latest regional GDP figures published by Stats SA in September 2024. KZN's weighted share of the economic activity component increases by 0.3 per cent from 15.9 per cent to 16.2 per cent.

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

Table 4.4 shows the full impact of the data updates on the equitable share per province. It compares the shares for the 2024/25 and the 2025/26 MTEF. KZN's weighted average share increases by 0.1 per cent

to 20.2 per cent, with a positive implication on the equitable share received by the province over the MTEF, as indicated in Table 4.6.

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

Percentage	2024/25 MTEF weighted average	2025/26 MTEF weighted average	Difference
Eastern Cape	13.0%	13.0%	0.0%
Free State	5.5%	5.5%	0.0%
Gauteng	21.3%	21.2%	(0.2%)
<b>KwaZulu-Natal</b>	<b>20.2%</b>	<b>20.2%</b>	<b>0.1%</b>
Limpopo	11.6%	11.7%	0.1%
Mpumalanga	8.2%	8.3%	0.0%
Northern Cape	2.7%	2.7%	0.0%
North West	7.1%	7.1%	(0.1%)
Western Cape	10.3%	10.3%	0.0%
<b>Total</b>	<b>100.0%</b>	<b>100.0%</b>	<b>0.0%</b>

To mitigate the impact of these data updates, the new shares are phased in over the MTEF to ensure stable and predictable revenue streams to allow for sound planning. As such, the new shares calculated using the most recent data are phased in over the three-year MTEF period. It takes the difference between the target weighted share for each province at the end of the MTEF period and the indicative allocation for 2025/26 published in the 2024/25 MTEF and closes the gap between these shares by a third in each year of the 2025/26 MTEF, with the updates thus fully implemented in the indicative allocations for 2027/28.

Table 4.5 shows the weighted share distribution of each of the equitable share formula's components, given the weighted average share of 20.4 per cent for KZN when the data updates are fully implemented 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 4.5 : Distributing the equitable shares by province, 2025/26 MTEF**

Percentage	Education	Health	Basic share	Poverty	Economic activity	Institutional	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	13.1%	13.9%	11.4%	14.8%	7.7%	11.1%	12.9%
Free State	5.1%	5.5%	4.8%	5.0%	4.9%	11.1%	5.5%
Gauteng	20.5%	20.7%	25.3%	18.3%	33.2%	11.1%	20.9%
<b>KwaZulu-Natal</b>	<b>21.4%</b>	<b>21.0%</b>	<b>19.5%</b>	<b>22.2%</b>	<b>16.2%</b>	<b>11.1%</b>	<b>20.4%</b>
Limpopo	12.7%	11.4%	10.2%	13.5%	7.6%	11.1%	11.8%
Mpumalanga	8.4%	8.0%	8.0%	9.5%	7.8%	11.1%	8.4%
Northern Cape	2.3%	2.3%	2.2%	2.2%	2.3%	11.1%	2.7%
North West	6.6%	6.8%	6.6%	7.9%	6.4%	11.1%	6.9%
Western Cape	9.9%	10.5%	12.0%	6.6%	14.0%	11.1%	10.4%
<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 4.6 depicts the revisions to KZN's equitable share for the 2025/26 MTEF. The equitable share is revised upward by a total of R7.191 billion over the 2025/26 MTEF, compared to the 2024/25 MTEF baseline, largely because of additional funding because of the annual data updates, allocations for the 2025 wage agreement gap (provinces were told to budget for a 4.6 per cent increase while the agreement was concluded at 5.5 per cent), as well as a further allocation for the Presidential Youth Employment Initiative (PYEI).

**Table 4.6 : Revisions to the KZN PES – 2025/26 MTEF**

R thousand	2025/26 MTEF			Total Revisions
	2025/26	2026/27	2027/28	
PES as per final 2024/25 MTEF allocation letter	126 359 814	131 972 012	137 898 430	396 230 256
Adjustments to baseline due to impact of new data updates in the PES formula (phased-in from 2025/26 of 2024/25 MTEF)	555 255	1 357 926	2 067 826	3 981 007
<b>Total: Technically adjusted PES before adjustments to baseline</b>	<b>126 915 069</b>	<b>133 329 938</b>	<b>139 966 256</b>	<b>400 211 263</b>
<b>Adjustments to baseline</b>	<b>1 179 460</b>	<b>989 828</b>	<b>1 041 049</b>	<b>3 210 337</b>
Additional allocations: 2025 wage agreement gap	918 608	989 828	1 041 049	2 949 485
Additional allocations: Education PYEI	260 852	-	-	260 852
2025/26 MTEF PES percentages (new data updates (phased-in))	20.26%	20.35%	20.44%	
<b>Total Provincial Equitable Share for 2025/26 MTEF<sup>1</sup></b>	<b>128 094 529</b>	<b>134 319 766</b>	<b>141 007 305</b>	<b>403 421 600</b>
Variance 2024/25 MTEF vs 2025/26 MTEF	1 734 715	2 347 754	3 108 875	7 191 344

<sup>1</sup>Included in the PES allocations are funds for the Food Relief shift, HIV prevention programmes, Infra. Dev. Improvement Progr. shift, Munic. interventions, Sanitary Dignity project, Social Worker conditional grant shift, Social Worker addition

The impact on the province's 2025/26 MTEF baseline is summarised below.

**Adjustment to baseline due to impact of data updates in the equitable share formula (R3.981 billion)**

The equitable share formula was updated with new data, as explained. The changes are phased in over three years from 2025/26, and KZN gains R555.255 million, R1.358 billion and R2.068 billion over the 2025/26 MTEF.

**Additional allocations: Compensation of employees – R2.949 billion**

Additions of R918.608 million, R989.828 million and R1.041 billion are made toward the budget pressures in respect of the 2025 wage agreement gap, as explained.

**Additional allocation: Education PYEI – R260.852 million**

An addition is made to DOE for the PYEI towards appointing educator assistants. The PYEI came about during the Covid-19 pandemic and was allocated up to 2023/24, stopped in 2024/25, and is allocated again in 2025/26.

**Total transfers to provinces**

Table 4.7 reflects total transfers to the nine provinces for 2025/26, after the revisions. KZN receives the second highest share of equitable share at R128.095 billion, and conditional grants of R26.366 billion, after GP, which receives the highest share of equitable share and conditional grant funding. In total, KZN receives R154.461 billion in 2025/26. The unallocated amount of R151 million is for the Provincial Disaster Response grant.

**Table 4.7 : Total transfers to provinces, 2025/26**

R million	Equitable share	Conditional grants	Total transfers
Eastern Cape	82 452	15 236	97 689
Free State	34 836	9 801	44 637
Gauteng	133 979	28 920	162 899
<b>KwaZulu-Natal</b>	<b>128 095</b>	<b>26 366</b>	<b>154 461</b>
Limpopo	74 064	12 300	86 364
Mpumalanga	52 487	10 450	62 937
Northern Cape	17 111	5 573	22 684
North West	44 765	9 560	54 325
Western Cape	65 376	16 268	81 644
Unallocated	-	151	151
<b>Total</b>	<b>633 166</b>	<b>134 625</b>	<b>767 791</b>

**4.1.4 Conditional grants to provinces**

Table 4.8 shows the conditional grants from 2024/25 to 2027/28. Direct conditional grant baselines total R134.625 billion, R137.858 billion and R143.561 billion, whereas indirect conditional grants amount to R4.909 billion, R3.024 billion and R2.624 billion over the MTEF.

Most conditional grants merely receive an inflationary increase in the outer year, whereas a number of grants receive increases over the MTEF for the 2025 wage agreement gap. Also, various changes were made to a number of grants and these are discussed below.

**Agriculture, Land Reform and Rural Development**

The Comprehensive Agricultural Support Programme grant and the Ilima/Letsema Projects grant will be merged from 2026/27 onward, and 2025/26 will see changes in the frameworks to streamline the merger process aimed at improving administrative processes, reduce the workload on provincial departments, eliminate duplication of efforts in supporting smallholder and subsistence farmers, and provide a more cohesive and comprehensive support system for beneficiaries. At a provincial level, a reduction is made against the grant as these funds are reprioritised and allocated to the national Department of Agriculture, Land Reform and Rural Development. These funds will be used by national to augment the funding for the Blended Finance Scheme. Within the grant, there is a shift from the infrastructure portion of the grant to fund Extension Officers in the extension recovery planning services portion of the grant.

**Basic Education**

A portion of the funds allocated for the maintenance component of the ECD grant is unallocated for 2026/27 and 2027/28, as this will be informed by the outcomes of infrastructure assessments that will be conducted in each province.

The EIG provides supplementary funding for infrastructure programmes, both maintenance and new infrastructure to ensure school buildings meet the required norms and standards. Provincial DOEs went through a two-year planning process to be eligible to receive incentive allocations for this grant and had to meet certain prerequisites in 2023/24, whereas their infrastructure plans had to be approved in 2024/25 to receive funds in 2025/26. The incentive allocation to KZN in 2025/26 is R93.064 million. The grant allocation includes funding that will be shifted from the School Infrastructure Backlogs grant from 2026/27.

**Table 4.8 : Conditional grants to provinces 2024/25 – 2027/28**

R million	Rev. Est.	Medium-term Estimates			MTEF total
	2024/25	2025/26	2026/27	2027/28	
<b>Agriculture, Land Reform and Rural Development</b>	<b>2 580</b>	<b>2 457</b>	<b>2 516</b>	<b>2 642</b>	<b>7 615</b>
Comprehensive Agricultural Support Programme grant	2 041	1 685	1 709	1 799	5 193
Ilima/Letsema Projects grant	448	677	708	740	2 126
Land Care Programme grant: Poverty Relief and Infra. Dev.	90	94	99	103	296
<b>Basic Education</b>	<b>26 362</b>	<b>28 564</b>	<b>30 834</b>	<b>31 387</b>	<b>90 785</b>
Early Childhood Development grant	1 589	1 947	2 136	2 238	6 320
Education Infrastructure grant	14 002	15 285	16 847	16 762	48 894
HIV and AIDS (Life-Skills Education) grant	250	262	274	286	821
Learners with Profound Intellectual Disabilities grant	279	293	306	320	920
Maths, Science and Technology grant	444	459	480	502	1 441
National School Nutrition Programme grant	9 798	10 319	10 791	11 279	32 389
<b>Co-operative Governance</b>	<b>149</b>	<b>151</b>	<b>158</b>	<b>165</b>	<b>475</b>
Provincial Disaster Response grant	149	151	158	165	475
<b>Health</b>	<b>56 358</b>	<b>57 696</b>	<b>60 351</b>	<b>63 376</b>	<b>181 423</b>
District Health Programmes grant	27 963	28 339	29 643	30 983	88 965
Health Facility Revitalisation grant	7 158	7 246	7 578	8 215	23 039
Human Resources and Training grant	5 517	5 650	5 911	6 179	17 740
National Health Insurance grant	456	467	476	497	1 440
National Tertiary Services grant	15 264	15 995	16 744	17 501	50 239
<b>Human Settlements</b>	<b>16 906</b>	<b>16 920</b>	<b>15 263</b>	<b>15 953</b>	<b>48 136</b>
Human Settlements Development grant	13 655	14 150	14 333	14 981	43 464
Informal Settlements Upgrading Partnership grant	3 251	2 770	930	972	4 672
<b>Public Works and Infrastructure</b>	<b>617</b>	<b>627</b>	<b>656</b>	<b>686</b>	<b>1 969</b>
EPWP Integrated Grant for Provinces	306	627	656	686	1 969
Social Sector EPWP Incentive Grant for Provinces	312	-	-	-	-
<b>Sport, Arts and Culture</b>	<b>2 230</b>	<b>2 276</b>	<b>2 381</b>	<b>2 488</b>	<b>7 145</b>
Community Library Services grant	1 612	1 649	1 725	1 803	5 176
Mass Participation and Sport Development grant	618	627	656	686	1 969
<b>Transport</b>	<b>24 979</b>	<b>25 933</b>	<b>25 700</b>	<b>26 863</b>	<b>78 496</b>
Provincial Roads Maintenance grant	17 243	17 851	17 247	18 029	53 128
Public Transport Operations grant	7 735	8 082	8 452	8 834	25 369
<b>Total direct conditional allocations</b>	<b>130 182</b>	<b>134 625</b>	<b>137 858</b>	<b>143 561</b>	<b>416 044</b>
<b>Indirect transfers</b>	<b>3 877</b>	<b>4 909</b>	<b>3 024</b>	<b>2 624</b>	<b>10 557</b>
<b>Basic Education</b>	<b>1 677</b>	<b>1 627</b>	<b>450</b>	<b>-</b>	<b>2 077</b>
School Infrastructure Backlogs Indirect grant	1 677	1 627	450	-	2 077
<b>Health</b>	<b>2 200</b>	<b>3 283</b>	<b>2 574</b>	<b>2 624</b>	<b>8 480</b>
National Health Insurance Indirect grant	2 200	3 283	2 574	2 624	8 480

### **Co-operative Governance**

The Provincial Disaster Response grant is administered by the National Disaster Management Centre (NDMC) and is unallocated at this stage. The grant allows the NDMC to immediately release funds after a disaster is classified, without the need for the transfers to be gazetted first.

### **Health**

The HFRG introduced a two-year planning process in 2022/23 for provinces to access the grant's incentive component. The NDOH and the National Treasury assessed the provinces' infrastructure plans, followed by a moderation process. Provinces needed a minimum score of 60 per cent to qualify for the incentive and KZN receives R76.220 million in 2025/26 as part of the incentive portion of the grant.

### **Human Settlements**

The HSDG addresses housing inadequacies and promotes sustainable human settlements. The Department of Human Settlements and National Treasury will review the allocation methodology in 2025/26 to improve the grant's effectiveness. This grant is currently allocated using a formula with three components looking at the number of households living in inadequate housing, the share of poor households in each province and a proportional share of the number of people in each province, as measured in the 2011 Census.

### Public Works and Infrastructure

The National Treasury, in collaboration with the Presidency, is reviewing all public employment programmes. This review aims to explore the synergies between the public employment programmes and the EPWP programmes and ensure alignment between the programmes. From 2025/26, the EPWP Integrated Grant for Provinces and the Social Sector EPWP Incentive Grant for Provinces will be merged into one grant, namely the EPWP Integrated Grant for Provinces.

### Sport, Arts and Culture

The conditional grants review process recommended incorporating the Community Library Services grant into the provincial equitable share. The process will be phased in, with the cost of employees' component to be moved at the end of 2025/26, while the capital component remains in the grant pending further engagements. No changes are made in this regard in the 2025/26 MTEF main budget process.

## 4.2 Provincial receipts

### 4.2.1 Overall provincial position

Table 4.10 shows the actual and projected total revenue for 2021/22 to 2027/28, while *Annexure 1.A* provides more detail.

**Table 4.10 : Analysis of total receipts**

	Audited Outcome			Adjusted Appropriation 2024/25	Medium-term Estimates			Average Annual Growth	
	2021/22	2022/23	2023/24		2025/26	2026/27	2027/28	2021/22- 2024/25	2024/25- 2027/28
<b>R thousand</b>									
Transfers from national	134 622 608	142 508 759	144 163 459	146 541 000	154 460 711	159 845 764	167 692 261		
Equitable share	111 551 514	116 421 659	119 102 700	121 145 053	128 094 529	134 319 766	141 007 305		
Conditional grants	23 071 094	26 087 100	25 060 759	25 395 947	26 366 182	25 525 998	26 684 956		
Own revenue	3 646 230	3 992 159	4 504 849	4 176 860	4 292 863	4 489 350	4 689 981		
<b>Total receipts</b>	<b>138 268 838</b>	<b>146 500 918</b>	<b>148 668 308</b>	<b>150 717 860</b>	<b>158 753 574</b>	<b>164 335 114</b>	<b>172 382 242</b>		
<b>% of total revenue</b>									
Transfers from national	97.4	97.3	97.0	97.2	97.3	97.3	97.3		
Equitable share	80.7	79.5	80.1	80.4	80.7	81.7	81.8		
Conditional grants	16.7	17.8	16.9	16.8	16.6	15.5	15.5		
Own revenue	2.6	2.7	3.0	2.8	2.7	2.7	2.7		
<b>Nominal growth (%)</b>									
Transfers from national		5.9	1.2	1.6	5.4	3.5	4.9	2.9	4.6
Equitable share		4.4	2.3	1.7	5.7	4.9	5.0	2.8	5.2
Conditional grants		13.1	(3.9)	1.3	3.8	(3.2)	4.5	3.3	1.7
Own revenue		9.5	12.8	(7.3)	2.8	4.6	4.5	4.6	3.9
<b>Total</b>		<b>6.0</b>	<b>1.5</b>	<b>1.4</b>	<b>5.3</b>	<b>3.5</b>	<b>4.9</b>	<b>2.9</b>	<b>4.6</b>
<b>Real growth (%)</b>									
Transfers from national		1.2	(5.3)	(4.1)	0.5	(1.1)	0.3	(2.8)	(0.1)
Equitable share		(0.2)	(4.3)	(4.0)	0.8	0.2	0.4	(2.8)	0.5
Conditional grants		8.1	(10.1)	(4.4)	(1.0)	(7.5)	(0.0)	(2.4)	(2.9)
Own revenue		4.7	5.6	(12.5)	(2.0)	(0.0)	(0.1)	(1.1)	(0.7)
<b>Total receipts</b>		<b>1.3</b>	<b>(5.0)</b>	<b>(4.3)</b>	<b>0.4</b>	<b>(1.1)</b>	<b>0.3</b>	<b>(2.7)</b>	<b>(0.1)</b>

The national transfers received by the province is constant at 97.3 per cent of the total provincial receipts over the 2025/26 MTEF. The largest share is from the PES growing steadily from 80.7 to 81.8 per cent over the MTEF. In monetary terms, national transfers received as PES amount to R128.095 billion, R134.320 billion and R141.007 billion over the MTEF. Conditional grant funding provides a further R26.366 billion, R25.526 billion and R26.685 billion which is 16.6 per cent in 2025/26, and constant at 15.5 per cent in 2026/27 and 2027/28. The balance of the total receipts is from Provincial Own Revenue, which is revenue collected by provincial departments, constant at 2.7 per cent over the MTEF.

### 4.2.2 Provincial Equitable Share

The weighting of the various equitable share 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 allocated to KZN

National conditional grants aim to promote national priorities. Several conditional grants were introduced over the years with varying purposes, conditions and outcomes. The conditional grant allocation for KZN

is at R26.366 billion, R25.526 billion and R26.685 billion over the MTEF. The detail is provided in each department's chapter in the *EPRE*.

Table 4.11 shows conditional grant transfers per Vote and more detail is given in *Annexure 1.C*.

