



**KWAZULU-NATAL PROVINCE**

TREASURY  
REPUBLIC OF SOUTH AFRICA

# **KWAZULU-NATAL**

## **2024/25 PROVINCIAL**

### **BUDGET SPEECH**



**TABLED BY HON. NELISWA PEGGY NKONYENI**  
**7 MARCH 2024**



# **BUDGET SPEECH**

## **2024/25**



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

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# **PROVINCE OF KWAZULU-NATAL**

## **Budget Address by Neliswa Peggy Nkonyeni (MPL) MEC for Finance**

### **On tabling of the 2024/25 MTEF Budget in the KwaZulu-Natal Provincial Legislature**

**7 March 2024**

Honourable Speaker, Ms Nontembeko Boyce;  
Honourable Deputy Speaker, Mr Themba Mthembu;  
Honourable Premier, Ms Nomusa Dube-Ncube;  
Leader of Government Business/MEC for EDTEA, Honourable Siboniso Duma;  
ANC Provincial Secretary, Mr Bheki Mtolo and all the Provincial Executive  
Committee Members  
Members of the KwaZulu-Natal Provincial Executive Council;  
Honourable Members of the Provincial Legislature;  
Members of the diplomatic corps;  
Chairperson of the KZN Provincial House of Traditional and Khoi-San Leaders,  
Inkosi Shinga;  
All traditional leaders;  
Director General, Dr Nonhlanhla Mkhize;  
Head of Department, Ms Carol Coetzee;  
All Heads of Departments and Senior Management:  
CEOs of Public Entities;  
People of KwaZulu-Natal;  
Members of the media;  
Business leaders;  
Distinguished guests;

# 1. INTRODUCTION

Thirty years ago, the first democratic President of the Republic of South Africa and the African National Congress, His Excellency, Dr Nelson Mandela took to the podium on his inauguration and committed the country to work together in fighting crime, injustices of the past and to generally improve the lives of all South Africans. He further committed the government to also fight the triple challenges of poverty, unemployment and inequality.

He therefore uttered the following words of wisdom:

***“Never, never and never again shall it be that this beautiful land will again experience the oppression of one by another and suffer the indignity of being the skunk of the world.”***

Again today, we are firmly standing here as part of honouring the pledge we took decades ago and to reaffirm our unwavering commitment to making this country a better place than before. Since this government which is led by the African National Congress was voted into power, significant achievements have been reported. However, we are aware that a lot still needs to be done as the needs of our people continue to grow.

In this year’s State of the Nation Address, His Excellency, President Cyril Ramaphosa highlighted notable achievements by this government in the past 30 years, but most importantly he gave a clear direction that this government should accelerate the continued efforts to improve the lives of the people. We therefore, continue to strive to end poverty, reduce unemployment and fight inequality.

Madam Speaker and Honourable Members allow me to draw your attention to the key focus areas as outlined by President Ramaphosa such as to end the persistent energy crisis, restore our economy, fight against crime, improve service delivery and to rebuild and strengthen our public institutions.

This resonates well with the KwaZulu-Natal Premier Hon. Nomusa Dube-Ncube’s announcements in her State of the Province Address (SOPA) last week, particularly on the operationalization of the Provincial Growth Development Plan and the provincial Economic Recovery Plan which both prioritizes the fight against any form of crime in the province. The 10 million rand set aside by all provincial departments is one of our direct funding efforts to fight this scourge. The rolling out of infrastructure development programmes is the key driver to deepen efforts to reduce unemployment, end poverty and fight inequality.

Honourable Speaker, the province of KwaZulu-Natal continues to work hard in revitalizing the economy after the crisis created by the global pandemic (COVID-19), the 2021 July unrest and the tragic devastating floods in 2022 which are exacerbated by the impact of the persistent climate change challenges. The recent floods in Ladysmith are an example of these persisting challenges which continue to exert significant pressure on our provincial fiscus and budget prioritization. We celebrate the declared expansion of KZN ports (Durban and Richards Bay) as a direct response to



stimulate our provincial economy given the significant trade through our ports thus, creating massive job opportunities. However, we will also continue working hard to position our province in order for the people of KwaZulu-Natal to benefit from both the Marine and Maritime industry.

Somlomo ohloniphekile, ukulungiselela ukwethulwa kwesabelomali sesifundazwe, njengoMnyango kaMgcinimafa siqale sahambela izifunda sinxenxa imibono yabantu njengidingo zabo nalokho abafisa kuqukathwe kulesi sabelomali.

This helps government to develop a budget that is people-centred, hence, addressing people's needs, and to also streamline programmes in such a way that they directly respond to their challenges.

In the main, various issues that cut across almost all departments are raised with the view to allow the budget process to resolve them including issues related to road infrastructure, health related issues, psycho-social issues, economic recalibration, crime alleviation, education related issue, housing issues, water and electricity issues.

Ubaba uMadoda Gamede ohlala ku ward 15 eMandeni ngaphansi kwesifunda iLembe, ukhale ngamaHhovisi akwa South African Social Security Agency (SASSA) akhiwe ngendlela eyenza ukuthi kubenzima asetshenziswe ngabantu abakhubazekile. Njengoba sethula lesi sabelomali, sinxenxa iminyango yonke ukuthi iyithathele phezulu imibono yabantu ukuze izimpilo zabo zibengcono.

