

# **BUDGET SPEECH**

## **2025/26**



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**MEC FOR FINANCE**

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# **PROVINCE OF KWAZULU-NATAL**

## **Budget Address by Francois Rodgers MEC for Finance**

### **On tabling of the 2025/26 MTEF Budget in the KwaZulu-Natal Provincial Legislature 25 March 2025**

Honourable Speaker, Ms Nontembeko Boyce

Honourable Deputy Speaker, Ms Mmabatho Tembe

Honourable Premier, Mr Thamsanqa Ntuli

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 guest

Madam Speaker, it is now over nine months since the Government of Provincial Unity (GPU) came into power in KwaZulu-Natal (KZN). Our ability to unite as political parties, despite our differences, has ushered new hope of shared prosperity and progress for the people of our province.

We can be proud that as KZN, we managed to form a government long before political parties at a national level could form the Government of National Unity (GNU). I make this poignant point in reflection of our dark and violent past. Those who lived through that era of political intolerance in KZN will attest to the significant strides we have made in advancing stability in our democracy.

The creation of a capable, ethical, and developmental state is the cornerstone and a key uniting factor in the GPU.

Madam Speaker, ahead of tabling this year's budget, I sought public contributions from people in all corners of KwaZulu-Natal.

It is pleasing that the majority of the more than 200 contributors sourced through social media, over seventy percent were in the 25 – 34 age group. This is testimony that when consulted or given an opportunity our young people are in tune with political developments in our province.

The message from the people of KwaZulu-Natal is clear. They want an efficient government that is run on principle rather than political machinations. They want services to be delivered in a qualitative manner. Opportunities must be granted on merit, rather than through patronage and favouritism.

Mr. Mqondisi Mngoma from Ladysmith under the uThukela district municipality requested that this budget should empower young people with skills empowerment training in the agricultural sector. Mr. Mngoma specifically asked that there should be economic opportunities for young people in this sector.

*Makhiwane*, I am pleased to tell you that the Government of Provincial Unity, like our national counterparts, is in the early stages of implementing the new public-private partnership policy.

Through this policy, we envisage that government will partner with the private sector to advance inclusive economic growth. Youth empowerment is a critical part of that process.

Last year, I was invited to the Annual General Meeting of Harry Gwala Agri, a non-profit company which aims to address unemployment and food insecurity in its region of operation by upskilling and facilitating growth among aspiring farmers.

This impressive organisation, which was established in 2017 has trained 206 students who have gone on to complete their studies and graduated in the agricultural sector. About 85% of the trainees now work in the agricultural sector, with 50% of them having been absorbed by farms where they served their in-service training through the facilitation of Harry Gwala Agri.

The company has expressed interest in partnering with government. We are hoping that this will be possible through cooperation with our colleagues from the department of Agriculture and Rural Development.

Dr. Xoliswa Shangase, an unemployed medical practitioner from eThekweni, has urged the GPU to increase the budget for the health department so that it may be able to recruit more doctors, nurses, social workers, physiotherapists, and pharmacists as well as procure medication and necessary supplies.

I wish to inform Dr Shangase that this administration is not pleased with the fact that there are so many healthcare practitioners who are unemployed, especially in recognition of the high demand for their services.

This administration inherited a constrained fiscus. However, it remains our focus to prioritise frontline services such as the health care, education and social development sectors.

We must protect existing jobs within these sectors.

Thabo Gumede from Newcastle lamented about late payments to suppliers by government departments and entities.

Yeyeye, I must admit that it is humiliating to hear stories of many small businesses struggling to function because certain public entities and departments fail to pay on time. Such a practice does not bode well for our vision of establishing a thriving entrepreneurial culture. Certainly, as government, we must lead by example.

Our pay-on-time team remains open and committed to assisting departments and other entities to improve fulfilling their obligations to suppliers. An E-procurement system will be implemented in the new year which will curb departments incurring expenditure without the necessary cash and budgets.