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

R thousand	Audited Outcome			Main Appropriation	Adjusted Appropriation 2024/25	Revised Estimate	Medium-term Estimates		
	2021/22	2022/23	2023/24				2025/26	2026/27	2027/28
<b>Vote 3 : Agriculture and Rural Development</b>	<b>305 573</b>	<b>311 748</b>	<b>299 872</b>	<b>386 877</b>	<b>386 877</b>	<b>386 877</b>	<b>380 329</b>	<b>330 818</b>	<b>347 559</b>
CASP grant	214 053	218 604	212 993	313 640	313 640	313 640	277 479	227 840	239 925
Ilima/Letsema Projects grant	73 799	75 424	70 185	55 389	55 389	55 389	83 692	87 542	91 500
Land Care grant	13 022	13 110	12 510	14 127	14 127	14 127	14 760	15 436	16 134
EPWP Integrated Grant for Provinces	4 699	4 610	4 184	3 721	3 721	3 721	4 398	-	-
<b>Vote 4 : Econ. Dev., Tourism and Environ. Affairs</b>	<b>5 080</b>	<b>6 402</b>	<b>6 236</b>	<b>5 076</b>	<b>5 076</b>	<b>5 076</b>	<b>6 161</b>	-	-
EPWP Integrated Grant for Provinces	5 080	6 402	6 236	5 076	5 076	5 076	6 161	-	-
<b>Vote 5 : Education</b>	<b>4 615 026</b>	<b>4 821 546</b>	<b>5 103 645</b>	<b>5 022 348</b>	<b>5 022 348</b>	<b>5 022 348</b>	<b>5 326 951</b>	<b>5 452 816</b>	<b>5 701 556</b>
Education Infrastructure grant (EIG)	2 325 614	2 483 015	2 638 379	2 388 318	2 388 318	2 388 318	2 489 596	2 513 367	2 627 755
HIV and AIDS (Life-Skills Education) grant	61 450	61 183	59 822	65 952	65 952	65 952	69 890	72 416	75 676
National School Nutrition Programme (NSNP) grant	1 831 602	1 952 777	2 088 759	2 187 840	2 187 840	2 187 840	2 335 101	2 406 973	2 515 997
Maths, Science and Technology grant	67 855	70 244	62 123	71 988	71 988	71 988	74 445	77 854	81 373
Social Sector EPWP Incentive Grant for Provinces	28 543	30 508	29 517	20 971	20 971	20 971	-	-	-
EPWP Integrated Grant for Provinces	2 110	2 193	1 985	2 045	2 045	2 045	11 471	-	-
Learners with Profound Intellectual Disabilities grant	32 576	34 423	34 534	36 584	36 584	36 584	38 431	40 173	42 107
Early Childhood Development (ECD) grant	265 276	187 203	188 526	248 650	248 650	248 650	308 627	342 033	358 648
<b>Vote 7 : Health</b>	<b>11 045 753</b>	<b>11 879 807</b>	<b>11 103 410</b>	<b>11 913 831</b>	<b>11 913 831</b>	<b>11 913 831</b>	<b>12 179 401</b>	<b>12 608 712</b>	<b>13 178 998</b>
District Health Programmes grant	7 166 582	7 547 069	6 812 358	7 367 534	7 367 534	7 367 534	7 466 119	7 809 680	8 162 912
Health Facility Revitalisation grant	1 247 730	1 389 913	1 371 765	1 458 192	1 458 192	1 458 192	1 517 920	1 508 044	1 576 239
National Tertiary Services grant	1 955 628	2 045 854	2 000 300	2 201 200	2 201 200	2 201 200	2 289 556	2 374 066	2 481 444
National Health Insurance grant	50 415	104 092	126 332	87 732	87 732	87 732	89 818	91 831	95 984
EPWP Integrated Grant for Provinces	12 689	11 736	8 614	6 951	6 951	6 951	27 391	-	-
Social Sector EPWP Incentive Grant for Provinces	21 228	26 293	19 594	22 688	22 688	22 688	-	-	-
HR and Training grant	591 481	754 850	764 447	769 534	769 534	769 534	788 597	825 091	862 419
<b>Vote 8 : Human Settlements</b>	<b>3 282 937</b>	<b>4 040 723</b>	<b>3 505 402</b>	<b>3 111 319</b>	<b>3 111 319</b>	<b>3 111 319</b>	<b>3 113 571</b>	<b>2 804 090</b>	<b>2 930 894</b>
Human Settlements Development grant	2 455 021	2 935 224	2 797 568	2 507 919	2 507 919	2 507 919	2 599 445	2 633 105	2 752 176
EPWP Integrated Grant for Provinces	7 149	6 499	6 921	6 331	6 331	6 331	5 243	-	-
Provincial Emergency Housing grant	106 392	342 132	-	-	-	-	-	-	-
Informal Sett. Upgrading Part. Grant for Prov.	714 375	756 868	700 913	597 069	597 069	597 069	508 883	170 985	178 718
<b>Vote 9 : Community Safety and Liaison</b>	<b>4 161</b>	<b>3 046</b>	<b>3 571</b>	<b>4 269</b>	<b>4 269</b>	<b>4 269</b>	<b>5 324</b>	-	-
EPWP Integrated Grant for Provinces	4 161	3 046	3 571	4 269	4 269	4 269	5 324	-	-
<b>Vote 10 : Sport, Arts and Culture</b>	<b>283 849</b>	<b>288 557</b>	<b>277 884</b>	<b>305 710</b>	<b>305 710</b>	<b>305 710</b>	<b>317 568</b>	<b>320 024</b>	<b>334 803</b>
Mass Participation and Sport Development grant	94 208	97 278	92 657	106 579	106 579	106 579	114 343	112 678	118 642
Community Library Services grant	185 572	186 891	181 050	195 617	195 617	195 617	197 862	207 346	216 161
EPWP Integrated Grant for Provinces	1 960	2 108	2 078	2 000	2 000	2 000	5 363	-	-
Social Sector EPWP Incentive Grant for Provinces	2 109	2 280	2 099	1 514	1 514	1 514	-	-	-
<b>Vote 11 : Co-op. Governance and Traditional Affairs</b>	<b>1 994</b>	<b>1 993</b>	<b>1 960</b>	<b>2 000</b>	<b>2 000</b>	<b>2 000</b>	<b>3 440</b>	-	-
EPWP Integrated Grant for Provinces	1 994	1 993	1 960	2 000	2 000	2 000	3 440	-	-
<b>Vote 12 : Transport</b>	<b>3 478 698</b>	<b>4 687 564</b>	<b>4 728 103</b>	<b>4 622 024</b>	<b>4 622 024</b>	<b>4 622 024</b>	<b>5 009 802</b>	<b>4 009 538</b>	<b>4 191 146</b>
Provincial Roads Maintenance grant	2 090 534	3 309 978	3 291 197	3 152 284	3 152 284	3 152 284	3 462 816	2 448 772	2 559 801
Public Transport Operations grant	1 314 912	1 309 303	1 367 009	1 428 401	1 428 401	1 428 401	1 492 393	1 560 766	1 631 345
EPWP Integrated Grant for Provinces	73 252	68 283	69 897	41 339	41 339	41 339	54 593	-	-
<b>Vote 13 : Social Development</b>	<b>42 558</b>	<b>37 672</b>	<b>26 779</b>	<b>18 771</b>	<b>18 771</b>	<b>18 771</b>	<b>18 217</b>	-	-
EPWP Integrated Grant for Provinces	42 558	37 672	26 779	18 771	18 771	18 771	18 217	-	-
<b>Vote 14 : Public Works and Infrastructure</b>	<b>5 465</b>	<b>8 042</b>	<b>3 897</b>	<b>3 722</b>	<b>3 722</b>	<b>3 722</b>	<b>5 418</b>	-	-
EPWP Integrated Grant for Provinces	5 465	8 042	3 897	3 722	3 722	3 722	5 418	-	-
<b>Total</b>	<b>23 071 094</b>	<b>26 087 100</b>	<b>25 060 759</b>	<b>25 395 947</b>	<b>25 395 947</b>	<b>25 395 947</b>	<b>26 366 182</b>	<b>25 525 998</b>	<b>26 684 956</b>

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

Table 4.12 summarises provincial own revenue by economic classification, while Table 4.13 provides the information per Vote.

The bulk of provincial own revenue is collected against *Tax receipts* which comprises *Motor vehicle licences*, *Casino taxes*, *Horse racing taxes* and *Liquor licences*. Inflationary growth is expected over the 2025/26 MTEF.

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

R thousand	Audited Outcome			Main Appropriation	Adjusted Appropriation 2024/25	Revised Estimate	Medium-term Estimates		
	2021/22	2022/23	2023/24				2025/26	2026/27	2027/28
<b>Tax receipts</b>	<b>2 725 530</b>	<b>2 748 061</b>	<b>2 907 711</b>	<b>3 181 031</b>	<b>3 181 031</b>	<b>3 090 594</b>	<b>3 143 888</b>	<b>3 272 602</b>	<b>3 419 869</b>
Casino taxes	464 108	580 439	577 492	607 591	607 591	607 591	637 970	669 869	700 013
Horse racing taxes	133 621	131 274	144 409	116 074	116 074	116 074	117 116	118 171	123 489
Liquor licences	23 840	34 704	30 000	33 172	33 172	33 172	34 658	36 252	37 883
Motor vehicle licences	2 103 961	2 001 644	2 155 810	2 424 194	2 424 194	2 333 757	2 354 144	2 448 310	2 558 484
Sale of goods and services other than capital assets	401 476	498 023	514 222	542 417	542 417	494 075	539 130	580 807	604 810
Transfers received	1 017	328	355	-	-	510	-	-	-
Fines, penalties and forfeits	71 272	171 600	170 251	25 271	25 271	154 198	173 038	176 886	184 845
Interest, dividends and rent on land	286 695	356 317	549 216	326 330	326 330	331 987	342 076	359 272	377 272
Sale of capital assets	33 092	50 756	32 558	21 564	21 564	21 736	16 845	18 832	19 544
Transactions in financial assets and liabilities	127 148	167 074	330 536	80 247	80 247	97 299	77 886	80 951	83 641
<b>Total</b>	<b>3 646 230</b>	<b>3 992 159</b>	<b>4 504 849</b>	<b>4 176 860</b>	<b>4 176 860</b>	<b>4 190 399</b>	<b>4 292 863</b>	<b>4 489 350</b>	<b>4 689 981</b>

*Sale of goods and services other than capital assets* ranks second in revenue collection. The main contribution to this category is patient fees collected by DOH. It is noted that the department revised their revenue budget downward over the MTEF largely due to low revenue collection from the Road Accident Fund.

*Interest, dividends and rent on land* is the third highest revenue category and mainly relates to interest earned on the provincial bank accounts. Revenue growth is moderate over the MTEF, partially impacted by a declining interest rate.

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

R thousand	Audited Outcome			Main Appropriation	Adjusted Appropriation	Revised Estimate	Medium-term Estimates		
	2021/22	2022/23	2023/24				2024/25	2025/26	2026/27
1. Office of the Premier	1 144	1 303	941	1 472	1 472	1 428	281	1 626	307
2. Provincial Legislature	6 776	4 560	2 127	1 153	1 153	2 631	1 205	1 260	1 316
3. Agriculture and Rural Development	27 987	30 016	22 753	26 430	26 430	25 713	26 659	27 892	29 181
4. Economic Development, Tourism and Enviro Affairs	651 701	757 260	995 261	773 494	773 494	782 140	807 566	843 662	881 628
5. Education	171 266	115 180	103 853	114 918	114 918	98 594	116 847	121 482	123 852
6. Provincial Treasury	229 576	347 934	543 933	325 314	325 314	327 473	341 020	358 066	376 016
7. Health	253 300	297 796	261 958	358 973	358 973	256 886	281 180	306 506	320 300
8. Human Settlements	6 691	5 634	17 149	3 136	3 136	23 101	3 264	3 366	3 469
9. Community Safety and Liaison	309	334	235	171	171	190	187	195	204
10. Sport, Arts and Culture	6 079	1 197	3 305	866	866	4 552	890	917	953
11. Co-operative Governance and Traditional Affairs	10 058	5 958	4 550	4 927	4 927	9 241	4 971	5 277	5 514
12. Transport	2 260 440	2 405 970	2 527 879	2 547 558	2 547 558	2 639 031	2 689 908	2 799 462	2 925 435
13. Social Development	12 116	10 004	8 577	9 429	9 429	8 348	8 966	9 276	9 693
14. Public Works and Infrastructure	8 787	9 013	12 328	9 019	9 019	11 071	9 919	10 363	12 113
<b>Total provincial own receipts</b>	<b>3 646 230</b>	<b>3 992 159</b>	<b>4 504 849</b>	<b>4 176 860</b>	<b>4 176 860</b>	<b>4 190 399</b>	<b>4 292 863</b>	<b>4 489 350</b>	<b>4 689 981</b>
Provincial Legislature receipts not surrendered to PRF	6 776	4 560	2 127	1 153	1 153	2 631	1 205	1 260	1 316
<b>Total adjusted provincial own receipts</b>	<b>3 639 454</b>	<b>3 987 599</b>	<b>4 502 722</b>	<b>4 175 707</b>	<b>4 175 707</b>	<b>4 187 768</b>	<b>4 291 658</b>	<b>4 488 090</b>	<b>4 688 665</b>

#### 4.2.5 Donor and agency funding

Table 4.14 indicates donor and agency funding, per department. DOH is the only department that is expected to receive donor funding in 2025/26 and 2026/27, while Office of the Premier is expecting to receive agency receipts in 2025/26. More detail is provided in *Annexure 1.F* and in each Vote's chapter in the *EPRE*.

**Table 4.14 : Donor and agency funding - receipts**

R thousand	Audited Outcome			Main Appropriation	Adjusted Appropriation	Revised Estimate	Medium-term Estimates		
	2021/22	2022/23	2023/24				2024/25	2025/26	2026/27
<b>Donor funding</b>	<b>7 500</b>	<b>36 932</b>	<b>17 104</b>	<b>32 207</b>	<b>32 207</b>	<b>25 575</b>	<b>20 438</b>	<b>20 438</b>	<b>-</b>
Economic Development, Tourism and Enviro Affairs	-	28 407	-	20 000	20 000	17 162	-	-	-
Health	7 500	8 525	14 608	12 207	12 207	8 413	20 438	20 438	-
Co-operative Governance and Traditional Affairs	-	-	2 496	-	-	-	-	-	-
<b>Agency funding</b>	<b>39 240</b>	<b>20 308</b>	<b>19 104</b>	<b>5 117</b>	<b>109 619</b>	<b>107 340</b>	<b>2 279</b>	<b>-</b>	<b>-</b>
Office of the Premier	20 000	8 424	5 029	-	8 702	6 423	2 279	-	-
Health	8 639	1 283	3 474	5 117	5 117	5 117	-	-	-
Human Settlements	-	-	-	-	85 199	85 199	-	-	-
Transport	10 601	10 601	10 601	-	10 601	10 601	-	-	-
<b>Total</b>	<b>46 740</b>	<b>57 240</b>	<b>36 208</b>	<b>37 324</b>	<b>141 826</b>	<b>132 915</b>	<b>22 717</b>	<b>20 438</b>	<b>-</b>



## 5. PAYMENTS

### 5.1 Overall position

KZN's total payments increased from R144.151 billion in 2021/22 to R158.478 billion, R163.981 billion and R171.914 billion over the 2025/26 MTEF.

### 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		
	2021/22	2022/23	2023/24	2024/25	2024/25	2024/25	2025/26	2026/27	2027/28
1. Office of the Premier	754 197	733 373	921 152	784 153	869 153	869 153	817 875	854 789	893 255
2. Provincial Legislature	646 390	726 045	828 873	782 115	852 741	870 868	850 796	894 413	934 661
3. Agriculture and Rural Development	2 545 006	2 549 248	2 478 755	2 608 385	2 608 385	2 521 985	2 757 443	2 820 537	2 924 769
4. Economic Development, Tourism and Enviro Affairs	3 337 833	3 320 105	3 365 480	3 459 828	3 473 031	3 473 031	3 606 998	3 763 357	3 932 708
5. Education	58 660 969	60 341 553	62 915 405	62 988 588	63 083 588	64 955 482	66 690 206	69 470 155	72 755 990
6. Provincial Treasury	576 895	612 802	652 990	680 901	680 901	670 674	710 190	742 071	772 789
7. Health	50 629 977	51 527 860	52 933 822	53 796 892	53 796 892	57 536 707	56 211 801	58 800 820	61 604 881
8. Human Settlements	3 713 205	4 062 628	4 103 222	3 529 676	3 819 391	3 819 391	3 549 877	3 260 087	3 407 411
9. Community Safety and Liaison	232 419	242 256	279 780	243 343	267 327	267 327	275 716	282 592	295 310
10. Sport, Arts and Culture	1 372 048	1 477 123	1 464 562	1 537 422	1 537 777	1 537 777	1 598 141	1 658 393	1 733 399
11. Co-operative Governance and Traditional Affairs	1 781 877	1 819 626	2 400 391	1 850 066	1 919 388	1 919 388	1 931 153	2 014 718	2 105 380
12. Transport	11 573 364	12 772 202	13 081 594	13 023 631	13 023 631	13 023 631	13 827 066	13 231 837	13 865 749
13. Social Development	3 269 344	3 369 237	3 295 873	3 411 555	3 411 555	3 411 555	3 613 297	3 764 257	3 946 523
14. Public Works and Infrastructure	2 057 824	2 078 605	2 213 909	1 791 546	2 137 341	2 155 031	2 037 490	2 422 877	2 741 026
<b>Total</b>	<b>141 151 348</b>	<b>145 632 663</b>	<b>150 935 808</b>	<b>150 488 101</b>	<b>151 481 101</b>	<b>157 032 000</b>	<b>158 478 049</b>	<b>163 980 903</b>	<b>171 913 851</b>

National Treasury effected budget cuts in the 2021/22 to 2024/25 MTEF, while no fiscal consolidation budget cuts were effected over the 2025/26 MTEF. Over the 2025/26 MTEF, the province received additional funds because of the data updates of the PES formula, funds towards the PYEI for DOE, as well as funds towards the 2025 wage agreement with the funds provided covering the gap between the 4.6 per cent increase that departments were told to budget for and the 5.5 per cent increase that was agreed to between government and the unions. The 2025 wage agreement gap funds were allocated to the social sector departments in the main budget, while the funds for the other departments will be allocated in the 2025/26 Adjustments Estimate. The additional funds from the data updates of the PES formula were allocated to various provincial priorities, as detailed in Chapter 3. The conditional grant allocation increased by R1.315 billion, R79.406 million and R1.238 billion over 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**

R thousand	Audited Outcome			Adjusted Appropriation	Medium-term Estimates			Average Annual Growth	
	2021/22	2022/23	2023/24	2024/25	2025/26	2026/27	2027/28	2021/22-2024/25	2024/25-2027/28
Education	58 660 969	60 341 553	62 915 405	63 083 588	66 690 206	69 470 155	72 755 990		
Health	50 629 977	51 527 860	52 933 822	53 796 892	56 211 801	58 800 820	61 604 881		
Social Development	3 269 344	3 369 237	3 295 873	3 411 555	3 613 297	3 764 257	3 946 523		
Other Functions	28 591 058	30 394 013	31 790 708	31 189 066	31 962 745	31 945 671	33 606 457		
<b>Total expenditure</b>	<b>141 151 348</b>	<b>145 632 663</b>	<b>150 935 808</b>	<b>151 481 101</b>	<b>158 478 049</b>	<b>163 980 903</b>	<b>171 913 851</b>		
<b>% of total expenditure</b>									
Education	41.6	41.4	41.7	41.6	42.1	42.4	42.3		
Health	35.9	35.4	35.1	35.5	35.5	35.9	35.8		
Social Development	2.3	2.3	2.2	2.3	2.3	2.3	2.3		
Other Functions	20.3	20.9	21.1	20.6	20.2	19.5	19.5		
<b>Nominal growth (%)</b>									
Education		2.9	4.3	0.3	5.7	4.2	4.7	2.5	4.9
Health		1.8	2.7	1.6	4.5	4.6	4.8	2.0	4.6
Social Development		3.1	(2.2)	3.5	5.9	4.2	4.8	1.4	5.0
Other Functions		6.3	4.6	(1.9)	2.5	(0.1)	5.2	2.9	2.5
<b>Total expenditure</b>		<b>3.2</b>	<b>3.6</b>	<b>0.4</b>	<b>4.6</b>	<b>3.5</b>	<b>4.8</b>	<b>2.4</b>	<b>4.3</b>
<b>Real growth (%)</b>									
Education		(1.6)	(2.4)	(5.4)	0.8	(0.4)	0.1	(3.2)	0.2
Health		(2.7)	(3.9)	(4.1)	(0.4)	(0.0)	0.2	(3.5)	(0.1)
Social Development		(1.4)	(8.5)	(2.3)	1.0	(0.4)	0.3	(4.1)	0.3
Other Functions		1.7	(2.1)	(7.4)	(2.3)	(4.5)	0.6	(2.7)	(2.1)
<b>Total expenditure</b>		<b>(1.3)</b>	<b>(3.0)</b>	<b>(5.3)</b>	<b>(0.2)</b>	<b>(1.1)</b>	<b>0.3</b>	<b>(3.2)</b>	<b>(0.4)</b>

The table shows that DOE still has the highest budget in KZN, taking up 42.1 per cent of the provincial budget in 2025/26. DOH is still the second highest spending provincial department, with a 35.5 per cent share of the provincial budget in 2025/26. DSD reflects a steady share of total expenditure, at 2.3 per cent over the 2025/26 MTEF. *Other Functions* constitutes all the other departments and remains fairly steady over the MTEF at between 19.5 per cent and 20.2 per cent.

### 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 I.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		
	2021/22	2022/23	2023/24	Appropriation	Appropriation	Estimate	2025/26	2026/27	2027/28
<b>Current payments</b>	<b>118 374 569</b>	<b>124 394 554</b>	<b>129 764 399</b>	<b>128 764 316</b>	<b>129 681 873</b>	<b>135 331 611</b>	<b>135 546 779</b>	<b>141 537 385</b>	<b>147 996 601</b>
Compensation of employees	88 766 638	91 350 479	95 099 317	95 010 331	94 804 707	98 718 022	101 064 578	105 666 823	110 821 856
Goods and services	29 605 685	33 034 709	34 658 858	33 753 301	34 876 553	36 604 472	34 481 490	35 869 819	37 173 969
Interest and rent on land	2 246	9 366	6 224	685	613	9 117	711	743	776
<b>Transfers and subsidies to:</b>	<b>13 936 523</b>	<b>13 867 140</b>	<b>13 922 462</b>	<b>13 005 924</b>	<b>13 715 564</b>	<b>13 719 092</b>	<b>13 671 952</b>	<b>13 819 375</b>	<b>14 642 857</b>
Provinces and municipalities	1 996 894	2 059 038	2 202 326	1 482 839	1 888 752	1 888 096	1 776 429	2 139 581	2 446 461
Departmental agencies and accounts	2 812 668	2 705 051	2 538 051	2 488 651	2 554 801	2 555 759	2 837 459	2 894 918	3 021 980
Higher education institutions	5 361	6 296	5 112	4 280	4 280	4 280	4 960	4 986	4 000
Foreign governments and international organisations	317	386	201	327	327	327	342	358	374
Public corporations and private enterprises	1 817 620	2 031 387	1 935 665	1 763 826	2 089 553	2 089 649	1 983 331	1 809 295	1 890 737
Non-profit institutions	3 514 188	3 198 477	3 408 052	3 767 532	3 477 488	3 469 575	3 710 098	3 840 949	3 975 860
Households	3 789 475	3 866 505	3 833 055	3 498 469	3 700 363	3 711 406	3 359 333	3 129 288	3 303 445
<b>Payments for capital assets</b>	<b>8 731 717</b>	<b>7 248 352</b>	<b>7 132 072</b>	<b>8 622 013</b>	<b>7 952 185</b>	<b>7 849 815</b>	<b>9 160 032</b>	<b>8 520 290</b>	<b>9 165 867</b>
Buildings and other fixed structures	7 211 254	5 823 099	5 953 340	7 385 808	6 575 788	6 501 738	7 836 620	7 152 614	7 723 539
Machinery and equipment	1 499 595	1 410 328	1 158 961	1 216 579	1 349 943	1 327 769	1 298 214	1 352 772	1 427 795
Heritage assets	1 324	3 914	2 312	4 100	4 100	4 100	-	-	-
Specialised military assets	-	-	-	-	-	-	-	-	-
Biological assets	382	497	290	430	430	430	350	370	370
Land and sub-soil assets	-	-	-	-	-	-	-	-	-
Software and other intangible assets	19 162	10 514	17 169	15 096	21 924	15 778	24 848	14 534	14 163
<b>Payments for financial assets</b>	<b>19 536</b>	<b>26 495</b>	<b>20 171</b>	<b>-</b>	<b>3 029</b>	<b>4 236</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Total</b>	<b>141 062 345</b>	<b>145 536 541</b>	<b>150 839 103</b>	<b>150 392 254</b>	<b>151 352 651</b>	<b>156 904 754</b>	<b>158 378 763</b>	<b>163 877 050</b>	<b>171 805 325</b>
Statutory payments (Members' remuneration)	89 003	96 122	96 705	95 847	128 450	127 246	99 286	103 853	108 526
Of which:									
Compensation of employees	86 595	93 507	94 260	92 573	125 176	123 972	95 865	100 275	104 787
Goods and services	2 408	2 615	2 445	3 274	3 274	3 274	3 421	3 578	3 739
<b>Total economic classification (incl. stat. payment)</b>	<b>141 151 348</b>	<b>145 632 663</b>	<b>150 935 808</b>	<b>150 488 101</b>	<b>151 481 101</b>	<b>157 032 000</b>	<b>158 478 049</b>	<b>163 980 903</b>	<b>171 913 851</b>

*Current payments* has the bulk of the total provincial spending at R135.547 billion in 2025/26. The largest portion of this category relates to *Compensation of employees*, driven mainly by DOE and DOH.