Somlomo Ohloniphekile, njengoba besike sasho ukuthi izinkinga ezibhekene nabantu bakithi zicishe zifane, siphinde sahambela kuMaspala waseMzumbe ngaphansi kwesifunda sasoGwini nalapho iningi labantu likhale kakhulu ngokwentuleka kwamanzi kanye nemigwaqo engekho esimeni esihle. UThemba Mzobe ohlala ku ward 11 uthe bacela ukulungiselwa umgwaqo u-D2105 owubhuqu, osuka kwaGumbi uye eBangibizo. Yilesi sizathu esenza sithi kufanele sibeke eqhulwini izimfuno zabantu kulesi sabelomali. Sizokhulumisana nomnyango wezokuthutha ukuthi ulekelele umphakathi ngalesi sicelo.

As part of the global community, our country and our province's economic outlook is shaped by many factors such as the geopolitics, global economic patterns, and climate change. However, we are still resolute in our commitments of stabilising the economy and to create jobs. United in our diversity we have worked together to circumvent the storm that was caused by the global pandemic, the Covid-19, and if we continue to join our hands surely, together we can do more.

Lenkulumo yesabelomali yenzeka enyangeni emqoka kakhulu emlandweni wezwe lakithi njengoba kuyinyanga yokugubha amalungelo abantu. Lokhu kusho ukuthi kufanele siqhubeke nokulwisana nesihlava sobugebengu, nokuhlukunyezwa kwamalungelo abantu besifazane, abantwana, abahlali nabasebenzi basemaplazini kanye nozakwethu abakwi LGBTQIA+.

Yingakho sithi bonke abantu besifundazwe saKwaZulu-Natali kufanele babe nokuziqhenya nokuzigqaja ngokuba ngabaseNingizimu Africa konke lokhu kusemqoka futhi kuzokwenzeka ngokuvikela amalungelo abo.

Madam Speaker, in commemorating the International Women's Day in March 1987, Thomas Sankara, the former President of Burkina Faso profoundly said:

***“Inequality can be done away with only by establishing a new society, where men and women will enjoy equal rights... Thus, the status of women will improve only with the elimination of the system that exploits them”.***

Tomorrow the world will be celebrating the International Women's Day, the day designated to the recognition of women for their stature in society. In celebrating women, we are reminded of the struggle that was, and continues to be waged by women across the world for a just society.

Honourable Speaker, we are proud to remind the people of KwaZulu-Natal that the budget we tabled last year (2023/2024 MTEF) focused on prioritized budgeting for women. In commemoration of the international Women's Day, we recommit ourselves in budgeting in a manner that continues to prioritize women. We therefore, encourage all departments and entities to heed this call in order to quantify the impact we have on this vulnerable sector.

Since the dawn of this democracy, our story could best be told through the successes of our own Tintswalos that we have produced through various government-funded educational programmes such as the Trainee Accountant Programme (TAP) spearheaded by the KwaZulu-Natal Provincial Treasury. The programme has to date benefited 24 trainees, of which 15 of them have now qualified as Chartered Accountants of South Africa. This is indeed a good story to tell as enhanced financial competencies in the public sector are critical for prudent fiscal management.

Madam Speaker, please allow me to introduce to this August House our latest graduates of this programme as they stand up – Halalisile Ndebele from Hammarsdale, Bongumusa Ngcobo from Newcastle and Lindokuhle Khambule from Mtubatuba, they are here today as MEC's guests.

This programme continues to meaningfully contribute towards helping the province to build a more ethical and capable state, whilst also empowering the previously disadvantaged groups. Beneficiaries of the programme are young and mostly women. It has further equipped us to continue providing continuous support and oversight to provincial departments, municipalities and public entities.

Madam Speaker, as part of safeguarding our internal systems we are continuously investing on Information, Communications and Technology (ICT). Partnering with strategic private partners, KZN Treasury and other relevant agencies, have endeavoured to do a sweep of our financial statements and look into our ICT investments in order to identify and remove expenditure that does not provide added value while also optimizing processes to improve efficiency.

The main objective is to unlock issues such as elimination of redundancy, streamlining workflows, communication improvement and forecasting of changes. The outcome of this exercise is to present a clear view of our ICT's Return on Investment (ROI) and benchmark value for money. Stop-gap measures will be adopted where findings indicate revenue loss impacting on the fiscus.



Honourable Speaker, allow me to table the following documents:

- **Appropriation Bill, 2024/25**
- **2024/25 Provincial Budget Speech**
- **2024/25 Estimates of Provincial Revenue and Expenditure (Green book)**
- **2024/25 Estimates of Capital Expenditure (ECE).**

Madam Speaker, when appropriated, this Bill will give the legal basis for departments and public entities to spend their 2024/25 budgets.

## **2. ECONOMIC OUTLOOK**

### **2.1 Global and domestic economic outlook**

Madam Speaker, as I table the provincial budget today, the global economic landscape remains a challenge as the growth rate decelerated further to 3.1% last year from 3.5% in 2022. The subdued global growth reflects the impact of prolonged supply chain disruptions and tighter monetary policy implemented to contain inflation. While the period of interest rate increases is expected to end this year amid a decreasing inflation rate, global growth remains susceptible to significant downside risks.

The risks to the global outlook emanate from low global trade growth, weaker-than-expected growth in China, as well as the possibility of commodity market disruptions should the recent geopolitical conflicts in the Middle East escalate to other regions. Global growth is expected to remain steady at 3.1% this year, before increasing slightly to 3.2% in 2025.

Somlomo Ohloniphekileyo, amazwe asafufusa njenge Ningizimu Afrika asabhekene nezinkinga zomnotho ezihlasele umhlaba wonke. Muva nje amanani enzuzo yemalimboleko anyuke kakhulu kulesi sikhathi, uma kuqhathaniswa nesikhathi esiyiminyaka eyishumi eyedlule. Kuyasijabulisa ukuthi ibhange-ngodla (South African Reserve Bank) lisebenza kanzima ukuzama ukulungisa isimo.