*Transfers and subsidies* shows a budget of R13.672 billion in 2025/26, mainly 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 under DOE, respectively. Fluctuations in transfers to public entities also impact on this category mainly against *Departmental agencies and accounts*.

*Buildings and other fixed structures* fluctuates over the MTEF. The budget provides for various infrastructure projects, mainly under DOT, DOH and DOE.

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.

*Current* expenditure is the largest category at 85.5 per cent in 2025/26, and mainly comprises *Compensation*. This category was affected by various historic budget cuts. The growth is mainly due to most departments budgeting for the carry-through of the 2024 wage agreement, the 2025 wage agreement and the filling of posts. DOE and DOH are unable to do so, due to the effect of the historic budget cuts.

The share of total expenditure for *Transfers* is largely steady at between 8.4 and 8.6 per cent.

Capital decreases over the MTEF from 5.8 per cent in 2025/26 to 5.3 per cent in 2027/28. This decrease is mainly due to a large once-off incentive allocation of R874.627 million received by DOT against the PRMG in 2025/26.

Table 5.4 : Analysis of payments and estimates by economic classification

	Audited Outcome			Adjusted Appropriation	Medium-term Estimates			Average Annual Growth	
	2021/22	2022/23	2023/24	2024/25	2025/26	2026/27	2027/28	2021/22-2024/25	2024/25-2027/28
<b>R thousand</b>									
Current	118 374 569	124 394 554	129 764 399	129 681 873	135 546 779	141 537 385	147 996 601		
Transfers	13 936 523	13 867 140	13 922 462	13 715 564	13 671 952	13 819 375	14 642 857		
Capital	8 731 717	7 248 352	7 132 072	7 952 185	9 160 032	8 520 290	9 165 867		
Financial assets	19 536	26 495	20 171	3 029	-	-	-		
Compensation	88 855 641	91 446 601	95 196 022	94 933 157	101 163 864	105 770 676	110 930 382		
Non-compensation	52 295 707	54 186 062	55 739 787	56 547 944	57 314 185	58 210 227	60 983 469		
Non-compensation (excl. transfers)	38 359 184	40 318 922	41 817 325	42 832 380	43 642 233	44 390 852	46 340 612		
Non-compensation non-capital (NCNC)	43 563 990	46 937 710	48 607 715	48 595 759	48 154 153	49 689 937	51 817 602		
NCNC (excl. transfers)	29 627 467	33 070 570	34 685 253	34 880 195	34 482 201	35 870 562	37 174 745		
Statutory payments (Members' remuneration)	89 003	96 122	96 705	128 450	99 286	103 853	108 526		
<b>Total expenditure</b>	<b>141 151 348</b>	<b>145 632 663</b>	<b>150 935 808</b>	<b>151 481 101</b>	<b>158 478 049</b>	<b>163 980 903</b>	<b>171 913 851</b>		
<b>% of total expenditure</b>									
Current	83.9	85.4	86.0	85.6	85.5	86.3	86.1		
Transfers	9.9	9.5	9.2	9.1	8.6	8.4	8.5		
Capital	6.2	5.0	4.7	5.2	5.8	5.2	5.3		
Financial assets	-	-	0.0	-	-	-	-		
Compensation	63.0	62.8	63.1	62.7	63.8	64.5	64.5		
Non-compensation	37.0	37.2	36.9	37.3	36.2	35.5	35.5		
Non-compensation (excl. transfers)	27.2	27.7	27.7	28.3	27.5	27.1	27.0		
Non-compensation non-capital (NCNC)	30.9	32.2	32.2	32.1	30.4	30.3	30.1		
NCNC (excl. transfers)	21.0	22.7	23.0	23.0	21.8	21.9	21.6		
<b>Nominal growth (%)</b>									
Current		5.1	4.3	(0.1)	4.5	4.4	4.6	3.1	4.5
Transfers		(0.5)	0.4	(1.5)	(0.3)	1.1	6.0	(0.5)	2.2
Capital		(17.0)	(1.6)	11.5	15.2	(7.0)	7.6	(3.1)	4.8
Financial assets		35.6	(23.9)	(85.0)	(100.0)	-	-	(46.3)	(100.0)
Compensation		2.9	4.1	(0.3)	6.6	4.6	4.9	2.2	5.3
Non-compensation		3.6	2.9	1.4	1.4	1.6	4.8	2.6	2.5
Non-compensation (excl. transfers)		5.1	3.7	2.4	1.9	1.7	4.4	3.7	2.7
Non-compensation non-capital (NCNC)		7.7	3.6	(0.0)	(0.9)	3.2	4.3	3.7	2.2
NCNC (excl. transfers)		11.6	4.9	0.6	(1.1)	4.0	3.6	5.6	2.1
<b>Real growth (%)</b>									
Current		0.5	(2.4)	(5.7)	(0.3)	(0.2)	(0.0)	(2.6)	(0.2)
Transfers		(4.8)	(6.1)	(7.0)	(4.9)	(3.4)	1.3	(6.0)	(2.4)
Capital		(20.6)	(7.9)	5.2	9.8	(11.1)	2.9	(8.4)	0.2
Financial assets		29.7	(28.8)	(85.8)	(100.0)	(4.4)	(4.4)	(49.2)	(100.0)
Compensation		(1.6)	(2.6)	(5.9)	1.6	(0.1)	0.3	(3.4)	0.6
Non-compensation		(0.9)	(3.7)	(4.2)	(3.3)	(2.9)	0.2	(3.0)	(2.0)
Non-compensation (excl. transfers)		0.5	(2.9)	(3.3)	(2.8)	(2.8)	(0.2)	(1.9)	(1.9)
Non-compensation non-capital (NCNC)		3.0	(3.1)	(5.6)	(5.5)	(1.4)	(0.3)	(2.0)	(2.4)
NCNC (excl. transfers)		6.8	(1.9)	(5.1)	(5.7)	(0.6)	(0.9)	(0.2)	(2.4)

### 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.

The share of *Current* payments to total expenditure is at 92.4 per cent in 2025/26. The largest share of total expenditure is in respect of *Compensation of employees* and *Goods and services*. Included here are the NSNP grant, purchase, warehousing and distribution of Learner Teacher Support Material (LTSM), teacher development, matric examination administration, the Sanitary Dignity project, etc.

*Compensation* shows an increase from 2025/26 to 2027/28 influenced mainly by additional funding of R64.002 million, R262.785 million and R427.310 million, respectively, to address budget pressures, as well as additional funding of R497.171 million in 2025/26, R535.717 million in 2026/27 and R563.439 million in 2027/28 for the 2025 wage agreement gap. This results in positive nominal growth of 4.3 per cent in 2026/27 and 4.7 per cent in 2027/28.

*Transfers* is influenced by the procurement method for S21(c) schools with some schools opting to purchase LTSM *via* the management agent, as well as payments of domestic accounts on behalf of some S21 schools who are in arrears. This category provides for transfers to public ordinary, independent and public special schools, as well as transfers to NPOs responsible for ECD centres.

Capital reflects real growth of 5.3 per cent from 2024/25 to 2027/28 due to the EIG being cut by National Treasury in 2024/25 only, due to lower than expected revenue to be collected *via* SARS. The two outer years reflect steady growth.

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

	Audited Outcome			Adjusted Appropriation 2024/25	Medium-term Estimates			Average Annual Growth	
	2021/22	2022/23	2023/24		2025/26	2026/27	2027/28	2021/22- 2024/25	2024/25- 2027/28
<b>R thousand</b>									
Current	53 692 178	55 649 346	58 233 619	58 658 813	61 619 757	64 324 078	67 058 969		
Transfers	2 749 886	2 403 636	2 461 826	2 523 760	2 890 021	3 016 386	3 152 319		
Capital	2 218 905	2 288 537	2 219 868	1 901 015	2 180 428	2 129 691	2 544 702		
Financial assets	-	34	92	-	-	-	-		
Compensation	48 847 511	50 477 531	52 363 799	51 933 661	55 160 209	57 557 063	60 282 870		
Non-compensation	9 813 281	9 857 307	10 551 120	11 097 219	11 149 927	11 515 285	11 529 997		
Non-compensation (excl. transfers)	7 063 395	7 453 671	8 089 294	8 573 459	8 259 906	8 498 899	8 377 678		
Non-compensation non-capital (NCNC)	7 594 376	7 568 770	8 331 252	9 196 204	8 969 499	9 385 594	8 985 295		
NCNC (excl. transfers)	4 844 490	5 165 134	5 869 426	6 672 444	6 079 478	6 369 208	5 832 976		
<b>Total expenditure</b>	<b>58 660 969</b>	<b>60 341 553</b>	<b>62 915 405</b>	<b>63 083 588</b>	<b>66 690 206</b>	<b>69 470 155</b>	<b>72 755 990</b>		
<b>% of total expenditure</b>									
Current	91.5	92.2	92.6	93.0	92.4	92.6	92.2		
Transfers	4.7	4.0	3.9	4.0	4.3	4.3	4.3		
Capital	3.8	3.8	3.5	3.0	3.3	3.1	3.5		
Financial assets	-	0.0	0.0	-	-	-	-		
Compensation	83.3	83.7	83.2	82.3	82.7	82.9	82.9		
Non-compensation	16.7	16.3	16.8	17.6	16.7	16.6	15.8		
Non-compensation (excl. transfers)	12.0	12.4	12.9	13.6	12.4	12.2	11.5		
Non-compensation non-capital (NCNC)	12.9	12.5	13.2	14.6	13.4	13.5	12.3		
NCNC (excl. transfers)	8.3	8.6	9.3	10.6	9.1	9.2	8.0		
<b>Nominal growth (%)</b>									
Current		3.6	4.6	0.7	5.0	4.4	4.3	3.0	4.6
Transfers		(12.6)	2.4	2.5	14.5	4.4	4.5	(2.8)	7.7
Capital		3.1	(3.0)	(14.4)	14.7	(2.3)	19.5	(5.0)	10.2
Financial assets		-	170.6	(100.0)	-	-	-	-	-
Compensation		3.3	3.7	(0.8)	6.2	4.3	4.7	2.1	5.1
Non-compensation		0.4	7.0	5.2	0.5	3.3	0.1	4.2	1.3
Non-compensation (excl. transfers)		5.5	8.5	6.0	(3.7)	2.9	(1.4)	6.7	(0.8)
Non-compensation non-capital (NCNC)		(0.3)	10.1	10.4	(2.5)	4.6	(4.3)	6.6	(0.8)
NCNC (excl. transfers)		6.6	13.6	13.7	(8.9)	4.8	(8.4)	11.3	(4.4)
<b>Real growth (%)</b>									
Current		(0.9)	(2.1)	(4.9)	0.2	(0.2)	(0.3)	(2.6)	(0.1)
Transfers		(16.4)	(4.2)	(3.2)	9.2	(0.2)	(0.1)	(8.1)	2.9
Capital		(1.4)	(9.2)	(19.2)	9.4	(6.6)	14.3	(10.2)	5.3
Financial assets		(4.4)	153.2	(100.0)	(4.6)	(4.4)	(4.4)	-	-
Compensation		(1.2)	(2.9)	(6.4)	1.3	(0.3)	0.2	(3.5)	0.4
Non-compensation		(3.9)	0.2	(0.7)	(4.2)	(1.3)	(4.3)	(1.5)	(3.3)
Non-compensation (excl. transfers)		0.9	1.6	0.0	(8.1)	(1.7)	(5.7)	0.8	(5.2)
Non-compensation non-capital (NCNC)		(4.7)	3.0	4.2	(7.0)	0.0	(8.5)	0.8	(5.2)
NCNC (excl. transfers)		2.0	6.3	7.3	(13.1)	0.1	(12.4)	5.2	(8.7)

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

Table 5.6 shows DOH’s expenditure by economic classification.

The largest share of total expenditure goes to *Current* payments, increasing from 94.6 per cent in 2021/22 to 95.2 per cent in 2024/25. This category shows the impact of under-funding as a result of the carry-through impact of historic budget cuts, aggravated by under-budgeting for the 2024 and 2025 wage agreements, as well as appointing contracted temporary Covid-19 staff into permanent employment, with the department unable to fully fund *Compensation of employees* over the 2025/26 MTEF. This explains the decrease in share to 94.4 or 94.8 per cent over the MTEF.

*Transfers* reflects a fluctuating trend impacted by medico-legal payments.

*Capital* shows a high share of 3.7 per cent in 2021/22, mainly due to some once-off allocations of funding for Covid-19 related infrastructure upgrades, as well as costs for the Dr Pixley Ka Isaka Seme Memorial Hospital (PKISMH). The share drops to 2.3 per cent in 2023/24, as PKISMH reached completion. The department has reprioritised funding to maintenance in 2023/24 and 2024/25, and plans to reverse this to some extent over the 2025/26 MTEF, hence the increase to 4.1 per cent in 2025/26, but then reducing to 3.8 per cent in 2027/28. There are various projects planned over the 2025/26 MTEF, as detailed in the Vote 7: Health chapter.

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

	Audited Outcome			Adjusted Appropriation	Medium-term Estimates			Average Annual Growth	
	2021/22	2022/23	2023/24	2024/25	2025/26	2026/27	2027/28	2021/22-2024/25	2024/25-2027/28
<b>R thousand</b>									
Current	47 894 005	49 353 063	51 073 431	51 202 028	53 087 276	55 617 792	58 403 429		
Transfers	839 282	714 107	637 631	779 094	803 059	835 174	872 795		
Capital	1 896 029	1 459 650	1 222 169	1 815 770	2 321 466	2 347 854	2 328 657		
Financial assets	661	1 040	591	-	-	-	-		
Compensation	31 983 347	32 699 084	34 070 123	33 366 994	35 276 554	36 957 746	38 834 676		
Non-compensation	18 646 630	18 828 776	18 863 699	20 429 898	20 935 247	21 843 074	22 770 205		
Non-compensation (excl. transfers)	17 807 348	18 114 669	18 226 068	19 650 804	20 132 188	21 007 900	21 897 410		
Non-compensation non-capital (NCNC)	16 750 601	17 369 126	17 641 530	18 614 128	18 613 781	19 495 220	20 441 548		
NCNC (excl. transfers)	15 911 319	16 655 019	17 003 899	17 835 034	17 810 722	18 660 046	19 568 753		
<b>Total expenditure</b>	<b>50 629 977</b>	<b>51 527 860</b>	<b>52 933 822</b>	<b>53 796 892</b>	<b>56 211 801</b>	<b>58 800 820</b>	<b>61 604 881</b>		
<b>% of total expenditure</b>									
Current	94.6	95.8	96.5	95.2	94.4	94.6	94.8		
Transfers	1.7	1.4	1.2	1.4	1.4	1.4	1.4		
Capital	3.7	2.8	2.3	3.4	4.1	4.0	3.8		
Financial assets	-	-	-	-	-	-	-		
Compensation	63.2	63.5	64.4	62.0	62.8	62.9	63.0		
Non-compensation	36.8	36.5	35.6	38.0	37.2	37.1	37.0		
Non-compensation (excl. transfers)	35.2	35.2	34.4	36.5	35.8	35.7	35.5		
Non-compensation non-capital (NCNC)	33.1	33.7	33.3	34.6	33.1	33.2	33.2		
NCNC (excl. transfers)	31.4	32.3	32.1	33.2	31.7	31.7	31.8		
<b>Nominal growth (%)</b>									
Current		3.0	3.5	0.3	3.7	4.8	5.0	2.3	4.5
Transfers		(14.9)	(10.7)	22.2	3.1	4.0	4.5	(2.4)	3.9
Capital		(23.0)	(16.3)	48.6	27.9	1.1	(0.8)	(1.4)	8.6
Financial assets		57.3	(43.2)	(100.0)	-	-	-	(100.0)	-
Compensation		2.2	4.2	(2.1)	5.7	4.8	5.1	1.4	5.2
Non-compensation		1.0	0.2	8.3	2.5	4.3	4.2	3.1	3.7
Non-compensation (excl. transfers)		1.7	0.6	7.8	2.4	4.3	4.2	3.3	3.7
Non-compensation non-capital (NCNC)		3.7	1.6	5.5	(0.0)	4.7	4.9	3.6	3.2
NCNC (excl. transfers)		4.7	2.1	4.9	(0.1)	4.8	4.9	3.9	3.1
<b>Real growth (%)</b>									
Current		(1.4)	(3.2)	(5.4)	(1.1)	0.1	0.4	(3.3)	(0.2)
Transfers		(18.6)	(16.4)	15.3	(1.7)	(0.6)	(0.1)	(7.8)	(0.8)
Capital		(26.4)	(21.7)	40.2	21.9	(3.3)	(5.2)	(6.8)	3.8
Financial assets		50.5	(46.8)	(100.0)	(4.6)	(4.4)	(4.4)	(100.0)	-
Compensation		(2.2)	(2.5)	(7.6)	0.8	0.1	0.5	(4.1)	0.5
Non-compensation		(3.4)	(6.3)	2.2	(2.3)	(0.3)	(0.3)	(2.5)	(1.0)
Non-compensation (excl. transfers)		(2.7)	(5.9)	1.8	(2.3)	(0.3)	(0.3)	(2.3)	(1.0)
Non-compensation non-capital (NCNC)		(0.8)	(5.0)	(0.4)	(4.6)	0.1	0.3	(2.1)	(1.4)
NCNC (excl. transfers)		0.1	(4.5)	(1.0)	(4.8)	0.1	0.3	(1.8)	(1.5)

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

Table 5.7 shows DSD's expenditure by economic classification.

The share of *Current* payments to total expenditure shows an increase from 77.5 per cent in 2025/26 to 78.1 per cent in 2026/27 and thereafter grows to 78.8 per cent in 2027/28 as the department reprioritised funds from capital to current over the MTEF. The largest share of total expenditure is in respect of *Compensation of employees* and *Transfers*, in line with the department's core functions.

*Compensation* shows growth of 6.3 per cent in 2025/26 from the 2024/25 Adjusted Appropriation, 5 per cent in 2026/27 and 5.1 per cent in 2027/28. The high growth in 2025/26 is attributable to additional funding received towards the department's ongoing budget pressures, as well as for the 2025 wage agreement. The department has approximately 713 vacant posts in 2024/25 and cannot afford to fill all these posts due to the budget pressures against the Vote and the carry-through effects of the historic budget cuts.

*Transfers* shows a declining trend from 2024/25 due to the 2024/25 MTEF fiscal consolidation budget cuts which were effected entirely against this category. The impact is evident over the 2025/26 MTEF as there will be no tariff increases for the NPOs supported by the department. The department also rationalised largely the administration portion of the transfers to the NPOs and did not increase the budget for increased capacity in some NPO facilities. The budget over the 2025/26 MTEF includes allocations for national priorities, such as child and youth care, victim empowerment, the provision of shelters for victims of gender-based violence (GBV), etc.

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

	Audited Outcome			Adjusted Appropriation 2024/25	Medium-term Estimates			Average Annual Growth	
	2021/22	2022/23	2023/24		2025/26	2026/27	2027/28	2021/22- 2024/25	2024/25- 2027/28
<b>R thousand</b>									
Current	2 482 313	2 514 807	2 470 286	2 631 409	2 800 671	2 938 265	3 109 790		
Transfers	685 768	744 473	731 447	698 920	712 974	724 432	730 109		
Capital	101 263	106 071	94 141	81 226	99 652	101 560	106 624		
Financial assets	-	3 886	-	-	-	-	-		
Compensation	1 711 295	1 755 879	1 788 673	1 868 736	1 986 624	2 086 571	2 193 337		
Non-compensation	1 558 049	1 613 358	1 507 201	1 542 819	1 626 673	1 677 686	1 753 186		
Non-compensation (excl. transfers)	872 281	868 885	775 754	843 899	913 699	953 254	1 023 077		
Non-compensation non-capital (NCNC)	1 558 049	1 609 472	1 507 201	1 542 819	1 626 673	1 677 686	1 753 186		
NCNC (excl. transfers)	872 281	864 999	775 754	843 899	913 699	953 254	1 023 077		
<b>Total expenditure</b>	<b>3 269 344</b>	<b>3 369 237</b>	<b>3 295 873</b>	<b>3 411 555</b>	<b>3 613 297</b>	<b>3 764 257</b>	<b>3 946 523</b>		
<b>% of total expenditure</b>									
Current	75.9	74.6	75.0	77.1	77.5	78.1	78.8		
Transfers	21.0	22.1	22.2	20.5	19.7	19.2	18.5		
Capital	3.1	3.1	2.9	2.4	2.8	2.7	2.7		
Financial assets	-	0.1	-	-	-	-	-		
Compensation	52.3	52.1	54.3	54.8	55.0	55.4	55.6		
Non-compensation	47.7	47.9	45.7	45.2	45.0	44.6	44.4		
Non-compensation (excl. transfers)	26.7	25.8	23.5	24.7	25.3	25.3	25.9		
Non-compensation non-capital (NCNC)	47.7	47.8	45.7	45.2	45.0	44.6	44.4		
NCNC (excl. transfers)	26.7	25.7	23.5	24.7	25.3	25.3	25.9		
<b>Nominal growth (%)</b>									
Current		1.3	(1.8)	6.5	6.4	4.9	5.8	2.0	5.7
Transfers		8.6	(1.7)	(4.4)	2.0	1.6	0.8	0.6	1.5
Capital		4.7	(11.2)	(13.7)	22.7	1.9	5.0	(7.1)	9.5
Financial assets		-	(100.0)	-	-	-	-	-	-
Compensation		2.6	1.9	4.5	6.3	5.0	5.1	3.0	5.5
Non-compensation		3.5	(6.6)	2.4	5.4	3.1	4.5	(0.3)	4.4
Non-compensation (excl. transfers)		(0.4)	(10.7)	8.8	8.3	4.3	7.3	(1.1)	6.6
Non-compensation non-capital (NCNC)		3.3	(6.4)	2.4	5.4	3.1	4.5	(0.3)	4.4
NCNC (excl. transfers)		(0.8)	(10.3)	8.8	8.3	4.3	7.3	(1.1)	6.6
<b>Real growth (%)</b>									
Current		(3.1)	(8.1)	0.5	1.5	0.3	1.2	(3.6)	1.0
Transfers		3.8	(8.1)	(9.8)	(2.7)	(2.9)	(3.6)	(4.9)	(3.1)
Capital		0.2	(17.0)	(18.6)	17.0	(2.6)	0.4	(12.2)	4.6
Financial assets		(4.4)	(100.0)	(5.6)	(4.6)	(4.4)	(4.4)	-	-
Compensation		(1.9)	(4.7)	(1.4)	1.4	0.4	0.5	(2.7)	0.8
Non-compensation		(1.0)	(12.6)	(3.4)	0.5	(1.4)	(0.1)	(5.8)	(0.3)
Non-compensation (excl. transfers)		(4.7)	(16.5)	2.7	3.2	(0.3)	2.6	(6.5)	1.9
Non-compensation non-capital (NCNC)		(1.2)	(12.4)	(3.4)	0.5	(1.4)	(0.1)	(5.8)	(0.3)
NCNC (excl. transfers)		(5.2)	(16.1)	2.7	3.2	(0.3)	2.6	(6.5)	1.9

### 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 (that is, all departments excluding DOE, DOH and DSD).

The largest portion of the provincial budget is allocated to the social sector (at 79.8 per cent), while the balance of 20.2 per cent is used to fund all other Votes.

*Current’s* share to total budget increases from 50 per cent in 2021/22, to 57.8 per cent in 2027/28. This category includes the payment of 3 077 *Izinduna* by COGTA over the MTEF, 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, among others. It also includes DOT’s current infrastructure budget, as well as various projects planned for implementation by DARD.

*Transfers* mainly relates transfers under the HSDG and the ISUPG, transfers to various public entities, as well as transfers to various municipalities in respect of property rates, among others. The decrease in 2025/26 and in 2026/27 is mainly due to the carry-through impact of the significant budget cuts implemented against the HSDG and the ISUPG over the 2024/25 MTEF, which were higher in 2025/26.

*Capital* shows a fluctuating trend over the MTEF mainly attributable to the allocations in respect of DOT’s PRMG. The increase in 2025/26 is largely due to the incentive increase in the PRMG to be used for the upgrade and rehabilitation of the KZN strategic network. Also, the PRMG was allocated additional funding in 2027/28 being an inflationary increment, while it sees a minor reduction in 2026/27, which accounts for the dip in 2026/27.

Table 5.8 : Analysis of expenditure summary by classification - Other

	Audited Outcome			Adjusted Appropriation	Medium-term Estimates			Average Annual Growth	
	2021/22	2022/23	2023/24	2024/25	2025/26	2026/27	2027/28	2021/22-2024/25	2024/25-2027/28
<b>R thousand</b>									
Current	14 306 073	16 877 338	17 987 063	17 189 623	18 039 075	18 657 250	19 424 413		
Transfers	9 661 587	10 004 924	10 091 558	9 713 790	9 265 898	9 243 383	9 887 634		
Capital	4 515 520	3 394 094	3 595 894	4 154 174	4 558 486	3 941 185	4 185 884		
Financial assets	18 875	21 535	19 488	3 029	-	-	-		
Compensation	6 313 488	6 514 107	6 973 427	7 763 766	8 740 477	9 169 296	9 619 499		
Non-compensation	22 277 570	23 879 906	24 817 281	23 425 300	23 222 268	22 776 375	23 986 958		
Non-compensation (excl. transfers)	12 615 983	13 874 982	14 725 723	13 711 510	13 956 370	13 532 992	14 099 324		
Non-compensation non-capital (NCNC)	22 258 695	23 858 371	24 797 793	23 422 271	23 222 268	22 776 375	23 986 958		
NCNC (excl. transfers)	12 597 108	13 853 447	14 706 235	13 708 481	13 956 370	13 532 992	14 099 324		
Statutory payments (Members' remuneration)	89 003	96 122	96 705	128 450	99 286	103 853	108 526		
<b>Total expenditure</b>	<b>28 591 058</b>	<b>30 394 013</b>	<b>31 790 708</b>	<b>31 189 066</b>	<b>31 962 745</b>	<b>31 945 671</b>	<b>33 606 457</b>		
<b>% of total expenditure</b>									
Current	50.0	55.5	56.6	55.1	56.4	58.4	57.8		
Transfers	33.8	32.9	31.7	31.1	29.0	28.9	29.4		
Capital	15.8	11.2	11.3	13.3	14.3	12.3	12.5		
Financial assets	-	-	-	-	-	-	-		
Compensation	22.1	21.4	21.9	24.9	27.3	28.7	28.6		
Non-compensation	77.9	78.6	78.1	75.1	72.7	71.3	71.4		
Non-compensation (excl. transfers)	44.1	45.7	46.3	44.0	43.7	42.4	42.0		
Non-compensation non-capital (NCNC)	77.9	78.5	78.0	75.1	72.7	71.3	71.4		
NCNC (excl. transfers)	44.1	45.6	46.3	44.0	43.7	42.4	42.0		
Statutory payments (Members' remuneration)	0.3	0.3	0.3	0.4	0.3	0.3	0.3		
<b>Nominal growth (%)</b>									
Current		18.0	6.6	(4.4)	4.9	3.4	4.1	6.3	4.2
Transfers		3.6	0.9	(3.7)	(4.6)	(0.2)	7.0	0.2	0.6
Capital		(24.8)	5.9	15.5	9.7	(13.5)	6.2	(2.7)	0.3
Financial assets		14.1	(9.5)	(84.5)	(100.0)	-	-	(45.7)	(100.0)
Compensation		3.2	7.1	11.3	12.6	4.9	4.9	7.1	7.4
Non-compensation		7.2	3.9	(5.6)	(0.9)	(1.9)	5.3	1.7	0.8
Non-compensation (excl. transfers)		10.0	6.1	(6.9)	1.8	(3.0)	4.2	2.8	0.9
Non-compensation non-capital (NCNC)		7.2	3.9	(5.5)	(0.9)	(1.9)	5.3	1.7	0.8
NCNC (excl. transfers)		10.0	6.2	(6.8)	1.8	(3.0)	4.2	2.9	0.9
Statutory payments (Members' remuneration)		8.0	0.6	32.8	(22.7)	4.6	4.5	13.0	(5.5)
<b>Real growth (%)</b>									
Current		12.8	(0.3)	(9.8)	0.1	(1.1)	(0.4)	0.5	(0.5)
Transfers		(1.0)	(5.6)	(9.1)	(9.0)	(4.7)	2.3	(5.3)	(3.9)
Capital		(28.1)	(0.9)	9.0	4.6	(17.4)	1.6	(8.1)	(4.2)
Financial assets		9.1	(15.3)	(85.3)	(100.0)	(4.4)	(4.4)	(48.6)	(100.0)
Compensation		(1.3)	0.2	5.1	7.4	0.3	0.3	1.3	2.6
Non-compensation		2.5	(2.8)	(10.9)	(5.5)	(6.3)	0.7	(3.9)	(3.7)
Non-compensation (excl. transfers)		5.2	(0.7)	(12.1)	(2.9)	(7.3)	(0.4)	(2.8)	(3.6)
Non-compensation non-capital (NCNC)		2.5	(2.7)	(10.9)	(5.5)	(6.3)	0.7	(3.9)	(3.7)
NCNC (excl. transfers)		5.2	(0.7)	(12.0)	(2.9)	(7.3)	(0.4)	(2.8)	(3.6)
Statutory payments (Members' remuneration)		3.3	(5.9)	25.4	(26.3)	(0.0)	(0.1)	6.8	(9.7)

## 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*.

Table 5.9 : Summary of payments and estimates by functional area

	Audited Outcome			Main Appropriation	Adjusted Appropriation	Revised Estimate	Medium-term Estimates		
	2021/22	2022/23	2023/24		2024/25		2025/26	2026/27	2027/28
<b>R thousand</b>									
General Public Services	6 382 837	6 743 222	8 147 717	6 854 709	7 763 154	7 790 910	7 443 540	8 070 643	8 640 871
Public Order and Safety	232 419	242 256	279 780	243 343	267 327	267 327	275 716	282 592	295 310
Economic Affairs	15 761 499	16 726 441	16 545 083	16 887 073	16 558 240	16 471 840	17 791 560	17 324 822	18 120 583
Environmental Protection	1 125 751	1 143 414	1 248 954	1 232 426	1 232 587	1 232 587	1 286 996	1 329 128	1 388 916
Housing and Community Amenities	3 713 205	4 062 628	4 103 222	3 529 676	3 819 391	3 819 391	3 549 877	3 260 087	3 407 411
Health	50 300 242	51 221 991	52 626 960	53 350 504	53 356 806	57 128 999	55 778 258	58 352 608	61 136 501
Recreation, Culture and Religion	1 358 167	1 459 167	1 442 744	1 519 677	1 520 032	1 515 717	1 582 474	1 641 853	1 715 942
Education	59 025 360	60 679 859	63 265 029	63 477 623	63 580 690	65 422 771	67 175 896	69 975 389	73 283 450
Social Protection	3 251 868	3 353 685	3 276 319	3 393 070	3 382 874	3 382 458	3 593 732	3 743 781	3 924 867
<b>Total</b>	<b>141 151 348</b>	<b>145 632 663</b>	<b>150 935 808</b>	<b>150 488 101</b>	<b>151 481 101</b>	<b>157 032 000</b>	<b>158 478 049</b>	<b>163 980 903</b>	<b>171 913 851</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 MTEF budget provides for the norms and standards for the transfer of

subsidies to schools, conducive teaching and learning spaces by improving school infrastructure, the ECD function, the purchase, warehousing, and distribution of LTSM, and the Sanitary Dignity project, etc.

The second largest expenditure is on *Health*. The MTEF budget caters for the delivery of primary health care services to the approximately 89.5 per cent uninsured population of KZN, the District Health Programmes grant, continued improvement of existing infrastructure, orthotics and prosthetics programme, etc.

*Economic Affairs* comprises DOT (for the construction and maintenance of the road network, the provision of subsidised bus services and learner transport services, public transport services and law enforcement), DARD (providing support to food insecure communities at subsistence and household food production level) and EDTEA (Operation Vula Fund programme, consumer and education campaigns, continued support of SMMEs and co-operative projects, and the Environmental Affairs function).

*General Public Services* includes the Legislature (provides oversight over all departments) and administrative departments such as Provincial Treasury (financial management, internal audit, SCM, support for transversal financial systems, etc.), OTP (cross-cutting and transversal activities, such as integrity management, youth development, support to His Majesty, the King, forensic investigation services), COGTA (supports and ensures alignment between national, provincial and local government priorities, enhances financial management in municipalities, provides support and builds capacity of traditional institutions, etc.), DOPWI (municipal property rates, the implementation of Government Immoveable Asset Management Act projects, property valuations, as well as providing infrastructure support and infrastructure projects), and a portion of DOT (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, victim empowerment, substance abuse, youth and women development, Social Workers, etc.

*Recreation, Culture and Religion* falls under DSAC which provides sport and recreation facilities and the school sport programme, while also ensuring the cultural advance of KZN through hosting various cultural events, the staging of museum exhibitions, and the continuation of the provision of the provincialisation of libraries.

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

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

## **5.5 Infrastructure payments and estimates**

### **5.5.1 Introduction**

The Infrastructure Delivery Management System (IDMS) institutionalisation in the province has gained considerable traction. It has been adopted by provincial departments to ensure effective and efficient infrastructure delivery, as well as adherence to the necessary quality standards and value-for-money principles. As fiscal constraints continue to hamper effective and large-scale infrastructure investment, provincial departments are working hard in adhering to all the crucial elements of infrastructure planning, implementation, monitoring and controlling, in order to ensure infrastructure delivery success.

### 5.5.1.1 Infrastructure management

Provincial Treasury continues to engage all departments to provide support and training regarding the infrastructure portfolio management processes of each department. Departments are engaged in and trained on short, medium and long-term planning. Departments are also engaged and trained on infrastructure reporting and monitoring of projects to ensure project success. To entrench reflection and introspection for performance improvement, departments are given the opportunity to submit an end-of-year report with highlights of the achievements and areas of improvement.

To ensure that all planning documents are submitted in time and according to requisite requirements, Provincial Treasury annually issues the Infrastructure Planning and Reporting instrument as a KZN Treasury Infrastructure Circular. The purpose of this circular is to inform provincial departments of the infrastructure planning and reporting requirements, which is in line with the provincial budget process for each financial year. The provincial departments must comply with this circular.

### 5.5.1.2 Sources of funding for infrastructure

Table 5.10 provides details with respect to the sources of funding for infrastructure in the province. Infrastructure projects are funded from the PES and conditional grants, with the bulk of the funding being from the conditional grant funding received from National Treasury. A detailed infrastructure analysis and project list for each department is presented in the *2025/26 Estimates of Capital Expenditure (ECE)*.

**Table 5.10 : Summary of provincial infrastructure payments and estimates by source of funding**

R thousand	Audited Outcome			Main Appropriation	Adjusted Appropriation	Revised Estimate	Medium-term Estimates		
	2021/22	2022/23	2023/24	2024/25			2025/26	2026/27	2027/28
Provincial Equitable Share and Provincial Own Revenue	8 519 985	7 296 441	6 728 034	6 890 878	6 265 382	5 959 939	7 467 857	7 805 245	8 290 575
Conditional Grants	9 129 399	10 577 325	11 149 598	10 224 609	10 589 874	10 483 271	10 779 556	9 340 104	9 757 649
<b>Vote 3 : Agriculture and Rural Development</b>	<b>93 939</b>	<b>50 255</b>	<b>62 935</b>	<b>60 354</b>	<b>158 686</b>	<b>54 070</b>	<b>138 118</b>	<b>43 060</b>	<b>36 807</b>
CASP grant	80 801	49 442	50 756	40 904	143 293	38 677	112 013	20 330	13 165
Ilima/Letsema Projects grant	13 138	813	10 780	19 000	15 000	15 000	25 105	22 280	23 192
Land Care grant	-	-	1 399	450	393	393	1 000	450	450
<b>Vote 5 : Education</b>	<b>2 271 330</b>	<b>2 439 012</b>	<b>2 594 775</b>	<b>2 336 209</b>	<b>2 339 401</b>	<b>2 339 077</b>	<b>2 441 781</b>	<b>2 486 138</b>	<b>2 603 908</b>
Education Infrastructure grant (EIG)	2 255 382	2 423 507	2 587 864	2 314 996	2 315 281	2 314 996	2 412 989	2 436 760	2 551 148
Early Childhood Development (ECD) grant	15 948	15 505	6 911	21 213	24 120	24 081	28 792	49 378	52 760
<b>Vote 7 : Health</b>	<b>1 260 419</b>	<b>1 401 649</b>	<b>1 383 503</b>	<b>1 466 806</b>	<b>1 466 806</b>	<b>1 465 143</b>	<b>1 523 920</b>	<b>1 508 044</b>	<b>1 576 239</b>
Health Facility Revitalisation grant	1 247 730	1 389 913	1 371 767	1 458 192	1 458 192	1 458 192	1 517 920	1 508 044	1 576 239
EPWP Integrated Grant for Provinces	12 689	11 736	11 736	8 614	8 614	6 951	6 000	-	-
<b>Vote 8 : Human Settlements</b>	<b>3 275 788</b>	<b>3 269 960</b>	<b>3 651 206</b>	<b>3 104 988</b>	<b>3 368 729</b>	<b>3 368 729</b>	<b>3 108 328</b>	<b>2 804 090</b>	<b>2 930 894</b>
Human Settlements Development grant	2 455 021	2 170 960	2 894 169	2 507 919	2 771 660	2 771 660	2 599 445	2 633 105	2 752 176
Informal Sett. Upgrading Part. Grant for Prov.	714 375	756 868	733 188	597 069	597 069	597 069	508 883	170 985	178 718
<b>Vote 10 : Sport, Arts and Culture</b>	<b>64 137</b>	<b>70 000</b>	<b>64 273</b>	<b>62 629</b>	<b>62 629</b>	<b>62 629</b>	<b>50 000</b>	<b>50 000</b>	<b>50 000</b>
Community Library Services grant	64 137	70 000	64 273	62 629	62 629	62 629	50 000	50 000	50 000
<b>Vote 12 : Transport</b>	<b>2 163 786</b>	<b>3 346 449</b>	<b>3 392 906</b>	<b>3 193 623</b>	<b>3 193 623</b>	<b>3 193 623</b>	<b>3 517 409</b>	<b>2 448 772</b>	<b>2 559 801</b>
Provincial Roads Maintenance grant	2 090 534	3 278 166	3 323 009	3 152 284	3 152 284	3 152 284	3 462 816	2 448 772	2 559 801
EPWP Integrated Grant for Provinces	73 252	68 283	69 897	41 339	41 339	41 339	54 593	-	-
<b>Total</b>	<b>17 649 384</b>	<b>17 873 766</b>	<b>17 877 632</b>	<b>17 115 487</b>	<b>16 855 256</b>	<b>16 443 210</b>	<b>18 247 413</b>	<b>17 145 349</b>	<b>18 048 224</b>

Total infrastructure is the sum of "Capital" plus "Recurrent maintenance". This includes non infrastructure items

### 5.5.2 Trends in infrastructure payments and estimates

The infrastructure payments and estimates by category are shown in Table 5.11.

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 fluctuations over the MTEF as the departments are encouraged to focus on maintaining existing infrastructure assets.

*Upgrades and additions:* Capital caters for improving and adding to existing infrastructure as the needs of departments evolve. The departments that have the largest budget contribution and number of projects in this category are DOT and DOH, as well as DOE.

*Refurbishment and rehabilitation: Capital* shows a fluctuating trend over the MTEF, and this category includes refurbishment and rehabilitation of facilities damaged by natural disasters such as storms among others. The refurbishment and rehabilitation of existing infrastructure also contributes to the baseline.

*New infrastructure assets: Capital* shows a decreasing trend over the MTEF and caters for the construction of new service delivery infrastructure by the various provincial government departments.

*Infrastructure transfers* mainly consist of transfers under the HSDG for the construction of sustainable human settlements, as well as other transfers by various departments, such as the construction of sports facilities at local level and the maintenance thereof by DSAC.

*Infrastructure: Leases* provides for the hiring of office accommodation for various district offices across the province and this budget increases over the MTEF driven by the demand for office accommodation, as well as industry rates.

*Non infrastructure* largely relates to DOT and includes the mechanical plant budget, operational expenditure and administration in relation to maintenance of infrastructure, such as salaries for all four regions and other overhead costs. Departments such as DOE and DOH also have funds in this category to cater for human resource capacitation of the infrastructure units, as well as equipment.

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

R thousand	Audited Outcome			Main Appropriation	Adjusted Appropriation 2024/25	Revised Estimate	Medium-term Estimates		
	2021/22	2022/23	2023/24				2025/26	2026/27	2027/28
<b>Existing infrastructure assets</b>	<b>9 222 315</b>	<b>9 371 363</b>	<b>9 798 888</b>	<b>8 985 982</b>	<b>8 778 460</b>	<b>8 908 938</b>	<b>10 105 650</b>	<b>9 495 244</b>	<b>10 242 149</b>
Maintenance and repair: Current	3 162 077	4 923 654	4 908 789	3 082 729	3 595 288	3 718 078	3 577 406	3 494 490	3 614 536
Upgrades and additions: Capital	3 335 068	2 876 791	2 019 709	2 920 694	2 893 149	2 906 345	2 699 707	2 602 668	2 791 033
Refurbishment and rehabilitation: Capital	2 725 170	1 570 918	2 870 390	2 982 559	2 290 023	2 284 515	3 828 537	3 398 086	3 836 580
<b>New infrastructure assets: Capital</b>	<b>1 151 016</b>	<b>1 375 390</b>	<b>1 063 241</b>	<b>1 482 555</b>	<b>1 392 616</b>	<b>1 310 754</b>	<b>1 308 376</b>	<b>1 151 860</b>	<b>1 095 926</b>
<b>Infrastructure transfers</b>	<b>3 782 706</b>	<b>3 608 818</b>	<b>3 919 572</b>	<b>3 078 759</b>	<b>3 419 633</b>	<b>3 416 933</b>	<b>3 069 824</b>	<b>2 727 283</b>	<b>2 856 341</b>
Infrastructure transfers: Current	46 405	54 158	53 442	41 946	53 543	53 543	51 066	48 575	48 575
Infrastructure transfers: Capital	3 736 301	3 554 660	3 866 130	3 036 813	3 366 090	3 363 390	3 018 758	2 678 708	2 807 766
<b>Infrastructure: Payments for financial assets</b>	<b>-</b>	<b>-</b>	<b>474 842</b>	<b>-</b>	<b>-</b>	<b>539 030</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Infrastructure: Leases</b>	<b>630 199</b>	<b>453 336</b>	<b>474 842</b>	<b>558 141</b>	<b>528 055</b>	<b>539 030</b>	<b>525 588</b>	<b>560 669</b>	<b>586 179</b>
<b>Non infrastructure</b>	<b>2 863 148</b>	<b>3 064 859</b>	<b>2 620 097</b>	<b>2 996 770</b>	<b>2 723 900</b>	<b>2 255 696</b>	<b>3 238 442</b>	<b>3 210 795</b>	<b>3 268 154</b>
<b>Total</b>	<b>17 649 384</b>	<b>17 873 766</b>	<b>17 876 640</b>	<b>17 102 207</b>	<b>16 842 664</b>	<b>16 431 351</b>	<b>18 247 880</b>	<b>17 145 851</b>	<b>18 048 749</b>
<i>Capital infrastructure</i>	<i>10 947 555</i>	<i>9 377 759</i>	<i>9 819 470</i>	<i>10 422 621</i>	<i>9 941 878</i>	<i>9 865 004</i>	<i>10 855 378</i>	<i>9 831 322</i>	<i>10 531 305</i>
<i>Current infrastructure</i>	<i>3 838 681</i>	<i>5 431 148</i>	<i>5 437 073</i>	<i>3 682 816</i>	<i>4 176 886</i>	<i>4 310 651</i>	<i>4 154 060</i>	<i>4 103 734</i>	<i>4 249 290</i>

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

Table 5.12 shows the infrastructure payments and estimates by Vote. Four departments contribute the most in terms of the budget allocated to infrastructure, namely DOT, DOHS, DOE and DOH.