The unfavourable global conditions have been compounded by domestic structural challenges that continue to severely limit the country's growth potential. In 2023, the national economy expanded slightly by 0.6%, due to persistent power outages alongside ports and rail infrastructure constraints. On a positive note, South Africa's growth is projected to increase marginally to 1.3% this year and 1.6% in 2025, as the energy supply is expected to improve, and with lower inflation encouraging household consumption.

The expected easing of load-shedding should have a positive impact on corporate turnover, which is therefore expected to have a positive impact on corporate income taxes, thus providing better revenue streams for the fiscus. Improvements in tax revenues over time will allow the country to repay its high debt levels, build better buffers and thus free up resources to expand critical government programmes.

Madam Speaker, a significant amount of effort is being put into ensuring improved economic growth and a sustainable fiscal outlook. As outlined by His Excellency, the

State President, Cyril Ramaphosa, in his 2024 State of National Address (SONA), the government is on track to resolving the underpinning constraints on economic growth by stabilising the energy supply and fixing the logistics system to unleash economic potential. In this regard, the Presidency has set out a plan to end load-shedding, which has been implemented through the National Energy Crisis Committee.

Madam Speaker equally, this budget announcement is demonstrating the alignment to the President's six priorities through our program of economic reconstruction and building a safe and prosperous province of KwaZulu-Natal, namely:

1. Put South Africa to work
2. Build our industries for an inclusive economy
3. Tackle high cost of living
4. Invest in People
5. Defend democracy and advance Freedom
6. Build a better Africa and World

Similarly, as indicated in Finance Minister Enock Godongwana's speech last month, the country has embarked on a broad structural reform agenda that aims to address the challenges that impede our economic growth. The main focus is to continue with our efforts to stabilise our power supply and improve our logistics capabilities. Improved economic growth will lead to better tax revenues and this will allow us to enhance our efforts to address the country's developmental needs.

Minister Godongwana also provided feedback on progress made with the Public Procurement Bill. We expect this Bill, once enacted, to contribute to our transformation efforts for the advancement of previously disadvantaged persons. The focus is on small enterprises owned by black people, with emphasis placed on black women, black youth and black people living with disabilities. The Bill also provides for local industrialisation and set asides which should make a palpable difference in the economic empowerment of our communities.

As a result of all these factors, as well as a sharp reduction in tax revenue because of lower economic growth, mainly due to a decline in corporate taxes and from taxes on mining corporates in the main, National Treasury advised provinces during this budget process that the fiscal consolidation stance will remain in place. This is done mainly to ensure fiscal sustainability and a reduction in our debt burden. Fiscal space is provided, though, for the protection of our core social services.

It is imperative for government, now more than ever, to ensure that every Rand goes an extra mile.

## **2.2 Economic performance in KwaZulu-Natal**

Honourable Members, similar to other provinces across the country, KZN is not immune from the setbacks affecting the country, as evidenced by slowing provincial growth. The economic challenges in KZN are further exacerbated by climate change, which has caused frequent disastrous floods that continue to cause damage to economic and social infrastructure, as well as leading to a loss of lives. To this end, our provincial economic outlook shows that economic growth increased marginally by

0.7% last year. We, however, expect a moderate expansion of 1.1% this year and 2.3% in 2025, supported largely by the anticipated energy availability.

While the projected growth is still below the potential growth of our provincial economy, we remain positive about our steadfast implementation of economic reforms and job creation through focused and interlinked programmes, such as industrialisation, localisation, export and investment promotions, among others. We also continue to invest in economic infrastructure as part of our unwavering efforts to reconstruct and rehabilitate the provincial economy.

Through our massive industrial infrastructure development at the Dube TradePort and Richards Bay Special Economic Zones, we have created more employment opportunities for our people. Honourable Members, the construction activities taking place on the N2 and N3 have also contributed to numerous job opportunities in the province. It is partly through these and other government initiatives that KZN has reported a continuous increase in employment over eight consecutive quarters since the beginning of 2022 into the final quarter of December 2023, adding an accumulative number of some 375 000 persons employed.

Madam Speaker, as alluded earlier, the Port of Durban is a strategic asset of our country and KZN, in particular. We are delighted by the pronouncement made by the President in the SONA about the plans to expand and improve the largest terminal in the country. The improved efficiency in the operation of this port will contribute to the exportation of goods and services to international markets and within Africa, especially as we have already begun to export goods under the African Continental Free Trade Agreement.

The provincial budget is being tabled against this backdrop.

### **3. THE PROVINCIAL BUDGET FOR THE 2024/25 MTEF**

#### **3.1 Provincial fiscal framework for 2024/25**

Table 1: Provincial fiscal framework shows the Provincial Equitable Share and conditional grants received from National Treasury in aggregate, as well as the amount we anticipate to collect from our Provincial own revenue sources and funds allocated in this budget from our Provincial cash resources (which emanate from funds held in our Provincial Revenue Fund for a specific purpose or where funds were paid into Provincial Own Revenue in the prior year and are being allocated for spending in this budget).