**Table 5.12 : Summary of infrastructure payments and estimates by Vote**

R thousand	Audited Outcome			Main Appropriation	Adjusted Appropriation 2024/25	Revised Estimate	Medium-term Estimates		
	2021/22	2022/23	2023/24				2025/26	2026/27	2027/28
1. Office of the Premier	48 079	24 913	17 261	21 154	21 154	22 454	20 140	22 031	23 022
2. Provincial Legislature	27 632	23 936	9 990	13 827	13 827	13 838	11 635	12 171	13 418
3. Agriculture and Rural Development	197 969	132 589	198 099	160 858	284 477	200 379	242 680	121 921	111 941
4. Economic Dev, Tourism and Enviro Affairs	274 944	273 368	152 203	106 324	119 085	114 180	42 035	43 969	45 948
5. Education	2 901 078	2 926 929	3 151 070	2 862 443	2 846 945	2 846 945	3 066 425	3 145 067	3 498 049
6. Provincial Treasury	22 858	18 009	23 543	25 600	25 460	25 586	26 733	27 962	29 220
7. Health	2 127 864	1 993 157	2 012 703	2 205 242	2 211 300	2 172 223	2 403 908	2 362 805	2 412 452
8. Human Settlements	3 303 131	3 296 974	3 676 578	3 141 089	3 413 940	3 413 940	3 144 815	2 841 460	2 969 487
9. Community Safety and Liaison	8 390	11 052	15 334	12 269	11 869	11 869	12 500	12 589	13 223
10. Sport, Arts and Culture	197 372	162 842	165 347	166 627	172 559	173 283	214 019	179 953	156 346
11. Co-operative Governance and Traditional Affairs	333 360	264 817	168 275	67 839	100 520	100 520	52 086	70 660	90 178
12. Transport	7 968 437	8 525 372	8 102 134	8 108 772	7 434 488	7 131 108	8 798 110	8 080 551	8 450 641
13. Social Development	191 003	161 526	121 897	182 305	159 182	177 168	183 661	190 111	198 666
14. Public Works and Infrastructure	47 267	58 282	62 206	27 858	27 858	27 858	29 133	34 601	36 158
<b>Total</b>	<b>17 649 384</b>	<b>17 873 766</b>	<b>17 876 640</b>	<b>17 102 207</b>	<b>16 842 664</b>	<b>16 431 351</b>	<b>18 247 880</b>	<b>17 145 851</b>	<b>18 048 749</b>

## 5.6 Public Private Partnerships (PPP)

The following gives an update on the PPPs in KZN.

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

The Inkosi Albert Luthuli Central Hospital (IALCH) opened its doors on 28 June 2002 after the successful completion of the PPP agreement between DOH and Impilo Consortium (Pty) Ltd. This agreement was for a 15-year period. At the end of this period, DOH had not finalised a new contract and

approached National Treasury for an extension of the contract. The final extension of the contract ended in March 2024.

DOH successfully completed another PPP agreement and financial close was achieved in May 2024. This new agreement is with Impilo Consortium (Pty) Ltd and will run for a period of 12 years. The last three years of the contract are also to cover the exit process of the private party to the contract.

***Department of Public Works and Infrastructure – KZN Government Precinct and KZN Government Legislature***

The KZN Government Precinct and KZN Legislature Precinct project was advertised by DOPWI utilising the normal procurement process. At this point the project is not considered as a PPP project.

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

The KwaDukuza Municipality PPP agreement with Dolphin Coast Waste Management for refuse removal is ongoing. Provincial Treasury continues to offer support to the municipality through quarterly steering committee engagements. To date, the private party has delivered in line with the terms of the agreement.

***iLembe District Municipality – Water and Sanitation***

The PPP concession agreement between the iLembe District Municipality and Siza Water Company is a 30-year agreement signed in 1999. The project is being implemented in line with the terms and conditions of the contract. The project includes the management, and implementation of the water and sanitation services on a concession basis.

The 30-year concession comes to an end in 2029 and the municipality is putting in place an exit strategy from this concession. Provincial Treasury and the Government Technical Advisory Centre (GTAC) of the National Treasury are supporting the municipality in monitoring the performance of the contract.

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

The industrial growth in the uMhlathuze Municipality brought to light challenges with reliable and sustainable water supply for the industries. In this regard, the municipality is looking at water re-use to supplement the water supply in the area and have considered using a PPP to deliver this service. The municipality has conducted and completed the feasibility study which included the views and recommendations from National Treasury and Provincial Treasury. Both Treasuries supported the project. The municipality proceeded to draft procurement documentation and was expecting to go to the market in 2023/24, but there were delays in this regard. 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 industrial and economic growth within the uMhlathuze Municipality brought to the fore the long-term sustainability of the current Richards Bay airport. The municipality undertook a pre-feasibility study in response to this concern. The situation was exacerbated by ongoing difficulties presented by the current concession arrangement under which the airport is operated and managed, which is scheduled to end in the near future.

The municipality appointed a Transaction Advisor to commence with the feasibility study which was supposed to be finished in 2023/24. The draft feasibility study was done and submitted to the project steering committee. The project has experienced various delays from the municipality's side. In 2024/25, the municipality indicated that the project is still in the pipeline and resumed contact with Provincial Treasury in this regard. EDTEA is on board to support the project in line with the provincial aerotropolis masterplan. The PPP unit in Provincial Treasury will continue with its compliance monitoring, support and evaluation function as per the requirements of the MFMA.

***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 forms part of a holistic and integrated transport network and the need to advance the use of public transport in the province. 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 challenged the process. The matter is being handled by both EDTEA and Provincial Treasury, as both departments are respondents to the court challenge. The matter is set down for hearing in April 2025.

## 5.7 Transfers

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

Table 5.13 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 provincial public entities, of which two are listed in the PFMA as Schedule 3D entities, 13 as Schedule 3C entities. In 2025/26, the province plans to transfer R2.691 billion to public entities. The transfers to public entities provide for operational costs, as well as specific capital projects, and various support initiatives to facilitate economic recovery and to restore investor confidence. The province will also transfer R5.571 billion to other entities in 2025/26.

**Table 5.13 : Summary of transfers to public entities (listed i.t.o Schedule 3 of the PFMA) and other entities**

R thousand	Audited Outcome			Main Appropriation	Adjusted Appropriation	Revised Estimate	Medium-term Estimates		
	2021/22	2022/23	2023/24	2024/25			2025/26	2026/27	2027/28
<b>Transfers to public entities</b>	<b>2 816 688</b>	<b>2 673 389</b>	<b>2 553 538</b>	<b>2 583 723</b>	<b>2 633 488</b>	<b>2 633 488</b>	<b>2 690 764</b>	<b>2 784 876</b>	<b>2 927 743</b>
<b>Vote 1 : Office of the Premier</b>	<b>46 163</b>	<b>24 888</b>	<b>57 583</b>	<b>26 337</b>	<b>36 337</b>	<b>36 337</b>	<b>27 517</b>	<b>28 783</b>	<b>30 078</b>
Zulu Royal House Trust	46 163	24 888	57 583	26 337	36 337	36 337	27 517	28 783	30 078
<b>Vote 3 : Agriculture and Rural Dev.</b>	<b>210 776</b>	<b>219 963</b>	<b>201 853</b>	<b>201 205</b>	<b>206 205</b>	<b>206 205</b>	<b>214 199</b>	<b>219 963</b>	<b>226 949</b>
Agri-business Development Agency	210 776	219 963	201 853	201 205	206 205	206 205	214 199	219 963	226 949
<b>Vote 4 : Economic Dev., Tourism and Enviro. Affairs</b>	<b>2 480 389</b>	<b>2 362 524</b>	<b>2 237 102</b>	<b>2 305 581</b>	<b>2 340 546</b>	<b>2 340 546</b>	<b>2 400 978</b>	<b>2 488 060</b>	<b>2 622 646</b>
KwaZulu-Natal Amafa and Heritage Institute	-	-	-	-	-	-	4 000	3 000	4 000
Dube TradePort Corporation (DTPC)	477 537	488 991	433 281	488 120	488 620	488 620	513 101	538 908	566 024
Ezemvelo KwaZulu-Natal Wildlife	881 657	854 830	900 770	924 449	924 964	924 964	968 156	1 012 345	1 057 878
Moses Kotane Research Institute	56 125	56 608	59 055	58 667	61 367	61 367	60 546	61 650	64 424
KwaZulu-Natal Growth Fund Agency	285 781	69 115	45 579	39 720	69 720	69 720	39 947	40 337	42 152
KwaZulu-Natal Economic Regulatory Authority	138 743	138 892	141 928	143 038	143 038	143 038	149 626	156 428	163 467
KwaZulu-Natal Tourism and Film Authority	226 424	272 454	253 097	248 747	258 747	258 747	257 515	268 176	288 331
KwaZulu-Natal Sharks Board	70 245	71 443	69 663	70 159	80 159	80 159	73 442	76 757	80 211
Trade and Investment KwaZulu-Natal	98 306	168 336	103 592	103 057	103 307	103 307	111 305	103 993	119 502
Ithala Development Finance Corporation	138 382	131 910	102 022	99 288	80 288	80 288	86 904	83 871	87 645
Richards Bay Industrial Development Zone	107 189	109 945	128 115	130 336	130 336	130 336	136 436	142 595	149 012
<b>Vote 10 : Sport, Arts and Culture</b>	<b>66 360</b>	<b>66 014</b>	<b>57 000</b>	<b>50 600</b>	<b>50 400</b>	<b>50 400</b>	<b>48 070</b>	<b>48 070</b>	<b>48 070</b>
KZN Amafa and Research Institute	57 786	57 515	50 000	45 000	45 000	45 000	42 750	42 750	42 750
The Playhouse Company	8 574	8 499	7 000	5 600	5 400	5 400	5 320	5 320	5 320
<b>Vote 11 : COGTA</b>	<b>13 000</b>	-	-	-	-	-	-	-	-
Agri-business Development Agency	13 000	-	-	-	-	-	-	-	-
<b>Transfers to other entities</b>	<b>5 177 825</b>	<b>5 108 519</b>	<b>5 072 498</b>	<b>5 172 232</b>	<b>5 190 200</b>	<b>5 182 383</b>	<b>5 570 791</b>	<b>5 489 659</b>	<b>5 686 886</b>
1. Office of the Premier	50 000	-	100 000	-	75 000	75 000	-	-	-
2. Provincial Legislature	317	386	201	327	327	327	342	358	374
3. Agriculture and Rural Development	152 293	109 935	93 398	83 434	93 836	93 836	95 704	3 767	3 937
4. Economic Dev., Tourism and Enviro. Affairs	31 891	25 579	42 158	26 746	26 519	26 519	24 408	23 710	23 997
5. Education	2 517 035	2 175 518	2 224 580	2 596 355	2 320 323	2 320 323	2 735 188	2 854 431	2 983 076
6. Provincial Treasury	1 111	1 361	1 506	1 308	1 291	1 300	625	597	624
7. Health	57 478	63 440	66 114	67 693	67 693	64 882	70 726	73 979	77 308
8. Human Settlements	166 701	182 596	160 211	156 837	150 723	150 723	190 370	148 674	134 610
9. Community Safety and Liaison	-	-	-	-	-	-	-	-	-
10. Sport, Arts and Culture	81 280	98 530	86 862	87 535	82 692	82 692	86 243	86 333	88 338
11. Co-operative Governance and Traditional Affairs	19 820	43 433	71 052	250	-	-	-	250	250
12. Transport	1 428 269	1 675 590	1 509 448	1 456 074	1 686 074	1 683 354	1 671 306	1 591 009	1 662 949
13. Social Development	671 630	732 151	716 968	695 673	685 722	683 427	695 879	706 551	711 423
14. Public Works and Infrastructure	-	-	-	-	-	-	-	-	-
<b>Total</b>	<b>7 994 513</b>	<b>7 781 908</b>	<b>7 626 036</b>	<b>7 755 955</b>	<b>7 823 688</b>	<b>7 815 871</b>	<b>8 261 555</b>	<b>8 274 535</b>	<b>8 614 629</b>

KZN will continue with the implementation of the Rationalisation of public entities process. Key milestones achieved include the enactment of the following legislation:

- KZN Economic Regulatory Authority Act, merging the Boards of the KZN Liquor Authority (KZNLA) and the KZN Gaming and Betting Board (KZNGBB).
- KZN Tourism and Audio-Visual Agency Act, in order to establish one entity to perform the powers, roles and functions of the KwaZulu-Natal Film Commission (KZNFC) and the KZN Tourism Authority (TKZN).
- KZN Growth Fund Agency Act, to convert the private Trust to a provincial public entity.
- Moses Kotane Research Institute Act, to convert the non-profit company to a provincial public entity.

The KZN Environmental Biodiversity, Protected Areas and Human Interaction Management Bill, 2021, which incorporates the functions of the KZN Sharks Board (KZNSB) into EKZNW, is currently being amended to address human wildlife conflict issues.

## 5.7.2 Transfers to local government

Table 5.14 provides a summary of provincial transfers to local government by category, with Table 5.15 presenting a summary by grant type.

**Table 5.14 : Summary of transfers to local government by category**

R thousand	Audited Outcome			Main	Adjusted	Revised	Medium-term Estimates		
	2021/22	2022/23	2023/24	Appropriation	Appropriation	Estimate	2025/26	2026/27	2027/28
Category A	714 696	923 806	877 102	695 520	804 079	724 559	912 892	1 264 812	1 528 659
Category B	1 091 448	1 002 271	1 277 810	743 386	1 044 179	1 114 586	813 343	813 448	849 436
Category C	157 032	83 912	10 107	3 655	1 917	11 230	3 457	2 319	2 519
Unallocated	-	-	-	5 800	3 200	3 200	13 300	24 000	29 000
<b>Total</b>	<b>1 963 176</b>	<b>2 009 989</b>	<b>2 165 019</b>	<b>1 448 361</b>	<b>1 853 375</b>	<b>1 853 575</b>	<b>1 742 992</b>	<b>2 104 579</b>	<b>2 409 615</b>

**Table 5.15 : Summary of transfers to local government by department and grant type**

R thousand	Audited Outcome			Main	Adjusted	Revised	Medium-term Estimates		
	2021/22	2022/23	2023/24	Appropriation	Appropriation	Estimate	2025/26	2026/27	2027/28
<b>Vote 3 : Agriculture and Rural Dev.</b>	-	-	-	6	6	6	-	-	-
OSCA - Rates	-	-	-	6	6	6	-	-	-
<b>Vote 4 : Economic Dev., Tourism and Enviro. Affairs</b>	<b>71 433</b>	<b>72 700</b>	<b>50 000</b>	<b>21 700</b>	<b>29 200</b>	<b>29 200</b>	<b>28 041</b>	<b>31 100</b>	<b>39 800</b>
Infrastructure Economic Development	14 017	17 300	20 300	9 900	15 900	15 900	13 991	15 000	20 000
Municipal Employment Initiative	3 000	14 000	6 000	2 000	-	-	4 250	6 000	6 000
Redtape Reduction	-	-	-	-	-	-	-	3 000	3 000
uMdoni SMME and Co-operative Support Prog.	-	-	-	-	-	-	1 000	-	-
KwaMajomela Light Manuf. Centre	7 821	-	-	-	-	-	-	-	-
Margate Airport	-	5 000	2 000	500	3 500	3 500	-	-	-
Newcastle Airport	2 000	3 000	-	-	-	-	-	-	-
Mkuze Airport	31 000	-	-	-	-	-	-	-	-
Pietermaritzburg Airport	-	3 000	3 000	500	500	500	-	-	-
Richards Bay Airport	-	1 000	-	500	500	500	-	-	-
Prince Mangosuthu Buthelezi Airport	-	500	2 000	-	-	-	500	600	800
uTshwayelo Aquaculture	1 720	1 000	-	-	-	-	-	-	-
Cannabis/Hemp Commercialisation	-	-	-	-	-	-	5 000	6 500	10 000
Long Term Development Strategy	2 000	2 000	1 000	500	-	-	-	-	-
Sibhudu Caves, KwaShushu Hotspots	1 000	-	-	-	-	-	-	-	-
Balele Game Reserve	-	6 500	3 000	-	-	-	-	-	-
Koppie Alleen Guesthouse	2 500	-	-	-	-	-	-	-	-
Inkosi uMtabatuba Information Centre	6 000	6 500	3 000	2 000	-	-	-	-	-
Highover Game Reserve	-	3 000	-	-	2 000	2 000	-	-	-
Beach Development	-	2 500	2 500	-	-	-	-	-	-
Greenest Municipality Competition	375	4 900	1 800	2 600	3 600	3 600	-	-	-
Green and Smart Municipality Comp.	-	-	2 400	2 000	2 000	2 000	-	-	-
Transformative River Management Prog.	-	-	-	1 200	1 200	1 200	1 300	-	-
Natural Resource Management Comp.	-	2 500	3 000	-	-	-	-	-	-
Integrated Environmental Management Tool	-	-	-	-	-	-	2 000	-	-
<b>Vote 7 : Health</b>	<b>249 303</b>	<b>263 662</b>	<b>271 839</b>	<b>286 945</b>	<b>286 351</b>	<b>286 351</b>	<b>299 800</b>	<b>306 096</b>	<b>319 908</b>
Subsidy: Municipal clinics	249 303	263 662	271 839	286 945	286 351	286 351	299 800	306 096	319 908
<b>Vote 8 : Human Settlements</b>	<b>70 505</b>	<b>136 847</b>	<b>134 878</b>	<b>39 471</b>	<b>49 471</b>	<b>49 471</b>	<b>68 591</b>	<b>85 864</b>	<b>85 864</b>
Accredited municipalities	45 505	86 847	49 178	39 471	49 471	49 471	48 591	45 864	45 864
CRU programme	25 000	50 000	85 700	-	-	-	20 000	40 000	40 000
<b>Vote 10 : Sport, Arts and Culture</b>	<b>335 324</b>	<b>266 971</b>	<b>265 968</b>	<b>338 809</b>	<b>379 525</b>	<b>379 725</b>	<b>388 619</b>	<b>382 204</b>	<b>397 139</b>
Art Centres (Operational costs)	1 911	2 867	1 911	1 911	1 911	1 911	1 719	1 719	1 719
Museum subsidies	13 012	11 530	5 605	12 758	12 061	12 261	13 454	14 082	14 720
Provincialisation of libraries	190 763	186 535	162 929	202 329	228 202	228 202	206 904	216 177	226 272
Community Library Serv. grant	58 999	63 728	59 562	77 748	77 748	77 748	83 507	87 515	91 716
Maintenance	900	2 311	1 860	2 475	2 475	2 475	2 475	2 711	2 711
Infrastructure	69 739	-	34 101	41 588	57 128	57 128	80 560	60 000	60 000
<b>Vote 11 : COGTA</b>	<b>188 020</b>	<b>178 100</b>	<b>86 605</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
Municipal Excellence Awards	-	2 000	-	-	-	-	-	-	-
Corridor Development prog.	-	11 200	-	-	-	-	-	-	-
Small Town Rehabilitation prog.	33 920	67 900	17 100	-	-	-	-	-	-
CSC Infrastructure Support	7 500	-	-	-	-	-	-	-	-
Co-operative support for LED	-	10 000	-	-	-	-	-	-	-
Massification prog.	22 600	20 000	63 009	-	-	-	-	-	-
Roll-over (AU donor funds)	-	-	2 496	-	-	-	-	-	-
Water Intervention prog.	124 000	57 000	-	-	-	-	-	-	-
Disaster Management prog.	-	10 000	4 000	-	-	-	-	-	-
<b>Vote 12 : Transport</b>	<b>-</b>	<b>30 000</b>	<b>169 903</b>	<b>-</b>	<b>21 597</b>	<b>21 597</b>	<b>-</b>	<b>-</b>	<b>-</b>
Road rehabilitation projects	-	-	167 499	-	20 000	20 000	-	-	-
Int. public transport facility	-	30 000	-	-	-	-	-	-	-
Transport and logistics plans	-	-	2 404	-	1 597	1 597	-	-	-
<b>Vote 14 : Public Works and Infrastructure</b>	<b>1 048 591</b>	<b>1 061 709</b>	<b>1 185 826</b>	<b>761 430</b>	<b>1 087 225</b>	<b>1 087 225</b>	<b>957 941</b>	<b>1 299 315</b>	<b>1 566 904</b>
Property rates	1 048 591	1 061 709	1 185 826	761 430	1 087 225	1 087 225	957 941	1 299 315	1 566 904
<b>Total</b>	<b>1 963 176</b>	<b>2 009 989</b>	<b>2 165 019</b>	<b>1 448 361</b>	<b>1 853 375</b>	<b>1 853 575</b>	<b>1 742 992</b>	<b>2 104 579</b>	<b>2 409 615</b>

## 5.8 Personnel numbers and costs

Table 5.16 provides personnel numbers and the total personnel costs. The social sector departments received additional funding from the equitable share and conditional grants for funding pressures, as well as funds for the gap of the 2025 wage agreement that departments were told to budget for.

**Table 5.16 : Summary of personnel numbers and costs by Vote**

Personnel numbers	As at						
	31 March 2021	31 March 2022	31 March 2023	31 March 2024	31 March 2025	31 March 2026	31 March 2027
1. Office of the Premier	541	551	553	542	571	571	571
2. Provincial Legislature	282	282	282	282	284	286	286
3. Agriculture and Rural Development	2 868	3 125	2 979	2 847	3 087	3 083	3 083
4. Economic Development, Tourism and Enviro Affairs	875	947	1 015	1 127	1 201	1 201	1 201
5. Education	198 115	171 156	129 721	133 349	133 349	133 349	133 349
6. Provincial Treasury	473	582	582	506	618	618	618
7. Health	82 400	80 600	80 600	80 600	80 600	80 600	80 600
8. Human Settlements	593	661	668	569	554	554	554
9. Community Safety and Liaison	225	225	213	227	227	227	227
10. Sport, Arts and Culture	1 185	1 204	1 353	1 372	1 216	1 216	1 210
11. Co-operative Governance and Traditional Affairs	1 928	2 231	1 852	1 623	1 798	1 804	1 804
12. Transport	3 557	3 920	6 019	9 678	9 678	9 678	9 678
13. Social Development	6 539	6 392	5 991	5 764	4 944	4 944	4 944
14. Public Works and Infrastructure	1 527	1 479	1 394	4 377	1 995	1 620	1 987
<b>Total</b>	<b>301 108</b>	<b>273 355</b>	<b>233 222</b>	<b>242 863</b>	<b>240 122</b>	<b>239 751</b>	<b>240 112</b>
Total personnel cost (R thousand)	88 766 638	91 350 479	95 099 317	98 718 022	101 064 578	105 666 823	110 821 856
Unit cost (R thousand)	295	334	408	406	421	441	462

## 5.9 Information on training

Table 5.17 provides a summary of the amounts spent by departments on training. Departments are required by the Skills Development Act to budget at least 1 per cent of its salary expenses on staff training. The average percentage budgeted over the 2025/26 MTEF is 1.9 per cent and this includes various types of training.

**Table 5.17 : Summary of payments and estimates on training by Vote**

R thousand	Audited Outcome			Main	Adjusted	Revised	Medium-term Estimates		
	2021/22	2022/23	2023/24	Appropriation	Appropriation	Estimate	2025/26	2026/27	2027/28
				2024/25					
1. Office of the Premier	1 343	1 057	1 609	1 938	2 766	2 142	3 362	3 039	3 176
2. Provincial Legislature	930	1 164	426	3 504	3 504	3 504	3 661	3 829	4 001
3. Agriculture and Rural Development	9 841	12 895	10 063	13 978	16 844	14 645	15 404	15 035	15 774
4. Economic Development, Tourism and Enviro Affairs	3 624	7 146	13 876	15 715	22 479	22 482	18 006	17 362	18 144
5. Education	107 216	244 932	171 331	419 400	364 631	330 180	426 051	445 649	465 701
6. Provincial Treasury	732	1 536	3 027	2 213	2 686	2 368	2 510	2 412	2 520
7. Health	1 362 187	1 338 906	1 545 036	1 552 250	1 552 250	1 480 828	1 589 963	1 658 995	1 753 204
8. Human Settlements	1 597	12 908	15 107	4 918	7 925	7 673	5 952	2 717	2 832
9. Community Safety and Liaison	157	795	130	1 492	1 492	1 501	1 515	1 585	2 493
10. Sport, Arts and Culture	3 387	3 611	1 167	5 755	5 105	3 841	9 214	9 622	10 038
11. Co-operative Governance and Traditional Affairs	1 088	2 058	1 666	1 000	6 927	1 582	2 000	1 000	2 000
12. Transport	995	3 717	11 711	5 332	5 332	53 905	5 538	5 793	6 053
13. Social Development	15 344	16 150	14 179	17 255	20 717	17 149	20 844	20 223	21 528
14. Public Works and Infrastructure	2 375	3 822	4 001	3 713	3 713	3 713	3 880	4 081	4 265
<b>Total</b>	<b>1 510 816</b>	<b>1 650 697</b>	<b>1 793 329</b>	<b>2 048 463</b>	<b>2 016 371</b>	<b>1 945 513</b>	<b>2 107 900</b>	<b>2 191 342</b>	<b>2 311 729</b>

Table 5.18 reflects departmental payments on training per programme over the seven-year period.

**Table 5.18 : Information on training**

	Audited Outcome			Main	Adjusted	Revised	Medium-term Estimates		
	2021/22	2022/23	2023/24	Appropriation	Appropriation	Estimate	2025/26	2026/27	2027/28
				2024/25					
Number of staff	301 108	273 355	233 222	242 863	242 863	242 863	240 122	239 751	240 112
Number of personnel trained	77 355	78 626	78 696	75 963	73 356	75 006	74 413	74 643	74 915
of which									
Male	36 209	36 789	36 885	35 413	34 369	35 034	34 724	34 832	34 938
Female	41 146	41 837	41 811	40 550	38 987	39 972	39 689	39 811	39 977
Number of training opportunities	85 566	85 912	85 964	82 647	81 527	82 887	81 688	81 698	81 778
of which									
Tertiary	8 739	8 794	8 829	8 769	8 660	8 661	8 675	8 677	8 699
Workshops	6 974	7 159	7 330	5 416	4 036	4 034	3 486	3 483	3 500
Seminars	637	639	635	622	627	631	648	644	660
Other	69 216	69 320	69 170	67 840	68 204	69 561	68 879	68 894	68 919
Number of bursaries offered	2 999	3 061	3 076	3 021	2 775	2 825	3 972	4 012	4 032
Number of interns appointed	1 765	1 798	1 781	2 189	1 898	1 956	2 497	2 497	2 538
Number of learnerships appointed	525	520	997	924	990	990	986	1 036	1 036
Number of days spent on training	5 528	5 508	5 861	5 259	5 265	2 931	2 665	2 665	2 665

## 6. MEASURING PERFORMANCE IN GOVERNMENT

The Department of Performance, Monitoring and Evaluation 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 Strategic Plans and Annual Performance Plans (APPs).

Uniform budget and programme structures for 2025/26 are applicable to each department. Note that OTP, Provincial Treasury and COGTA do not fully comply with the uniform structures at this stage. However, these deviations were approved by National Treasury.

The recommendations of the Rationalisation process was implemented in 2024/25, with various Acts being passed in the Provincial Legislature in May 2024, which saw the merger of TKZN and the KZNFC, into the KZN Tourism and Film Agency, and the merger of the Accounting Authorities of the KZNLA and the KZNGBB, to become the KZN Economic Regulatory Entity (KZNERA). The joint APPs of the new entities were not formally tabled during the 2024/25 Adjustments Estimate process, as the entities were still implementing transitional measures. The APPs for 2025/26 will be ready for tabling for the 2025/26 MTEF.

The KZN Growth Fund Agency Bill, which converted the private KZN Growth Fund Trust to a provincial public entity, and the Moses Kotane Research Institute Bill, which converted the Moses Kotane Research Institute from a non-profit company to a PFMA Schedule 3C provincial public entity, were assented to by the Premier, and these entities will also formally table their new APPs in line with the revised mandates and corporate forms, as part of their 2025/26 budgets. The OTP has indicated that, although it renders support to the entities in preparing the Strategic Plans and APPs, it does not have the capacity to evaluate non-financial performance against the set targets, and this role is currently being undertaken by the shareholder/transferring departments.

As with the uniform budget structures, performance information is also standardised in a number of sectors. Currently these include DOE, DOH, DSD, COGTA, DARD, DOHS, DCSL, DOT, DOPWI and DSAC and these standardised measures are included in each chapter of the *EPRE*. With regard to OTP, the Provincial Legislature, EDTEA, and Provincial Treasury, 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 2024/25	Revised Estimate	Medium-term Estimates		
	2021/22	2022/23	2023/24				2025/26	2026/27	2027/28
<b>Tax receipts</b>	<b>2 725 530</b>	<b>2 748 061</b>	<b>2 907 711</b>	<b>3 181 031</b>	<b>3 181 031</b>	<b>3 090 594</b>	<b>3 143 888</b>	<b>3 272 602</b>	<b>3 419 869</b>
Casino taxes	464 108	580 439	577 492	607 591	607 591	607 591	637 970	669 869	700 013
Horse racing taxes	133 621	131 274	144 409	116 074	116 074	116 074	117 116	118 171	123 489
Liquor licences	23 840	34 704	30 000	33 172	33 172	33 172	34 658	36 252	37 883
Motor vehicle licences	2 103 961	2 001 644	2 155 810	2 424 194	2 424 194	2 333 757	2 354 144	2 448 310	2 558 484
<b>Sale of goods and services other than capital assets</b>	<b>401 476</b>	<b>498 023</b>	<b>514 222</b>	<b>542 417</b>	<b>542 417</b>	<b>494 075</b>	<b>539 130</b>	<b>580 807</b>	<b>604 810</b>
Sale of goods and services produced by dept. (excl. capital assets)	400 749	497 158	513 161	540 962	540 842	492 044	538 110	579 777	603 735
Sales by market establishments	29 258	30 262	31 486	49 733	47 840	32 475	30 007	31 748	33 075
Administrative fees	87 549	134 722	176 264	103 965	110 269	160 445	179 924	193 671	202 391
Other sales	283 942	332 174	305 411	387 264	382 733	299 124	328 179	354 358	368 269
<i>of which</i>									
<i>Commission</i>	86 227	87 224	89 993	96 263	96 263	96 052	99 660	103 989	106 518
<i>Health patient fees</i>	132 872	136 905	139 401	170 221	170 221	116 557	152 110	161 000	168 245
<i>Tuition fees</i>	13 308	7 843	9 224	9 451	9 451	12 148	9 876	10 330	10 805
<i>Other</i>	74 524	69 191	67 357	81 691	81 691	67 884	72 381	74 036	77 379
Sale of scrap, waste, arms and other used current goods (excluding capital assets)	727	865	1 061	1 455	1 575	2 031	1 020	1 030	1 075
<b>Transfers received from:</b>	<b>1 017</b>	<b>328</b>	<b>355</b>	<b>-</b>	<b>-</b>	<b>510</b>	<b>-</b>	<b>-</b>	<b>-</b>
Foreign governments	2	-	-	-	-	-	-	-	-
Public corporations and private enterprises	1 015	328	355	-	-	510	-	-	-
<b>Fines, penalties and forfeits</b>	<b>71 272</b>	<b>171 600</b>	<b>170 251</b>	<b>25 271</b>	<b>25 271</b>	<b>154 198</b>	<b>173 038</b>	<b>176 886</b>	<b>184 845</b>
<b>Interest, dividends and rent on land</b>	<b>286 695</b>	<b>356 317</b>	<b>549 216</b>	<b>326 330</b>	<b>326 330</b>	<b>331 987</b>	<b>342 076</b>	<b>359 272</b>	<b>377 272</b>
Interest	286 399	356 102	549 059	325 961	325 972	331 587	341 735	358 915	376 899
Dividends	34	38	-	43	30	30	31	33	34
Rent on land	262	177	157	326	328	370	310	324	339
<b>Sale of capital assets</b>	<b>33 092</b>	<b>50 756</b>	<b>32 558</b>	<b>21 564</b>	<b>21 564</b>	<b>21 736</b>	<b>16 845</b>	<b>18 832</b>	<b>19 544</b>
Other capital assets	33 092	50 756	32 558	21 564	21 564	21 736	16 845	18 832	19 544
<b>Transactions in financial assets and liabilities</b>	<b>127 148</b>	<b>167 074</b>	<b>330 536</b>	<b>80 247</b>	<b>80 247</b>	<b>97 299</b>	<b>77 886</b>	<b>80 951</b>	<b>83 641</b>
<b>Total</b>	<b>3 646 230</b>	<b>3 992 159</b>	<b>4 504 849</b>	<b>4 176 860</b>	<b>4 176 860</b>	<b>4 190 399</b>	<b>4 292 863</b>	<b>4 489 350</b>	<b>4 689 981</b>

Overview of Provincial Revenue and Expenditure

Table 1.B : Details of payments and estimates by economic classification

R thousand	Audited Outcome			Main Appropriation	Adjusted Appropriation	Revised Estimate	Medium-term Estimates		
	2021/22	2022/23	2023/24	2024/25	2024/25	2024/25	2025/26	2026/27	2027/28
<b>Current payments</b>	<b>118 374 569</b>	<b>124 394 554</b>	<b>129 764 399</b>	<b>128 764 316</b>	<b>129 681 873</b>	<b>135 331 611</b>	<b>135 546 779</b>	<b>141 537 385</b>	<b>147 996 601</b>
Compensation of employees	88 766 638	91 350 479	95 099 317	95 010 331	94 804 707	98 718 022	101 064 578	105 666 823	110 821 856
Salaries and wages	77 201 359	79 340 831	81 970 889	81 746 976	81 452 709	84 744 918	86 977 730	90 916 964	95 376 609
Social contributions	11 565 279	12 009 648	13 128 428	13 263 355	13 351 998	13 973 104	14 086 848	14 749 859	15 445 248
Goods and services	29 605 685	33 034 709	34 658 858	33 753 301	34 876 553	36 604 472	34 481 490	35 869 819	37 173 969
Administrative fees	132 374	165 539	220 557	191 068	209 575	217 128	199 019	207 023	216 452
Advertising	217 520	193 213	213 482	222 187	192 687	210 089	251 730	268 500	289 488
Minor assets	59 992	66 416	40 341	214 780	139 714	96 737	183 789	141 567	148 229
Audit costs: External	133 586	169 867	194 405	198 610	198 148	230 834	201 144	200 901	208 883
Bursaries: Employees	18 508	22 165	25 693	31 924	43 682	37 910	44 084	50 280	52 747
Catering: Departmental activities	124 425	199 499	213 997	194 527	218 626	211 616	213 179	229 263	240 476
Communication (G&S)	339 144	360 248	364 664	402 835	401 004	448 981	445 823	458 844	483 462
Computer services	853 607	867 849	1 255 985	1 405 858	1 621 705	1 762 808	1 261 157	1 076 387	1 127 607
Consultants: Business and advisory services	1 358 889	1 278 972	1 378 152	1 751 711	1 654 994	1 555 564	1 779 822	1 815 862	1 893 551
Infrastructure and planning services	198 417	180 920	63 388	252 891	88 363	61 932	169 210	264 270	265 273
Laboratory services	2 845 608	2 558 504	2 196 044	3 077 364	2 869 097	3 028 419	2 948 731	3 091 769	3 231 281
Legal services (G&S)	166 811	181 928	175 724	193 656	217 682	221 118	184 398	184 398	200 768
Contractors	2 551 390	3 865 624	3 547 010	2 556 324	2 586 837	2 473 012	2 745 745	2 559 424	2 469 478
Agency and support/outourced services	3 082 771	3 331 491	3 620 413	3 575 479	3 837 942	3 834 515	3 729 993	3 874 853	4 070 348
Entertainment	1 045	66	79	297	870	814	628	630	658
Fleet services (including government motor transport)	819 740	1 082 874	1 180 188	940 832	947 572	1 277 484	1 000 265	1 056 622	1 106 629
Inventory: Clothing material and accessories	97 161	76 454	85 920	73 413	92 673	77 507	98 501	102 974	107 564
Inventory: Farming supplies	192 920	133 589	119 315	57 893	77 027	81 477	100 750	107 156	111 934
Inventory: Food and food supplies	127 465	138 230	157 143	168 307	200 582	173 451	199 952	210 001	219 179
Inventory: Fuel, oil and gas	173 527	366 192	367 331	354 455	323 458	294 673	313 083	330 942	345 852
Inventory: Learner and teacher support material	666 301	714 342	691 263	616 748	763 350	740 770	541 476	713 522	745 621
Inventory: Materials and supplies	110 465	134 771	155 166	111 947	118 803	137 590	114 807	127 956	134 723
Inventory: Medical supplies	2 369 903	2 507 319	2 708 680	2 155 794	2 471 184	2 805 829	2 442 759	2 522 039	2 635 435
Inventory: Medicine	4 086 842	4 256 591	3 975 956	4 335 760	4 157 476	4 255 596	4 200 516	4 474 846	4 676 703
Medcass inventory interface	-	-	11 617	250	-	-	-	-	-
Inventory: Other supplies	616 967	654 318	666 643	1 071 871	1 032 178	1 087 123	1 009 998	1 233 338	1 097 282
Consumable supplies	541 762	387 128	378 828	353 992	368 722	431 250	362 714	382 434	403 354
Consumables: Stationery, printing and office supplies	190 177	207 578	254 539	249 660	242 391	236 184	254 436	270 810	284 883
Operating leases	798 064	636 110	675 545	792 719	747 274	733 096	743 178	832 128	869 314
Rental and hiring	25 516	54 915	71 475	46 411	264 416	65 500	49 627	45 325	47 349
Property payments	4 677 794	5 596 186	6 384 528	5 693 766	5 892 641	6 893 264	6 122 194	6 235 771	6 491 888
Transport provided: Departmental activity	526 523	657 444	625 042	400 518	712 314	684 976	458 008	481 653	603 839
Travel and subsistence	700 500	1 035 112	1 047 503	891 282	878 570	954 443	910 508	1 023 911	1 062 027
Training and development	71 244	90 385	93 166	250 746	275 573	239 606	208 172	228 768	239 924
Operating payments	620 493	736 680	1 367 275	809 521	918 147	919 736	864 307	934 489	963 576
Venues and facilities	108 234	127 190	131 802	107 905	111 276	123 440	127 787	122 300	128 192
Interest and rent on land	2 246	9 366	6 224	685	613	9 117	711	743	776
Interest	2 246	9 366	6 224	685	613	9 117	711	743	776
<b>Transfers and subsidies to</b>	<b>13 936 523</b>	<b>13 867 140</b>	<b>13 922 462</b>	<b>13 005 924</b>	<b>13 715 564</b>	<b>13 719 092</b>	<b>13 671 952</b>	<b>13 819 375</b>	<b>14 642 857</b>
Provinces and municipalities	1 996 894	2 058 038	2 202 326	1 482 839	1 888 752	1 888 096	1 776 429	2 139 581	2 446 461
Provinces	27 218	27 566	31 307	32 478	29 877	29 021	33 437	35 002	36 847
Provincial Revenue Funds	294	205	446	351	351	668	361	378	395
Provincial agencies and funds	26 924	27 361	30 861	32 127	29 526	28 353	33 076	34 624	36 452
Municipalities	1 969 676	2 031 472	2 171 019	1 450 361	1 858 875	1 859 075	1 742 992	2 104 579	2 409 614
Municipalities	1 963 176	2 010 489	2 165 019	1 448 355	1 853 369	1 853 569	1 742 992	2 104 579	2 409 614
Municipal agencies and funds	6 500	20 983	6 000	2 006	5 506	5 506	-	-	-
Departmental agencies and accounts	2 812 668	2 705 051	2 538 051	2 488 651	2 554 801	2 555 759	2 837 459	2 894 918	3 021 980
Social security funds	-	-	-	-	-	-	-	-	-
Entitles receiving funds	2 812 668	2 705 051	2 538 051	2 488 651	2 554 801	2 555 759	2 837 459	2 894 918	3 021 980
Higher education institutions	5 361	6 296	5 112	4 280	4 280	4 280	4 960	4 986	4 000
Foreign governments and international organisations	317	386	201	327	327	327	342	358	374
Public corporations and private enterprises	1 817 620	2 031 387	1 935 665	1 763 826	2 089 553	2 089 649	1 983 331	1 809 295	1 890 737
Public corporations	250 596	241 855	230 137	236 549	245 726	244 895	227 090	230 216	240 407
Subsidies on production	-	-	-	-	-	-	-	-	-
Other transfers	250 596	241 855	230 137	236 549	245 726	244 895	227 090	230 216	240 407
Private enterprises	1 567 024	1 789 532	1 705 528	1 527 277	1 843 827	1 844 754	1 756 241	1 579 079	1 650 330
Subsidies on production	1 401 107	1 652 541	1 497 012	1 428 401	1 658 401	1 658 497	1 642 393	1 560 766	1 631 345
Other transfers	165 917	136 991	208 516	98 876	185 426	186 257	113 848	18 313	18 985
Non-profit institutions	3 514 188	3 198 477	3 408 052	3 767 532	3 477 488	3 469 575	3 710 098	3 840 949	3 975 860
Households	3 789 475	3 866 505	3 833 055	3 498 469	3 700 363	3 711 406	3 359 333	3 129 288	3 303 445
Social benefits	444 333	413 261	433 761	398 370	403 797	391 796	350 672	364 995	381 194
Other transfers to households	3 345 142	3 453 244	3 399 294	3 100 099	3 296 666	3 319 610	3 008 661	2 764 293	2 922 251
<b>Payments for capital assets</b>	<b>8 731 717</b>	<b>7 248 352</b>	<b>7 132 072</b>	<b>8 622 013</b>	<b>7 952 185</b>	<b>7 849 815</b>	<b>9 160 032</b>	<b>8 520 290</b>	<b>9 165 867</b>
Buildings and other fixed structures	7 211 254	5 823 099	5 953 340	7 385 808	6 575 788	6 501 738	7 836 620	7 152 614	7 723 539
Buildings	3 411 600	3 424 033	3 173 124	3 637 849	3 425 141	3 353 900	3 999 711	3 898 148	4 233 020
Other fixed structures	3 799 654	2 399 066	2 780 216	3 747 959	3 150 647	3 147 838	3 836 909	3 254 466	3 490 519
Machinery and equipment	1 499 595	1 410 328	1 158 961	1 216 579	1 349 943	1 327 769	1 298 214	1 352 772	1 427 795
Transport equipment	507 736	455 444	451 757	389 982	487 107	329 746	372 210	413 103	441 566
Other machinery and equipment	991 859	954 884	707 204	826 597	862 836	998 023	926 004	939 669	986 229
Heritage assets	1 324	3 914	2 312	4 100	4 100	4 100	-	-	-
Biological assets	382	497	290	430	430	430	350	370	370
Software and other intangible assets	19 162	10 514	17 169	15 096	21 924	15 778	24 848	14 534	14 163
<b>Payments for financial assets</b>	<b>19 536</b>	<b>26 495</b>	<b>20 171</b>	<b>-</b>	<b>3 029</b>	<b>4 236</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Total</b>	<b>141 062 345</b>	<b>145 536 541</b>	<b>150 839 103</b>	<b>150 392 254</b>	<b>151 352 651</b>	<b>156 904 754</b>	<b>158 378 763</b>	<b>163 877 500</b>	<b>171 805 325</b>
Statutory payments (Members' remuneration)	89 003	96 122	96 705	95 847	128 450	127 246	99 286	103 853	108 526
Of which:									
Compensation of employees	86 595	93 507	94 260	92 573	125 176	123 972	95 865	100 275	104 787
Goods and services	2 408	2 615	2 445	3 274	3 274	3 274	3 421	3 578	3 739
<b>Total (including statutory payments)</b>	<b>141 151 348</b>	<b>145 632 663</b>	<b>150 935 808</b>	<b>150 488 101</b>	<b>151 481 101</b>	<b>157 032 000</b>	<b>158 478 049</b>	<b>163 980 903</b>	<b>171 913 851</b>