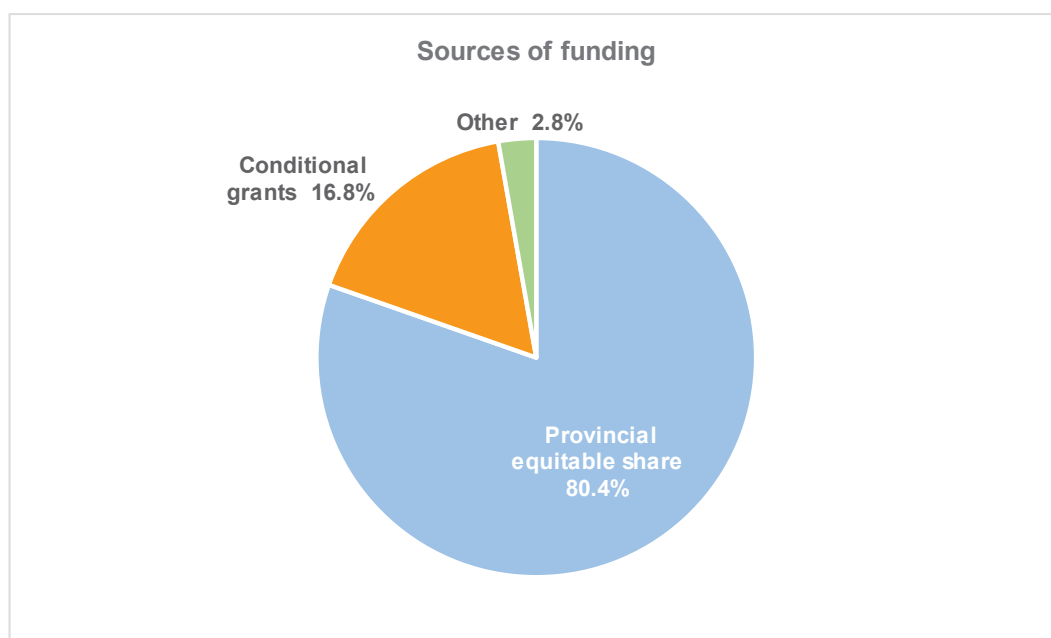
**Table 1 : Provincial fiscal framework**

R thousand	2024/25	2025/26	2026/27
<b>1. Revised allocation</b>	<b>150 724 520</b>	<b>155 772 947</b>	<b>161 964 873</b>
Transfer receipts from national	146 541 000	151 410 642	157 418 604
<i>Provincial Equitable Share</i>	121 145 053	126 359 814	131 972 012
<i>Conditional grants</i>	25 395 947	25 050 828	25 446 592
Provincial own revenue	4 176 860	4 359 745	4 543 709
Provincial cash resources	6 660	2 560	2 560
<b>2. Planned spending by departments</b>	<b>150 488 101</b>	<b>155 545 832</b>	<b>161 739 387</b>
<b>3. Contingency Reserve</b>	<b>236 419</b>	<b>227 115</b>	<b>225 486</b>

In 2024/25, the Provincial Equitable Share amounts to R121.1 billion, with the amounts allocated over the MTEF as shown in Table 1. The conditional grant allocation amounts to R25.4 billion. The total amount we receive from National Treasury is thus R146.5 billion. When adding the Provincial own revenue and Provincial cash resources to this amount, the total revenue that the province has to finance the budget is R150.7 billion, as shown in Line 1 of the table.

Line 2 shows that the provincial departments are planning to spend R150.5 billion in 2024/25 and the final line in the table shows that our Contingency Reserve is set at around R225 million to R236 million per annum over the MTEF.

The bulk of our funding is received from National Treasury in the form of the Provincial Equitable Share (80.4%) and the conditional grant allocation (16.8%), with the balance made up by provincial own revenue and provincial cash resources at 2.8% of the total resource envelope.



### 3.2 Amendments to the Provincial Equitable Share by National Treasury

As indicated, the largest share of our funding is received in the form of the Provincial Equitable Share and National Treasury advised provinces of various amendments being made to the Provincial Equitable Share in this budget, and these are incorporated in the fiscal framework.

We are very grateful for significant additions being made to the province towards the carry-through costs of the 2023 wage agreement. These additions fully cover the costs of the 2023 wage agreement for the social sector departments, namely for the Departments of Education, Health, and Social Development. The amounts received in this regard are R6.6 billion, R6.8 billion and R7 billion over the MTEF. We are very grateful for these additions as the 2023 wage agreement exerted considerable pressure on these labour-intensive departments and we raised this matter at a number of national forums. We are very pleased that our concerns were listened to and that these critical funds were provided to the province.

The other departments have had to absorb this cost from within their existing baselines over the MTEF.

On the other hand, as indicated by Honourable Minister Godongwana in his budget speech last month, we are not out of the woods yet and thus the fiscal consolidation stance that started a few years ago is set to continue in this budget. As a result, there are budget cuts made against our equitable share budget over the MTEF.

The annual data updates of the Provincial Equitable Share formula have not worked in our favour and, as a result, our allocation has been reduced proportionately.

With regard to the fiscal consolidation budget cuts implemented by National Treasury, the province loses R4 billion, R4.2 billion and R4.3 billion over the MTEF. We also lose R334.5 million, R109.2 million and R189.5 million over the MTEF as a result of the data updates of the Provincial Equitable Share formula.

In aggregate, though, there is a net increase in the funds allocated to KwaZulu-Natal's Provincial Equitable Share of R2.3 billion to R2.5 billion per annum, taking into account the additional funding received for the costs of the 2023 wage agreement in the social sector.

The province has taken a decision to effect reductions across the board in order to increase our Contingency Reserve to around the R225 million to R236 million per annum mark over the MTEF. This Contingency Reserve allows us to respond in-year when unforeseen circumstances arise. In this regard, we have cut back spending by R132.5 million, R103.5 million and R105.4 million over the MTEF to fund this increase in the reserve.

This means that the provincial budget reduces by between R4.4 billion and R4.7 billion in aggregate over the 2024/25 MTEF, but this cut then is offset by the additions referred to earlier.

With respect to the additions made to our Provincial Equitable Share for the carry-through costs of the 2023 wage agreement, the funds were allocated to the social sector proportionately, as follows:

- Education receives between R4.1 billion and R4.4 billion per annum over the MTEF.
- Health receives between R2.6 billion and R2.8 billion per annum over the MTEF.



- Social Development receives between R134 million and R144 million per annum over the MTEF.

Uma sibuka ukuthi kufanele kwenziwe kanjani ukunciphisa isabelomali kulonyaka bekufanele sijule, ngoba sesibe neminyaka eminingi yokunciphiswa kwesabelomali ngakho ke akukho lula ukukwenza kulonyaka wezimali ka 2024/2025 ikakhulukazi ngoba isabelomali sesifundazwe asikho esimeni esihle. Kodwa ke bekungekho esingakwenza yingakho kumele sikwenze kuze kube isimo somnotho siyashintsha.

With regard to the Provincial Equitable Share budget cuts, it was decided to effect these budget cuts proportionately against all Votes, with the exception of Vote 2: Provincial Legislature, who were exempted from the budget cuts. In determining the proportionate cut, we excluded certain cost items from the proportionate calculation. In this regard, given the under-funded property rates and the significant impact as a result thereof on service delivery, and municipalities, this line item was excluded when calculating the proportionate budget cuts for Public Works.

The budget cuts are significant, and departments were required to review the targets that they have set for themselves in the 2024/25 Annual Performance Plans to fall in line with their amended budget. All departments had to re-visit their budgets and prioritize the programmes and projects they will be rolling out over the MTEF, taking into account their reduced budgets. For some, it has meant that various posts will not be filled, additional cost-cutting measures must be implemented, and programmes to address operational inefficiencies must be concluded, while others have noted that some projects will have to be rolled out over a longer period of time. Departments will also, as far as possible, hold meetings virtually so as to reduce the costs of traveling, while others indicated that they will place greater emphasis on efficiency savings, or will reduce internal training programmes. Departments will place more emphasis on implementing efficient business processes to ensure that quality services continue to be rendered to our communities.

A Finance Lekgotla was held in early February to look at the impact of these budget amendments and to deliberate on a number of strategies to be implemented to render quality services within the fiscal resources we have. These strategies will be elaborated on when the MECs table their Votes' budget speeches.

### **3.3 Amendments to the conditional grant allocation by National Treasury**

The second highest portion of our funding is allocated to us by National Treasury in the form of conditional grants. These funds are allocated to us to fund specific government programmes, and the allocations are made in line with the Division of Revenue Act.

National Treasury advised that fiscal consolidation budget cuts are also being made against the conditional grant allocations, mainly towards addressing the country's debt burden and towards ensuring fiscal sustainability. National Treasury also revised some of the conditional grant allocations downward to free up funding in order to be able to fund the carry-through costs of the 2023 wage agreement, allocated to the social sector, as explained. Some reductions are also made against the conditional grant



allocations to support a national decision to continue with the Presidential Employment Stimulus.

KwaZulu-Natal's conditional grant allocation increases by R501.3 million in 2024/25, and then reduces by R989.3 million in 2025/26 and by R593.5 million in 2026/27.

Quite a number of conditional grants show marginal adjustments to their budgets, with only the more pertinent amendments discussed here.

The **Ilima/ Letsema Projects grant** under the Department of Agriculture and Rural Development is cut by R24.7 million in 2024/25 due to National Treasury reprioritising these funds towards the Presidential Employment Stimulus. The grant amounts to R55.4 million, after taking this amendment into account.

In aggregate, the province receives R141.4 million through two EPWP conditional grants aimed at increasing job creation in the province. The **EPWP Integrated Grant for Provinces** and the **Social Sector EPWP Incentive Grant for Provinces** are reduced in 2024/25 due to National Treasury reprioritising these funds towards the Presidential Employment Stimulus. These grants were cut by R42 million and R29 million, respectively, against various Votes.

The **Education Infrastructure grant** increases by R58.1 million in 2024/25. This grant is incentive based and the increase is partly due to the incentive allocation where the department scored really well, achieving 98% in terms of submitting planning documentation and showing capacity to spend and thus received an incentive allocation of R89 million. This was offset by fiscal consolidation budget cuts. The budget for this grant is R2.4 billion after these amendments.

The **National School Nutrition Programme grant** receives an increase of R19 million in 2024/25 to continue with the provision of nutritious meals. The budget for 2024/25 after the increase is R2.2 billion.

The **Health Facility Revitalisation grant** is increased by R31.1 million in 2024/25. The addition is because this grant is incentive based and because the department scored really well, at 99%, in terms of submitting planning documentation and showing capacity to spend and was allocated R72.9 million. This is offset by fiscal consolidation budget cuts. The budget for this grant is R1.5 billion in 2024/25.

The **Provincial Roads Maintenance grant** sees a significant increase of R691.8 million in 2024/25 and is used for the maintenance and rehabilitation of the provincial road network, as well as repairs to infrastructure damaged by floods. The budget for this grant is R3.2 billion after this increase and shows our commitment to improving the provincial road network.

The **Human Settlements Development grant** decreases significantly by R268.7 million in 2024/25. As indicated, National Treasury reduced the budget against this grant in order to be able to provide funds to the social sector for the 2023 wage agreement carry-through costs. This budget cut is carried through over the MTEF. The budget for this grant in 2024/25 is R2.5 billion after the budget cut.