Table 1.C : Information relating to conditional grants

Vote and Grant	2021/22			2022/23			2023/24			2024/25			Medium-term Estimates		
	Adjusted Appropriation	Actual Transfer	Audited Expenditure	Adjusted Appropriation	Actual Transfer	Audited Expenditure	Adjusted Appropriation	Actual Transfer	Audited Expenditure	Adjusted Appropriation	Revised Transfer Estimate	Revised Exp Estimate	2024/26	2026/27	2027/28
<b>R thousand</b>															
<b>Vote 3 : Agriculture and Rural Development</b>															
CASP grant	305 573	305 573	310 613	311 748	311 748	311 748	299 872	299 872	299 872	386 877	386 877	300 477	380 329	330 818	347 559
Ilimal Letsema Projects grant	214 063	214 063	215 759	218 604	218 604	218 604	212 983	212 983	212 983	313 640	313 640	227 240	277 479	227 840	239 925
Land Care grant	73 759	73 759	77 133	75 424	75 424	75 424	70 185	70 185	70 185	55 389	55 389	55 389	63 692	67 542	91 500
EPWP Integrated Grant for Provinces	13 022	13 022	13 022	13 110	13 110	13 110	12 510	12 510	12 510	14 127	14 127	14 127	14 760	15 436	16 134
	4 699	4 699	4 699	4 610	4 610	4 610	4 184	4 184	4 184	3 721	3 721	3 721	4 398	-	-
<b>Vote 4 : Economic Development, Tourism and Enviro Affairs</b>															
EPWP Integrated Grant for Provinces	5 080	5 080	5 080	6 402	6 402	6 307	6 236	6 236	6 236	5 076	5 076	5 076	6 161	-	-
	5 080	5 080	5 080	6 402	6 402	6 307	6 236	6 236	6 236	5 076	5 076	5 076	6 161	-	-
<b>Vote 5 : Education</b>															
Education Infrastructure grant (EIG)	4 615 026	4 615 026	4 717 949	4 821 546	4 821 546	4 734 255	5 103 645	5 103 645	5 244 840	5 022 348	5 022 348	5 022 348	5 326 951	5 452 816	5 701 556
HIV and AIDS (Life-Skills Education) grant	2 325 614	2 325 614	2 325 614	2 483 015	2 483 015	2 483 015	2 638 379	2 638 379	2 638 379	2 388 318	2 388 318	2 388 318	2 489 596	2 513 367	2 627 755
National School Nutrition Programme (NSNP) grant	61 450	61 450	61 450	61 183	61 183	61 176	59 822	59 822	59 822	65 952	65 952	65 952	69 280	72 416	75 676
Maths, Science and Technology grant	1 831 602	1 831 602	1 931 362	1 952 777	1 952 777	1 865 496	2 088 759	2 088 759	2 229 954	2 187 840	2 187 840	2 187 840	2 335 101	2 406 973	2 515 997
Social Sector EPWP Incentive Grant for Provinces	67 855	67 855	67 856	70 244	70 244	70 244	62 123	62 123	62 123	71 988	71 988	71 988	74 445	77 854	81 373
EPWP Integrated Grant for Provinces	28 543	28 543	28 543	30 508	30 508	30 505	29 517	29 517	29 517	20 971	20 971	20 971	-	-	-
EPWP Integrated Grant for Provinces	2 110	2 110	2 110	2 193	2 193	2 193	1 985	1 985	1 985	2 045	2 045	2 045	11 471	-	-
EPWP Integrated Grant for Provinces	32 576	32 576	32 576	34 423	34 423	34 423	34 534	34 534	34 534	36 584	36 584	36 584	38 431	40 173	42 107
Early Childhood Development (ECD) grant	265 276	265 276	268 038	187 203	187 203	187 203	188 526	188 526	188 526	248 650	248 650	248 650	308 627	342 033	358 648
<b>Vote 7 : Health</b>															
District Health Programmes grant	11 045 753	11 045 753	11 142 868	11 879 807	11 879 807	11 879 807	11 103 410	11 103 410	11 103 410	11 913 831	11 913 831	11 913 831	12 179 401	12 608 712	13 178 988
Health Facility Revitalisation grant	7 166 582	7 166 582	7 263 897	7 547 069	7 547 069	7 547 069	6 812 358	6 812 358	6 812 358	7 367 534	7 367 534	7 367 534	7 466 119	7 809 680	8 162 912
National Tertiary Services grant	1 247 730	1 247 730	1 247 730	1 389 913	1 389 913	1 389 913	1 371 765	1 371 765	1 371 767	1 458 192	1 458 192	1 458 192	1 517 920	1 508 044	1 576 239
National Health Insurance grant	1 955 628	1 955 628	1 955 628	2 045 854	2 045 854	2 045 854	2 000 300	2 000 300	2 000 300	2 201 200	2 201 200	2 201 200	2 289 556	2 374 066	2 481 444
EPWP Integrated Grant for Provinces	50 415	50 415	50 415	104 092	104 092	104 092	126 332	126 332	126 332	87 732	87 732	87 732	89 818	91 831	95 984
EPWP Integrated Grant for Provinces	12 689	12 689	12 689	11 736	11 736	11 736	8 614	8 614	8 614	6 951	6 951	6 951	27 391	-	-
Social Sector EPWP Incentive Grant for Provinces	21 228	21 228	21 228	26 293	26 293	26 293	19 584	19 584	19 584	22 688	22 688	22 688	22 688	-	-
HR and Training grant	591 481	591 481	591 481	754 850	754 850	754 850	764 447	764 447	764 447	769 534	769 534	769 534	788 597	825 091	862 419
<b>Vote 8 : Human Settlements</b>															
Human Settlements Development grant	3 282 937	3 282 937	3 282 934	4 040 723	4 040 723	3 624 258	3 505 402	3 505 402	3 658 125	3 111 319	3 111 319	3 375 060	3 113 571	2 804 090	2 930 894
EPWP Integrated Grant for Provinces	2 455 021	2 455 021	2 455 018	2 935 224	2 935 224	2 574 884	2 797 568	2 797 568	2 894 167	2 507 919	2 507 919	2 771 660	2 599 445	2 633 105	2 752 176
Provincial Emergency Housing grant	7 149	7 149	106 392	6 499	6 499	6 499	6 921	6 921	6 921	6 331	6 331	6 331	5 243	-	-
Provincial Emergency Housing grant	106 392	106 392	-	342 132	342 132	-	-	-	-	-	-	-	-	-	-
Informal Sett. Upgrading Part. Grant for Prov.	714 375	714 375	714 375	756 868	756 868	724 592	700 913	700 913	733 188	597 069	597 069	597 069	508 883	170 985	178 718
<b>Vote 9 : Community Safety and Liaison</b>															
EPWP Integrated Grant for Provinces	4 161	4 161	4 161	3 046	3 046	3 046	3 571	3 571	3 571	4 269	4 269	4 269	5 324	-	-
	4 161	4 161	4 161	3 046	3 046	3 046	3 571	3 571	3 571	4 269	4 269	4 269	5 324	-	-
<b>Vote 10 : Sport, Arts and Culture</b>															
Mass Participation and Sport Development grant	283 849	283 849	278 066	288 557	288 557	309 538	277 884	277 884	277 884	305 710	305 710	305 710	317 568	320 074	334 803
Community Library Services grant	94 208	94 208	94 208	97 278	97 278	97 278	92 657	92 657	92 657	106 579	106 579	106 579	114 343	112 678	118 642
EPWP Integrated Grant for Provinces	185 572	185 572	179 789	186 891	186 891	207 872	181 050	181 050	181 050	195 617	195 617	195 617	197 862	207 346	216 161
Social Sector EPWP Incentive Grant for Provinces	1 960	1 960	1 960	2 108	2 108	2 108	2 078	2 078	2 078	2 000	2 000	2 000	5 363	-	-
Social Sector EPWP Incentive Grant for Provinces	2 109	2 109	2 109	2 280	2 280	2 280	2 099	2 099	2 099	1 514	1 514	1 514	-	-	-
<b>Vote 11 : Co-op. Governance and Traditional Affairs</b>															
EPWP Integrated Grant for Provinces	1 994	1 994	1 994	1 993	1 993	1 993	1 960	1 960	1 960	2 000	2 000	2 000	3 440	-	-
	1 994	1 994	1 994	1 993	1 993	1 993	1 960	1 960	1 960	2 000	2 000	2 000	3 440	-	-
<b>Vote 12 : Transport</b>															
Provincial Roads Maintenance grant	3 478 698	3 478 698	3 478 698	4 687 564	4 687 564	4 655 752	4 728 103	4 728 103	4 759 915	4 622 024	4 622 024	4 622 024	5 009 802	4 009 538	4 197 146
Public Transport Operations grant	2 090 534	2 090 534	2 090 534	3 309 978	3 309 978	3 278 166	3 291 197	3 291 197	3 323 009	3 152 284	3 152 284	3 152 284	3 462 816	2 448 772	2 559 801
EPWP Integrated Grant for Provinces	1 314 912	1 314 912	1 314 912	1 309 303	1 309 303	1 309 303	1 367 009	1 367 009	1 367 009	1 428 401	1 428 401	1 428 401	1 492 393	1 560 766	1 631 345
EPWP Integrated Grant for Provinces	73 252	73 252	73 252	68 283	68 283	68 283	69 897	69 897	69 897	41 339	41 339	41 339	54 593	-	-
<b>Vote 13 : Social Development</b>															
EPWP Integrated Grant for Provinces	42 558	42 558	42 558	37 672	37 672	37 672	26 779	26 779	26 779	18 771	18 771	18 771	18 217	-	-
	42 558	42 558	42 558	37 672	37 672	37 672	26 779	26 779	26 779	18 771	18 771	18 771	18 217	-	-
<b>Vote 14 : Public Works and Infrastructure</b>															
EPWP Integrated Grant for Provinces	5 465	5 465	5 465	8 042	8 042	8 042	3 897	3 897	3 897	3 722	3 722	3 722	5 418	-	-
	5 465	5 465	5 465	8 042	8 042	8 042	3 897	3 897	3 897	3 722	3 722	3 722	5 418	-	-
<b>Total</b>	<b>23 071 094</b>	<b>23 071 094</b>	<b>23 269 866</b>	<b>26 087 100</b>	<b>26 087 100</b>	<b>25 572 418</b>	<b>25 060 759</b>	<b>25 060 759</b>	<b>25 386 491</b>	<b>25 395 947</b>	<b>25 395 947</b>	<b>25 573 288</b>	<b>26 386 182</b>	<b>25 525 998</b>	<b>26 684 956</b>

Table 1.D : Summary of transfers to local government

R thousand	Audited Outcome			Main Appropriation	Adjusted Appropriation	Revised Estimate	Medium-term Estimates		
	2021/22	2022/23	2023/24				2025/26	2026/27	2027/28
<b>A KZN2000 eThekweni</b>	<b>714 696</b>	<b>923 806</b>	<b>877 102</b>	<b>695 520</b>	<b>804 079</b>	<b>724 559</b>	<b>912 892</b>	<b>1 264 812</b>	<b>1 528 659</b>
<b>Total: Ugu Municipalities</b>	<b>124 294</b>	<b>130 991</b>	<b>76 102</b>	<b>58 094</b>	<b>94 722</b>	<b>106 246</b>	<b>61 617</b>	<b>61 489</b>	<b>64 213</b>
B KZN212 uMdoni	29 017	25 856	14 221	16 309	27 410	27 619	17 343	16 964	17 748
B KZN213 uMzumbhe	10 232	4 027	26 648	7 554	8 653	8 653	7 882	7 426	7 763
B KZN214 uMuziwabantu	9 887	14 250	13 610	8 865	12 147	14 574	10 076	9 751	10 193
B KZN216 Ray Nkonyeni	49 458	77 758	18 923	25 366	46 512	55 400	26 316	27 348	28 510
C DC21 Ugu District Municipality	25 700	9 100	2 700	-	-	-	-	-	-
<b>Total: uMgungundlovu Municipalities</b>	<b>242 968</b>	<b>267 560</b>	<b>288 257</b>	<b>167 372</b>	<b>203 922</b>	<b>213 099</b>	<b>171 518</b>	<b>174 421</b>	<b>182 139</b>
B KZN221 uMshwathi	23 292	18 881	14 566	17 997	17 997	22 088	18 865	19 694	20 587
B KZN222 uMngeni	7 404	6 657	8 573	18 715	18 006	13 275	18 497	18 282	19 115
B KZN223 Mpofana	3 699	7 349	6 202	3 251	5 599	7 933	3 180	3 268	3 420
B KZN224 iMpendle	4 357	4 757	5 877	4 447	5 604	7 279	4 590	3 286	3 438
B KZN225 Msunduzi	148 778	174 589	144 812	113 366	141 151	143 652	116 253	121 241	126 527
B KZN226 Mkhambathini	20 697	20 570	100 529	3 037	5 184	6 155	3 174	3 328	3 482
B KZN227 Richmond	16 741	14 757	7 698	6 144	10 381	12 717	6 544	5 322	5 570
C DC22 uMgungundlovu District Municipality	18 000	20 000	-	415	-	-	415	-	-
<b>Total: uThukela Municipalities</b>	<b>105 762</b>	<b>74 979</b>	<b>150 294</b>	<b>94 588</b>	<b>116 099</b>	<b>117 165</b>	<b>114 620</b>	<b>118 343</b>	<b>125 864</b>
B KZN235 Okhahlamba	8 725	21 320	22 483	11 303	11 303	11 305	16 977	18 919	22 984
B KZN237 iNkosi Langalibalele	26 696	18 179	33 053	33 096	35 484	38 041	35 227	36 212	37 855
B KZN238 Alfred Duma	70 341	35 480	94 758	50 189	69 312	67 819	62 416	63 212	65 025
C DC23 uThukela District Municipality	-	-	-	-	-	-	-	-	-
<b>Total: uMzinyathi Municipalities</b>	<b>86 198</b>	<b>77 837</b>	<b>113 890</b>	<b>58 685</b>	<b>80 138</b>	<b>87 648</b>	<b>60 037</b>	<b>62 794</b>	<b>65 629</b>
B KZN241 eNdumeni	21 733	22 243	20 037	20 288	26 574	26 574	20 032	20 842	21 791
B KZN242 Nquthu	34 347	28 890	52 118	17 516	25 454	34 185	18 397	19 110	19 978
B KZN244 uMsinga	13 261	4 388	28 853	9 449	15 866	15 411	9 979	10 314	10 783
B KZN245 uMvoti	9 357	9 186	11 882	11 432	12 244	11 478	11 629	12 528	13 077
C DC24 uMzinyathi District Municipality	7 500	12 500	1 000	-	-	-	-	-	-
<b>Total: Amajuba Municipalities</b>	<b>88 880</b>	<b>66 346</b>	<b>66 698</b>	<b>53 940</b>	<b>56 895</b>	<b>67 379</b>	<b>43 744</b>	<b>44 573</b>	<b>46 182</b>
B KZN252 Newcastle	55 920	33 600	25 981	39 090	32 081	31 386	27 442	28 332	29 201
B KZN253 eMadlangeni	12 058	10 599	17 791	6 085	9 005	9 004	6 500	6 673	6 977
B KZN254 Dannhauser	15 802	12 247	22 926	8 765	15 809	26 989	9 802	9 568	10 003
C DC25 Amajuba District Municipality	5 100	9 900	-	-	-	-	-	-	-
<b>Total: Zululand Municipalities</b>	<b>130 143</b>	<b>124 529</b>	<b>221 660</b>	<b>89 156</b>	<b>132 606</b>	<b>144 135</b>	<b>115 909</b>	<b>105 783</b>	<b>109 728</b>
B KZN261 eDumbe	15 354	26 999	93 510	8 223	11 369	14 410	8 672	8 991	9 403
B KZN262 uPhongolo	16 807	11 216	19 292	18 363	33 167	34 204	27 994	29 218	29 596
B KZN263 Abaqulusi	27 830	17 214	32 181	16 138	25 795	27 860	16 328	16 621	17 379
B KZN265 Nongoma	14 510	15 908	17 276	11 035	14 085	20 664	18 615	12 046	12 593
B KZN266 Ulundi	45 910	47 780	55 490	33 486	46 279	45 086	42 081	36 588	38 239
C DC26 Zululand District Municipality	9 732	5 412	3 911	1 911	1 911	1 911	2 219	2 319	2 519
<b>Total: uMkhanyakude Municipalities</b>	<b>129 466</b>	<b>81 630</b>	<b>81 687</b>	<b>57 709</b>	<b>73 310</b>	<b>71 397</b>	<b>56 845</b>	<b>57 961</b>	<b>60 601</b>
B KZN271 uMhlabyalingana	22 321	23 411	22 069	19 210	19 762	16 461	19 277	20 075	20 982
B KZN272 Jozini	20 996	18 509	22 132	14 290	20 165	20 693	15 052	15 599	16 312
B KZN275 Inkosi uMtatububa	37 160	24 225	19 695	15 962	18 014	18 014	14 693	14 226	14 876
B KZN276 Big Five Hlabisa	17 989	4 485	17 791	8 247	15 369	16 229	7 823	8 061	8 431
C DC27 uMkhanyakude District Municipality	31 000	11 000	-	-	-	-	-	-	-
<b>Total: King Cetshwayo Municipalities</b>	<b>152 331</b>	<b>121 873</b>	<b>143 324</b>	<b>82 433</b>	<b>130 022</b>	<b>142 222</b>	<b>82 860</b>	<b>86 080</b>	<b>89 801</b>
B KZN281 uMfolozi	21 711	15 390	12 485	6 097	16 347	26 006	3 466	3 562	3 727
B KZN282 uMhlatuze	50 466	44 938	44 414	48 236	51 343	51 998	49 787	51 694	53 845
B KZN284 uMlalazi	19 522	9 470	29 256	11 796	23 597	31 602	12 406	12 932	13 525
B KZN285 Mthonjaneni	3 603	5 731	11 874	5 182	8 013	13 021	5 500	5 727	5 987
B KZN286 Nkandla	57 029	46 344	45 295	11 116	30 716	19 589	11 701	12 165	12 716
C DC28 King Cetshwayo District Municipality	-	-	-	6	6	6	-	-	-
<b>Total: iLembe Municipalities</b>	<b>97 634</b>	<b>87 331</b>	<b>85 394</b>	<b>43 685</b>	<b>79 617</b>	<b>81 944</b>	<b>55 729</b>	<b>50 690</b>	<b>52 650</b>
B KZN291 Mandeni	9 222	18 644	9 136	5 740	15 811	8 690	6 104	6 311	6 604
B KZN292 KwaDukuza	19 170	22 058	22 550	18 210	22 257	22 714	22 735	23 317	24 027
B KZN293 Ndwedwe	19 639	8 004	30 742	4 100	16 185	21 035	10 970	4 541	4 750
B KZN294 Maphumulo	23 603	22 625	20 470	15 135	25 364	20 192	15 920	16 521	17 269
C DC29 iLembe District Municipality	26 000	16 000	2 496	500	-	9 313	-	-	-
<b>Total: Harry Gwala Municipalities</b>	<b>90 804</b>	<b>53 107</b>	<b>60 611</b>	<b>41 379</b>	<b>78 765</b>	<b>94 581</b>	<b>53 921</b>	<b>53 633</b>	<b>55 148</b>
B KZN433 Greater Kokstad	16 125	18 524	32 928	10 424	33 847	38 767	11 013	11 379	11 899
B KZN434 Johannes Phumani Phungula	10 156	11 936	9 102	7 402	8 214	10 617	8 841	8 119	8 487
B KZN435 uMzimkhulu	19 669	5 394	6 096	16 647	27 642	31 293	27 047	27 731	28 062
B KZN436 Dr Nkosazana Dlamini Zuma	10 854	17 253	12 485	6 083	9 062	13 904	6 197	6 404	6 700
C DC43 Harry Gwala District Municipality	34 000	-	-	823	-	-	823	-	-
<b>Unallocated</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>5 800</b>	<b>3 200</b>	<b>3 200</b>	<b>13 300</b>	<b>24 000</b>	<b>29 000</b>
<b>Total</b>	<b>1 963 176</b>	<b>2 009 989</b>	<b>2 165 019</b>	<b>1 448 361</b>	<b>1 853 375</b>	<b>1 853 575</b>	<b>1 742 992</b>	<b>2 104 579</b>	<b>2 409 615</b>