Similarly, the **Informal Settlements Upgrading Partnership grant** also had a large budget cut of R228.6 million in 2024/25, in line with National Treasury's decision to

source funds through reprioritisation to provide funds to the social sector for the 2023 wage agreement carry-through costs. This budget cut is carried through over the MTEF and the budget for 2024/25, after the budget cut, is R597.1 million.

### 3.4 Funding from provincial cash resources and suspension of funds

A few allocations are also made in this budget from provincial cash resources, as well as through the movement of funds between Votes. These are as follows:

- **Vote 6: Provincial Treasury** receives R7.7 million over the MTEF (R2.6 million per annum) towards the costs of upgrading the Biometrics Access Control System to strengthen its security and ransomware features. This control system is used by all departments when accessing BAS, and the improvements will lower the risk of unauthorized access of the system. KwaZulu-Natal is the only province who has this additional layer of control and has therefore obliterated the opportunity for unauthorised access to our systems.
- **Vote 10: Sport, Arts and Culture** receives R4.1 million in 2024/25 for the construction of a monument in honour of the 1860 arrival of the Indian indentured labourers. These funds were recalled into the Provincial Revenue Fund a number of years ago when this project was showing little progress. The department reports that they anticipate that this project will be completed in 2024/25 after gaining significant momentum in 2023/24. The department has indicated that the monument is in the process of being erected alongside the uShaka Marine promenade in Durban. The project commenced in 2023/24 and is anticipated to take seven to eight months to complete.
- **Vote 12: Transport** requested that R3 million be suspended from their Vote in 2024/25 for allocation to **Vote 4: Economic Development, Tourism and Environmental Affairs** with respect to sourcing an airport emergency fire and rescue vehicle for the Margate Airport. This relates to the ongoing collaboration between these two departments to ensure the successful operation of the provincial regional airports.

## 4 UNPACKING THE PROVINCIAL BUDGET

The provincial budget is allocated to 14 Votes for spending, as shown in Table 2, and the Votes use these funds in rolling out various national and provincial priorities. This table shows the amounts allocated to each Vote for spending in 2024/25 and each Vote's share of the total provincial budget.

**Table 2 : Budgets per Vote**

<b>Vote</b>	<b>2024/25 (R000)</b>	<b>% of Total Budget</b>
Vote 1: Office of the Premier	784 153	0.5%
Vote 2: Provincial Legislature	782 115	0.5%
Vote 3: Agriculture and Rural Development	2 608 385	1.7%
Vote 4: Economic Development, Tourism and Environmental Affairs	3 459 828	2.3%
Vote 5: Education	62 988 588	41.9%
Vote 6: Provincial Treasury	680 901	0.5%
Vote 7: Health	53 796 892	35.7%
Vote 8: Human Settlements	3 529 676	2.3%
Vote 9: Community Safety and Liaison	243 343	0.2%
Vote 10: Sport, Arts and Culture	1 537 422	1.0%
Vote 11: Co-operative Governance and Traditional Affairs	1 850 066	1.2%
Vote 12: Transport	13 023 631	8.7%
Vote 13: Social Development	3 411 555	2.3%
Vote 14: Public Works	1 791 546	1.2%
<b>Total Budget</b>	<b>150 488 101</b>	<b>100.0%</b>

The priorities set out in the Medium-Term Strategic Framework adopted by the Sixth Administration have been our guiding light over the past five years. These, together with the provincial priorities that were developed and are in synergy with the national priorities, have determined our service delivery imperatives. The main aim of these continue to be the reduction in poverty and inequality through creating jobs, providing a meaningful and adequate social service with the main aim of providing a better life for all.

Yonke iminyango kahulumeni lapha esifundazweni sakithi sakwaZulu-Natali yacelwa ukuthi ekulungiseleleni isabelomali sakulonyaka kufanele iveze okuseqhulwini lwezinto abazozenza okuhambisanayo nokuseqhulwini kuhulumeni wesifundazwe. Okuseqhulwini KwaZulu-Natali ilokhu okulandelayo:

- Building a capable, ethical and development state.
- Economic transformation and job creation.
- Education, skills and health.
- Consolidating the social wage through reliable and quality basic services.
- Spatial integration, human settlements and local government.
- Social cohesion and safe communities.
- Better Africa and world.

Some of the priority areas funded in this regard are mentioned here, whereas the respective MECs will expand on these in their budget speeches:

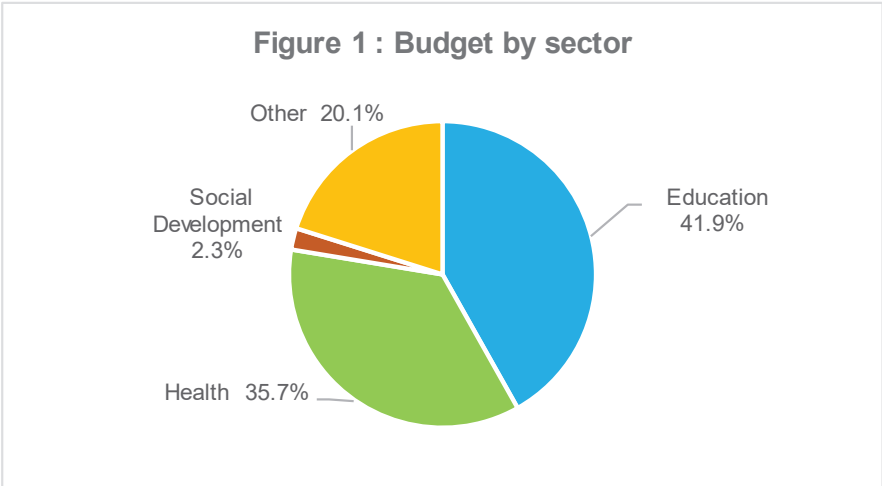
- Building a professional sector and continued implementation of the anti-corruption strategy.
- Investigation of all fraud, corruption and maladministration cases in the provincial and municipal sphere.
- Building top structures, upgrading electrical infrastructure, installation of bulk infrastructure, among others in our Special Economic Zones.