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

R thousand	Audited Outcome			Main Appropriation	Adjusted Appropriation	Revised Estimate	Medium-term Estimates		
	2021/22	2022/23	2023/24				2024/25	2025/26	2026/27
<b>General Public Services</b>									
Executive and Legislature	853 492	975 985	1 111 253	1 052 806	1 130 906	1 147 849	1 119 753	1 179 009	1 234 267
Office of the Premier	38 030	40 850	42 675	38 507	40 235	40 235	42 942	44 921	46 943
Provincial Legislature	815 462	935 135	1 068 578	1 014 299	1 090 671	1 107 614	1 076 811	1 134 088	1 187 324
Financial and Fiscal Services	554 533	583 594	617 114	650 191	650 047	641 577	679 149	709 585	738 841
Provincial Treasury	554 533	583 594	617 114	650 191	650 047	641 577	679 149	709 585	738 841
General Services (Public Works & Infrastr., LG)	4 974 812	5 183 643	6 419 350	5 151 712	5 982 201	6 001 484	5 644 638	6 182 049	6 667 763
<b>Total: General Public Services</b>	<b>6 382 837</b>	<b>6 743 222</b>	<b>8 147 717</b>	<b>6 854 709</b>	<b>7 763 154</b>	<b>7 790 910</b>	<b>7 443 540</b>	<b>8 070 643</b>	<b>8 640 871</b>
<b>Public Order and Safety</b>									
Police Services	232 419	242 256	279 780	243 343	267 327	267 327	275 716	282 592	295 310
Community Safety and Liaison	232 419	242 256	279 780	243 343	267 327	267 327	275 716	282 592	295 310
<b>Total: Public Order and Safety</b>	<b>232 419</b>	<b>242 256</b>	<b>279 780</b>	<b>243 343</b>	<b>267 327</b>	<b>267 327</b>	<b>275 716</b>	<b>282 592</b>	<b>295 310</b>
<b>Economic Affairs</b>									
General Economic Affairs	2 199 081	2 157 369	2 097 712	2 205 170	2 221 095	2 221 095	2 295 879	2 409 454	2 517 900
Economic Dev, Tourism and Enviro Affairs	2 199 081	2 157 369	2 097 712	2 205 170	2 221 095	2 221 095	2 295 879	2 409 454	2 517 900
Agriculture	2 445 812	2 438 087	2 359 082	2 486 857	2 466 693	2 380 293	2 629 192	2 683 693	2 782 106
Agriculture and Rural Development	2 445 812	2 438 087	2 359 082	2 486 857	2 466 693	2 380 293	2 629 192	2 683 693	2 782 106
Transport	11 116 606	12 130 985	12 088 289	12 195 046	11 870 452	11 870 452	12 866 489	12 231 675	12 820 577
Transport	11 116 606	12 130 985	12 088 289	12 195 046	11 870 452	11 870 452	12 866 489	12 231 675	12 820 577
<b>Total: Economic Affairs</b>	<b>15 761 499</b>	<b>16 726 441</b>	<b>16 545 083</b>	<b>16 887 073</b>	<b>16 558 240</b>	<b>16 471 840</b>	<b>17 791 560</b>	<b>17 324 822</b>	<b>18 120 583</b>
<b>Environmental Protection</b>									
Environmental Affairs and Conservation	1 125 751	1 143 414	1 248 954	1 232 426	1 232 587	1 232 587	1 286 996	1 329 128	1 388 916
<b>Total: Environmental Protection</b>	<b>1 125 751</b>	<b>1 143 414</b>	<b>1 248 954</b>	<b>1 232 426</b>	<b>1 232 587</b>	<b>1 232 587</b>	<b>1 286 996</b>	<b>1 329 128</b>	<b>1 388 916</b>
<b>Housing and Community Amenities</b>									
Housing Development	3 713 205	4 062 628	4 103 222	3 529 676	3 819 391	3 819 391	3 549 877	3 260 087	3 407 411
Human Settlements	3 713 205	4 062 628	4 103 222	3 529 676	3 819 391	3 819 391	3 549 877	3 260 087	3 407 411
<b>Total: Housing and Community Amenities</b>	<b>3 713 205</b>	<b>4 062 628</b>	<b>4 103 222</b>	<b>3 529 676</b>	<b>3 819 391</b>	<b>3 819 391</b>	<b>3 549 877</b>	<b>3 260 087</b>	<b>3 407 411</b>
<b>Health</b>									
Outpatient services	19 481 384	19 315 290	18 483 813	19 339 465	19 098 399	19 421 529	19 916 720	20 831 581	21 766 516
Hospital Services	30 818 858	31 906 701	34 143 147	34 011 039	34 258 407	37 707 470	35 861 538	37 521 027	39 369 985
<b>Total: Health</b>	<b>50 300 242</b>	<b>51 221 991</b>	<b>52 626 960</b>	<b>53 350 504</b>	<b>53 356 806</b>	<b>57 128 999</b>	<b>55 778 258</b>	<b>58 352 608</b>	<b>61 136 501</b>
<b>Recreation, Culture and Religion</b>									
Sporting and Recreational Affairs	1 358 167	1 459 167	1 442 744	1 519 677	1 520 032	1 515 717	1 582 474	1 641 853	1 715 942
Sport, Arts and Culture	603 753	592 574	642 004	665 810	666 934	662 619	721 996	759 488	784 156
Sport, Arts and Culture	754 414	866 593	800 740	853 867	853 098	853 098	860 478	882 365	931 786
<b>Total: Recreation, Culture and Religion</b>	<b>1 358 167</b>	<b>1 459 167</b>	<b>1 442 744</b>	<b>1 519 677</b>	<b>1 520 032</b>	<b>1 515 717</b>	<b>1 582 474</b>	<b>1 641 853</b>	<b>1 715 942</b>
<b>Education</b>									
Pre-primary and Primary Phases	28 283 650	28 854 418	29 894 717	29 973 190	30 075 547	31 199 468	31 336 527	33 462 295	34 978 646
Secondary Education Phase	18 948 689	19 796 600	20 485 192	21 731 135	21 748 188	22 561 381	22 969 046	23 647 681	24 665 487
Subsidiary Services to Education	9 854 792	10 049 038	10 777 151	9 454 213	9 387 001	9 322 963	10 437 858	10 295 965	10 954 626
Education not defined by level	1 938 229	1 979 803	2 107 969	2 319 085	2 369 954	2 338 959	2 432 465	2 569 448	2 684 691
<b>Total: Education</b>	<b>59 025 360</b>	<b>60 679 859</b>	<b>63 265 029</b>	<b>63 477 623</b>	<b>63 580 690</b>	<b>65 422 771</b>	<b>67 175 896</b>	<b>69 975 389</b>	<b>73 283 450</b>
<b>Social protection</b>									
Social Services and Population Development	3 251 868	3 353 685	3 276 319	3 393 070	3 382 874	3 382 458	3 593 732	3 743 781	3 924 867
<b>Total: Social protection</b>	<b>3 251 868</b>	<b>3 353 685</b>	<b>3 276 319</b>	<b>3 393 070</b>	<b>3 382 874</b>	<b>3 382 458</b>	<b>3 593 732</b>	<b>3 743 781</b>	<b>3 924 867</b>
<b>Total</b>	<b>141 151 348</b>	<b>145 632 663</b>	<b>150 935 809</b>	<b>150 488 101</b>	<b>151 481 101</b>	<b>157 032 000</b>	<b>158 478 049</b>	<b>163 980 903</b>	<b>171 913 851</b>

Overview of Provincial Revenue and Expenditure

Table 1.E(b) : Details of function

Function	Category	Department	Programme
<b>General Public Services</b>	Legislative	Office of the Premier Provincial Legislature	Administration Administration Parliamentary Business Members Remuneration Office of the MEC
		All departments	
	General Services	Office of the Premier	Administration Institutional Development Policy and Governance
		Transport Public Works	Administration Administration Property Management Provision of Buildings, Structures and Equipmt.
	General Policy and Administration	Co-operative Governance and Traditional Affairs	Administration Local Governance Development and Planning Traditional Institutional Management
Financial and Fiscal Services	Provincial Treasury	Administration Sustainable Resource Management Financial Management Internal Audit	
<b>Public Order and Safety</b>	Police Services	Community Safety and 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
	Agriculture	Agriculture and Rural Development	Administration 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 and 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 and Training Health Care Support Services Health Facilities Management
<b>Recreational, Culture and Religion</b>	Sporting and recreational affairs services	Sport, Arts and Culture	Administration Cultural Affairs Libraries and Archive Services Sport and Recreation
<b>Education</b>	Pre-primary and 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 - payments**

Name of Donor/ Agency Organisation	Audited Outcome			Main Appropriation	Adjusted Appropriation	Revised Estimate	Medium-term Estimates		
	2021/22	2022/23	2023/24				2024/25	2025/26	2026/27
<b>R thousand</b>	<b>11 370</b>	<b>24 886</b>	<b>58 229</b>	<b>27 060</b>	<b>27 060</b>	<b>7 060</b>	<b>41 258</b>	<b>20 438</b>	<b>-</b>
<b>Donor funding</b>	<b>11 370</b>	<b>24 886</b>	<b>58 229</b>	<b>27 060</b>	<b>27 060</b>	<b>7 060</b>	<b>41 258</b>	<b>20 438</b>	<b>-</b>
Economic Development, Tourism and Enviro Affairs	10 961	16 361	38 616	21 000	21 000	1 000	20 820	-	-
<i>Swiss Donor Funds - SECO</i>	10 961	16 361	38 616	21 000	21 000	1 000	20 820	-	-
Health	409	8 525	17 117	6 060	6 060	6 060	20 438	20 438	-
<i>Astra Zeneca</i>	-	-	-	26	26	26	-	-	-
<i>Atlantic Philanthropies</i>	174	-	-	-	-	-	-	-	-
<i>CDC Award</i>	235	8 525	17 117	6 000	6 000	6 000	20 438	20 438	-
<i>Conforth Investments</i>	-	-	-	32	32	32	-	-	-
<i>MASEA Awards</i>	-	-	-	2	2	2	-	-	-
Co-operative Governance and Traditional Affairs	-	-	2 496	-	-	-	-	-	-
<i>Roll-over AU donor funds for flood (from OTP)</i>	-	-	2 496	-	-	-	-	-	-
<b>Agency funding</b>	<b>22 365</b>	<b>27 318</b>	<b>20 985</b>	<b>12 350</b>	<b>287 250</b>	<b>284 971</b>	<b>2 279</b>	<b>-</b>	<b>-</b>
Office of the Premier	13 089	6 657	6 680	-	8 702	6 423	2 279	-	-
<i>NSF</i>	-	-	-	-	1 439	1 439	-	-	-
<i>MERSETA</i>	13 089	6 657	6 680	-	6 939	4 660	2 279	-	-
<i>PSETA</i>	-	-	-	-	324	324	-	-	-
Health	9 276	20 661	14 305	12 350	182 748	182 748	-	-	-
<i>HWSETA Learnership: Bethesda Sub-Campus</i>	-	-	-	9	9	9	-	-	-
<i>HWSETA Learnership: Edendale Campus</i>	-	-	-	61	61	61	-	-	-
<i>HWSETA Learnership: HIV and AIDS Support</i>	-	45	-	-	-	-	-	-	-
<i>HWSETA Learnership: Ngwelezane</i>	-	-	-	261	261	261	-	-	-
<i>HWSETA Learnership: Nkandla</i>	-	-	-	26	26	26	-	-	-
<i>HWSETA Learnership: Prince Mshiyeni Hospital/St Aidans</i>	49	-	-	10	10	10	-	-	-
<i>HWSETA Learnership: Dental/Oral Hygiene</i>	-	1 085	-	-	-	-	-	-	-
<i>HWSETA Learnership: Social Environmental Health</i>	-	50	-	-	-	-	-	-	-
<i>HWSETA Learnership: TVET Graduates</i>	3 192	4 445	-	1 883	1 883	1 883	-	-	-
<i>HWSETA - Bridging for enrolled nurse training</i>	-	-	-	315	315	315	-	-	-
<i>HWSETA</i>	624	10 747	13 115	3 234	3 234	3 234	-	-	-
<i>PSETA</i>	-	222	-	-	-	-	-	-	-
<i>HWSETA: Interns</i>	811	1 404	-	344	344	344	-	-	-
<i>HWSETA: NHI Leaders and Gov. Prog.</i>	4 448	-	-	-	-	-	-	-	-
<i>HWSETA: Healthcare Quality and Patient Safety</i>	-	39	-	-	-	-	-	-	-
<i>HWSETA: Nursing</i>	152	2 624	1 190	6 207	6 207	6 207	-	-	-
Human Settlements	-	-	-	-	85 199	85 199	-	-	-
<i>NSF</i>	-	-	-	-	85 199	85 199	-	-	-
Transport	-	-	-	-	10 601	10 601	-	-	-
<i>RTMC</i>	-	-	-	-	10 601	10 601	-	-	-
<b>Total</b>	<b>33 735</b>	<b>52 204</b>	<b>79 214</b>	<b>39 410</b>	<b>314 310</b>	<b>292 031</b>	<b>43 537</b>	<b>20 438</b>	<b>-</b>

Table 1.G(i) : Details of transfers to local government: 2025/26

Municipality	Vote 4				Vote 7				Vote 8				Vote 10				Vote 14		Total	
	4.1	4.2	4.3	4.4	4.5	4.6	4.7	4.8	7.1	8.1	8.2	10.1	10.2	10.3	10.4	10.5	10.6	14.1		14.2
R thousand																				
<b>eThekweni</b>									299 800	17 172	20 000								491 972	14.1
<b>Ugu Municipalities</b>																				
uMdoni	700	750		1 000						2 214			530	23 976	8 519			23 928	61 617	
uMzambe				1 000										8 717	2 837			4 789	17 343	
uMuziwabantu																		5 803	7 882	
Ray Nkonyeni		750													1 117	1 074		7 135	10 076	
Ugu District Municipality										2 214			530	14 142	3 229			6 201	26 316	
<b>uMgungundlovu Municipalities</b>																				
uMshwathi	2 291	1 500								4 429			1 200	30 868	6 958	415		123 857	171 518	
uMngeni		1 000												3 214	338			15 313	18 865	
uMpolana													283	4 286	857			12 071	18 497	
uMpendle	900	500											283	2 142	592			163	3 180	
uMsunduzi										4 429				2 142	616			432	4 590	
uMkhambathini													634	14 800	1 576			94 814	116 263	
Richmond	1 391													1 070	1 128			976	3 174	
uMgungundlovu District Municipality														3 214	1 851			88	6 544	
<b>uThukela Municipalities</b>																				
Okhahlamba		500				5 000				3 272			1 085	14 990	4 628	822	20 000	64 323	114 620	
uKosi Lengalibalele						5 000							283	2 142	1 274			8 278	16 977	
Alfred Duma		500											530	6 424	980			26 793	35 227	
uThukela District Municipality													272	6 424	2 374	822	20 000	29 252	62 416	
<b>uMzinyathi Municipalities</b>																				
eNdlumeni																				
Nquthu																				
uMsinga																				
uMvoti																				
uMzinyathi District Municipality																				
<b>Amajuba Municipalities</b>																				
Newcastle		500								9 303			519	9 767	6 108			17 547	43 744	
eMahlangueni										9 303			519	7 627	3 267			6 726	27 442	
Dannhauser														1 070	1 200			4 230	6 500	
Amajuba District Municipality														1 070	1 641			6 591	9 802	
<b>Zululand Municipalities</b>																				
eDumbe						500						1 719	283	10 286	6 855	415	34 000	61 851	115 909	
uPhongolo														2 142	1 648			4 882	8 672	
AbaQulusi														2 142	641		20 000	5 211	27 994	
Nongoma													283	3 862	1 421	415		10 347	16 328	
Ulundi														1 070	1 923		7 000	8 622	18 615	
Zululand District Municipality												1 719		1 070	1 222		7 000	32 789	42 081	
<b>uMkhanyakude Municipalities</b>																				
uMhlabuyalingana		1 000																2 219	56 845	
Jozini																		16 871	19 277	
Inkosi uMbatuba																		8 624	15 052	
Big Five Hlabisa		1 000																8 137	14 693	
uMkhanyakude District Municipality														1 242	3 003			3 578	7 823	





Table 1.G(ii) : Details of transfers to local government: 2026/27 (continued)

Municipality	Vote 4										Vote 8			Vote 10					Vote 14	Total
	4.1	4.2	4.3	4.4	4.5	4.6	4.7	4.8	7.1	8.1	8.2	10.1	10.2	10.3	10.4	10.5	10.6	14.1		
<b>R thousand</b>																				
<b>King Cetshwayo Municipalities</b>																				
uMfolozi	-	-	-	-	-	-	-	-	-	4 429	-	-	1 464	20 062	6 760	-	-	53 365	86 080	
uMhlabuze	-	-	-	-	-	-	-	-	-	4 429	-	-	275	10 933	1 425	-	-	839	3 562	
uMlalazi	-	-	-	-	-	-	-	-	-	-	-	-	1 189	5 595	3 133	-	-	32 924	51 694	
Mthonjaneni	-	-	-	-	-	-	-	-	-	-	-	-	-	707	-	-	-	5 441	12 932	
Nkandla	-	-	-	-	-	-	-	-	-	-	-	-	-	360	-	-	-	4 249	5 727	
King Cetshwayo District Municipality	-	-	-	-	-	-	-	-	-	-	-	-	-	1 118	1 135	-	-	9 912	12 165	
<b>iLembe Municipalities</b>																				
Mandeni	-	-	-	-	-	-	-	-	-	7 772	-	-	275	9 307	7 503	-	-	25 833	50 690	
KwaDukuza	-	-	-	-	-	-	-	-	-	-	-	-	-	3 358	1 730	-	-	1 223	6 311	
Ndwedwe	-	-	-	-	-	-	-	-	-	7 772	-	275	4 831	1 493	1 930	-	-	8 946	23 317	
Maphumulo	-	-	-	-	-	-	-	-	-	-	-	-	1 118	1 232	-	-	-	2 191	4 541	
iLembe District Municipality	-	-	-	-	-	-	-	-	-	-	-	-	-	3 048	-	-	-	13 473	16 521	
<b>Harry Gwala Municipalities</b>																				
Greater Kokstad	-	-	-	-	-	-	-	-	-	-	-	-	-	-	5 925	450	20 000	19 426	53 633	
Johannes Phumani Phungula	-	-	-	-	-	-	-	-	-	-	-	-	-	2 238	2 670	-	-	6 471	11 379	
uMzimkhulu	-	-	-	-	-	-	-	-	-	-	-	-	-	1 118	328	-	-	6 673	8 119	
Dr Nkosazana Dlamini Zuma	-	-	-	-	-	-	-	-	-	-	-	-	-	1 118	1 202	450	20 000	4 961	27 731	
Harry Gwala District Municipality	-	-	-	-	-	-	-	-	-	-	-	-	-	3 358	1 725	-	-	1 321	6 404	
<b>Unallocated/unclassified</b>	15 000	6 000	3 000	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
<b>Total</b>	15 000	6 000	3 000	600	600	6 500	-	-	306 096	45 864	40 000	1 719	14 082	216 177	87 515	2 711	60 000	1 293 315	2 104 579	

Key	Grant Name	Key	Grant Name
4.1	Infrastructure Economic Development	8.1	Accredited municipalities
4.2	Municipal Employment Initiative	8.2	CRU programme
4.3	Redtape Reduction	10.1	Art centres (operational costs)
4.4	uMdoni SMME and Co-operative Support Prog.	10.2	Museum subsidies
4.5	Prince Mangosuthu Buthelezi Airport	10.3	Provincialisation of libraries
4.6	Cannabis/Hemp Commercialisation	10.4	Community library services grant
4.7	Transformative River Management Prog	10.5	Maintenance
4.8	Integrated Environmental Management Tool	10.6	Infrastructure
7.1	Municipal clinics	14.1	Property rates



Table 1.G(iii) : Details of transfers to local government: 2027/28 (continued)

Municipality	4.1	4.2	4.3	4.4	4.5	4.6	4.7	4.8	Vote 7	Vote 8	10.1	10.2	10.3	10.4	10.5	10.6	Vote 14	Total
<b>King Cetshwayo Municipalities</b>																		
uMfolozi	-	-	-	-	-	-	-	-	4 429	8.2	-	1 530	20 999	7 076	-	-	55 767	89 801
uMhlatuze	-	-	-	-	-	-	-	-	-	-	-	-	1 359	1 492	-	-	877	3 727
uMlalazi	-	-	-	-	-	-	-	-	4 429	-	-	287	11 444	3 279	-	-	34 406	53 845
Mthonjaneni	-	-	-	-	-	-	-	-	-	-	-	1 243	5 856	740	-	-	5 686	13 525
Nkandla	-	-	-	-	-	-	-	-	-	-	-	-	1 170	377	-	-	4 440	5 987
King Cetshwayo District Municipality	-	-	-	-	-	-	-	-	-	-	-	-	1 170	1 188	-	-	10 358	12 716
<b>iLembe Municipalities</b>																		
Mandeni	-	-	-	-	-	-	-	-	7 772	8.1	-	287	9 742	7 853	-	-	26 996	52 650
KwaDukuza	-	-	-	-	-	-	-	-	-	-	-	-	3 515	1 811	-	-	1 278	6 604
Ndwebwe	-	-	-	-	-	-	-	-	7 772	-	-	287	5 057	1 563	-	-	9 349	24 027
Maphumulo	-	-	-	-	-	-	-	-	-	-	-	-	1 170	1 290	-	-	2 290	4 750
iLembe District Municipality	-	-	-	-	-	-	-	-	-	-	-	-	-	3 190	-	-	14 079	17 269
<b>Harry Gwala Municipalities</b>																		
Greater Kokstad	-	-	-	-	-	-	-	-	-	-	-	-	8 198	6 202	450	20 000	20 299	55 148
Johannes Phumani Phungula	-	-	-	-	-	-	-	-	-	-	-	-	2 343	2 795	-	-	6 762	11 899
uMzimkhulu	-	-	-	-	-	-	-	-	-	-	-	-	1 170	343	-	-	6 973	8 487
Dr Nkosazana Dlamini Zuma	-	-	-	-	-	-	-	-	-	-	-	-	1 170	1 258	450	20 000	5 184	28 062
Harry Gwala District Municipality	-	-	-	-	-	-	-	-	-	-	-	-	3 515	1 806	-	-	1 380	6 700
Unallocated/unclassified	20 000	6 000	3 000	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
<b>Total</b>	<b>20 000</b>	<b>6 000</b>	<b>3 000</b>	<b>-</b>	<b>800</b>	<b>10 000</b>	<b>-</b>	<b>-</b>	<b>319 908</b>	<b>45 864</b>	<b>1 719</b>	<b>14 720</b>	<b>226 272</b>	<b>91 716</b>	<b>2 711</b>	<b>60 000</b>	<b>1 566 904</b>	<b>2 409 615</b>

Key	Grant Name	Key	Grant Name
4.1	Infrastructure Economic Development	8.1	Accredited municipalities
4.2	Municipal Employment Initiative	8.2	CRU programme
4.3	Redtape Reduction	10.1	Art centres (operational costs)
4.4	uMdoni SMME and Co-operative Support Prog.	10.2	Museum subsidies
4.5	Prince Mangosuthu Buthelezi Airport	10.3	Provincialisation of libraries
4.6	Cannabis/Hemp Commercialisation	10.4	Community library services grant
4.7	Transformative River Management Prog	10.5	Maintenance
4.8	Integrated Environmental Management Tool	10.6	Infrastructure
7.1	Municipal clinics	14.1	Property rates



**ESTIMATES  
OF  
PROVINCIAL REVENUE  
AND  
EXPENDITURE**