- Developing and supporting commercial, smallholder and subsistence farmers.
- Establishment of various types of agri-hubs across the province.
- Providing mechanisation and nutritious food security at household and communal level.
- Enterprise development support for commodities such as chemicals, detergents, clothing and textile.
- Economic transformation and empowerment initiatives focusing on BEE, women, youth, people living with disabilities, etc.
- Regional and local economic support through provision of informal economy infrastructure and municipal employment initiatives.
- Regional airports infrastructure support.
- Improved education outcomes and providing learning opportunities to develop the child holistically.
- Provision of sanitary towels to indigent learners in schools.
- Improved efficiencies in health care through rolling out the eHealth system for improved patient record management.
- The continued provision of primary health care at clinic and district hospital level, as well as the continued provision of HIV and AIDS and TB treatment.
- Delivery of adequate housing and improved quality living environments.
- Spatial transformation through multi-programme integration in priority development areas.
- Implementation of various crime prevention programmes, including youth and other vulnerable groups' crime prevention programmes.
- Focussing on social cohesion through various sport, arts and culture activities.
- Support to municipalities with the development of credible Integrated Development Plans and functional ward committees.
- Municipal support programmes.
- Support with respect to the provision of quality basic services through the war on leaks programme, electrical programmes and water interventions.
- Job creation programmes such as the Zibambele project and the Vukuyibambe routine road maintenance programme, as well as the continued roll-out of various government programmes using the EPWP approach.
- Investment into the construction, rehabilitation, maintenance and repair of our road infrastructure.
- Victim empowerment interventions, social protection for children, care and support to older persons and other vulnerable groups.
- Youth development initiatives.

#### **4.1 Analysis of budget by sector**

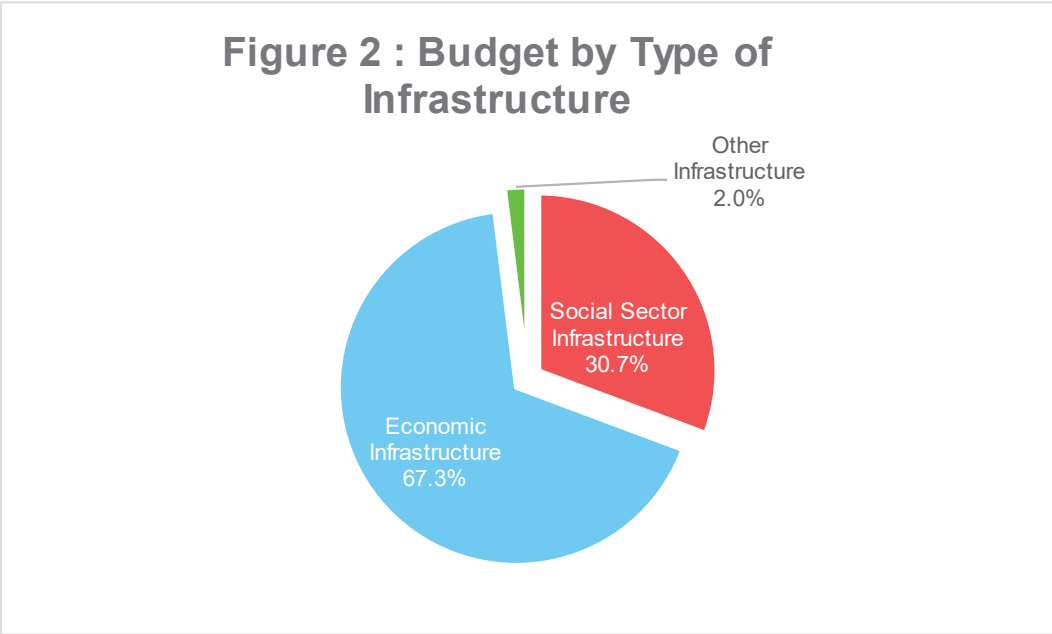
Figure 1 shows that the bulk of the provincial budget is allocated to the social sector departments, namely the Department of Education, the Department of Health and the

Department of Social Development. These departments receive around 80% of the provincial budget, while the balance of 20% goes towards funding all the other Votes.



**4.2 KwaZulu-Natal’s infrastructure budget**

The total infrastructure budget over the MTEF is **R17.1 billion, R17.3 billion and R17.4 billion**, showing our ongoing commitment to prioritising infrastructure development. A detailed list of all infrastructure projects that will be implemented is contained in the *Estimates of Capital Expenditure* which I am also tabling today. This publication provides detail of each project planned to be implemented, the project value, the location of the project, and so much more. It is a very useful tool which helps to assist meaningful oversight, while data from this publication is used to map the infrastructure projects to ensure that the infrastructure budget reaches all areas of our province. This is also critical data for the regular reviews of the DDM One Plans.



As can be seen in Figure 2, the bulk of our infrastructure budget at 67.3% is allocated towards economic infrastructure, implemented by the Department of Agriculture and Rural Development, the Department of Economic Development, Tourism and Environmental Affairs, the Department of Human Settlements, as well as the

Department of Transport. The types of infrastructure projects rolled out by these departments include maintenance and upgrades to the provincial road network, as well as the construction of access roads (to schools and clinics, and so forth) and bridges. The budget also provides for capital developments at the Special Economic Zones, as well as the rehabilitation and development of agricultural infrastructure such as animal handling facilities, irrigation schemes, fencing projects, boreholes and stock watering dams. The economic infrastructure category also provides for housing development projects, including upgrading of informal settlements, rural interventions and community residential units, among others.

The social sector departments are the next highest in terms of infrastructure spending and this makes up 30.7% of the aggregate infrastructure spend. In this regard, the Departments of Education, Health and Social Development spend their budgets on infrastructure projects such as the maintenance and rehabilitation of schools, including repairs caused by storms and flooding, while there is also provision made for new schools' infrastructure. Funds are also spent on maintaining, upgrading and constructing community health centres, clinics, district hospitals, emergency medical facilities, provincial hospitals, central and tertiary hospitals, among others. The social economic infrastructure category also provides for upgrades and additions to places of safety, residential facilities, youth academies, secure care centres and child and youth care centres, among others.

Honourable Speaker, if anyone wants to know why it is important for the Province to budget, our response is simple. We would not have succeeded in building critical infrastructure without making provision for adequate funding through the budget process such as our massive King Shaka International Airport, state of the art Moses Mabhida Stadium, Dr Pixely kaSeme Memorial Hospital, Anton Lembede Mathematics, Science and Technology Academy, Mandla Mthethwa School of Excellence, upgrading of regional airports, izinxanxathela zemigwaqo kanye nengqalasizinda enhlobonhlobo.

Kuningi kakhulu esingakubala kule minyaka engamashumi amathathu enkululeko, kodwa oNgqongqoshe bazochaza kabanzi uma sebethula izabelomali zeminyango yabo.

## 5. CONCLUSION

Honourable Speaker and Honourable Members as I conclude, the President of the Republic of South Africa His Excellency Cyril Matamela Ramaphosa once said,

**“We want to renew our vows with our people. We want to reconnect with our people. We want to get our people excited again.”**

As we present this Provincial Budget, we wish to state that the work of managing the Provincial Fiscus has been undertaken with extreme dexterity since 2009 when the Province was in overdraft. To date, sterling work has been done to ensure that KwaZulu-Natal is an embodiment of resplendent financial governance and that it stays cash positive.



We are committed to the renewal of our vows to Grow KwaZulu-Natal Together and to reconnect with the people of this province.

Furthermore, in his State of the Nation Address on the 8th of February 2024, President Ramaphosa, highlighted various areas that we are proud of, including the significant progress on measures taken to grow the economy,

- to create jobs and to reduce poverty,
- to continue to position our economy to grow and to compete in a fast changing world,
- to support small businesses and to give young people economic opportunities.

The President said government will continue to work in order to improve the country's fiscal position and hold a firm and sound macro-economic trajectory. This is evident in the budget we are tabling today.

In her State of the Province Address, our Honourable Premier Ms Nomusa Dube-Ncube indicated the importance of ensuring that our Provincial Government is ethical, sound financial discipline and prudent in efficient governance processes.

Honourable Speaker, more focus will be directed towards Agriculture and Tourism as they have constantly proven to be the key economic drivers of our province with a significant job multiplier for every rand invested. Mining industry in our province should also be supported in order to explore more opportunities within the industry.

Kubalulekile ukuthi nathi njengesifundazwe sibambe iqhaza ukukhulisa umkhakha wezimayini. Sinezimbiwa phansi eziningi esifundazweni sakithi ezifana ne-coal itanium, igolide, ilithium, ilime nezinye eziningi.

In our continued drive to grow our economy and to create job opportunities the Cannabis and Hemp sector remains key and holds a significant potential to secure investment in order to support the sustainable rural livelihoods. This is now even more important after the Cannabis for Private Purposes Bill has gone through the process of both the National Assembly and the National Council of Provinces. It is just waiting the President's signature in order for it to be enacted into law.

Honourable Members, we remain focussed on the priorities we have set for ourselves in terms of the Medium-Term Strategic Framework and in the provincial priorities that are aligned to this framework. We will continue to work tirelessly for the people of KwaZulu-Natal through economic opportunities, job creation and poverty alleviation.

Honourable Speaker, let me express my greatest appreciation for the support received from the Leadership and Membership of our organisation, the African National Congress.

Please also allow me to express my gratitude to the Members of the Legislature, in particular, the Chairperson, Honourable TV Xulu, and members of the Finance Portfolio Committee, as well as the Chairperson of the Standing Committee on Oversight (STACOV), Honourable LXH Hlongwa-Madlala, and members of STACOV.

To the Premier of our Province, Honourable Nomusa Dube-Ncube, my colleagues and comrades in the Executive Council, thank you for your unwavering support.

Thanks to the Heads of Departments and Chief Financial Officers for the work they have done in preparing this budget.

I would also like to extend my gratitude to the Minister of Finance Honourable Godongwana and National Treasury officials for their guidance and technical support during our preparation for tabling this budget.

My gratitude also goes to the Ministers' Committee on Budget for the sound advice during our preparations.

I would also like to thank my Treasury Team, led by HOD Carol Coetzee, for putting together the budget documentation I am tabling today. I am very proud of this team and their tireless dedication to the job at hand.

Lastly, Madam Speaker allow me to express my sincerely gratitude to my family who have supported me throughout my various deployments, and whom I draw my strength from; particularly my mother maJili Mlambo, all my children and grandchildren. Thank you for the love and continuous support.

I thank you.



**KWAZULU-NATAL**  
2024/25 PROVINCIAL  
**BUDGET SPEECH**