Madam Speaker, it is my honour to present the 2025/26 MTEF *Estimates of Provincial Revenue and Expenditure* which gives details of the provincial fiscal framework to the people of this province and beyond. These estimates provide an opportunity for the Provincial Legislature and citizens to hold the provincial departments and public entities accountable for the public funds they spend. Details are provided in the budget documents I am tabling today on what the allocated funds will be spent on and how this budget will benefit the people of our beautiful province. Please allow me to table the following documents:

- **Appropriation Bill, 2025**
- **2025/26 Provincial Budget Speech**
- **2025/26 Estimates of Provincial Revenue and Expenditure**
- **2025/26 Estimates of Capital Expenditure.**

Madam Speaker, when appropriated, this Bill will give the legal basis for departments and public entities to spend their 2025/26 budgets.

## **2. ECONOMIC OUTLOOK**

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

Honourable Members, global conditions have been relatively stable over the past two years as disinflation proceeds amid easing energy and food prices alongside favourable global supply chains. The falling inflation rate and less restrictive monetary policies are expected to support consumption, investment, and financial conditions. In its recent projections, the International Monetary Fund (IMF) forecasts modest global growth of 3.3% this year and in 2026.

It is worrisome, however, that the trade policy shifts have intensified as the United States of America (US) recently announced tariffs on certain commodities. This signals an imminent second round of trade war, as US trading partners might retaliate. If this materialises, it could cause significant market volatility and could destabilise global growth.

Turning to South Africa, Madam Speaker, it remains a concern for us that our country's economy continues to perform significantly lower than its growth potential. The country has made significant progress in stabilising the electricity supply, as evidenced by the suspension of load-shedding for a greater part of last year. Despite this, economic performance remained on a low growth path, with an estimated 0.7%.

However, recent projections indicate that the national growth could reach 1.7% this year and 1.8% in 2026, supported by improvements in the electricity supply 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.

Honourable Members, the forecast growth is still below the desired level, which would help us to address the social challenges of high unemployment, poverty, and inequality. The low growth problem limits government's ability to collect tax revenue. As a result, our debt could reach unsustainable levels, where spending on social priorities is crowded out or where we will need to look at alternative solutions such as reviewing our revenue streams.

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

Years of poor policy implementation at a national level, a declining global economy coupled with the Covid pandemic have played havoc with the financial stability of the province. The province had to face over 60-billion-rand worth of budget cuts, as well as various unfunded wage agreements over the past 4 years.

After a considerable deterioration over the past two years, KwaZulu-Natal's economy has somewhat stabilized. The deceleration was attributed to numerous structural challenges, including extensive electricity load-shedding, alongside rail and port operational bottlenecks. Despite a low growth trajectory, KwaZulu-Natal's economy grew faster than the national economy when using 2013 as a base year. However, the growth rate in KwaZulu-Natal is estimated to have dropped from 1.1% in 2023 to an estimated 0.5% in 2024.

This growth rate is expected to improve moderately to 1.7% in 2025 and 1.8% in 2026, supported by the implementation of effective structural reforms in key sectors such as energy, freight and logistics, water, green, and ocean economies, as well as the adoption of an integrated programme to support the informal economy.

The Government of Provincial Unity in KwaZulu-Natal fully aligns to the three strategic priorities set by the Government of National Unity, and these are the cornerstone of our programme of action. These 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 inclusive economic growth continues to improve. This will lead to the creation of new sustainable jobs, increased revenue for government which will, in turn, improve our capacity to fund key government service delivery programmes.

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

Madam Speaker, Treasury has no easy task in guiding the province out of this fiscal quagmire, we are up to the task but cannot do this in isolation, HOD's, CFO's and members of the executive must work with us to achieve fiscal recovery and stability.

The provincial budget is being tabled against this backdrop.

### **3. THE PROVINCIAL BUDGET FOR THE 2025/26 MTEF**

#### **3.1 The approach taken towards the 2025/26 MTEF budget**

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

While the budget being presented today largely brings good news of additional funds for both the equitable share and the conditional grant allocation for this province, we have to acknowledge that historic budget cuts have put immense strain on the provincial fiscus. This has resulted in severe budget constraints for a number of our government departments, resulting in an unsustainable growth of accruals in the current financial year.

It is clear that we cannot continue to budget using only the incremental budgeting approach, as we have done in the past. Rather, we need to adopt a "Budget Business Unusual" approach.

Madam Speaker, the formulation of the 2025/2026 budget for KZN has been an arduous task. We've had to consider several competing needs with our limited

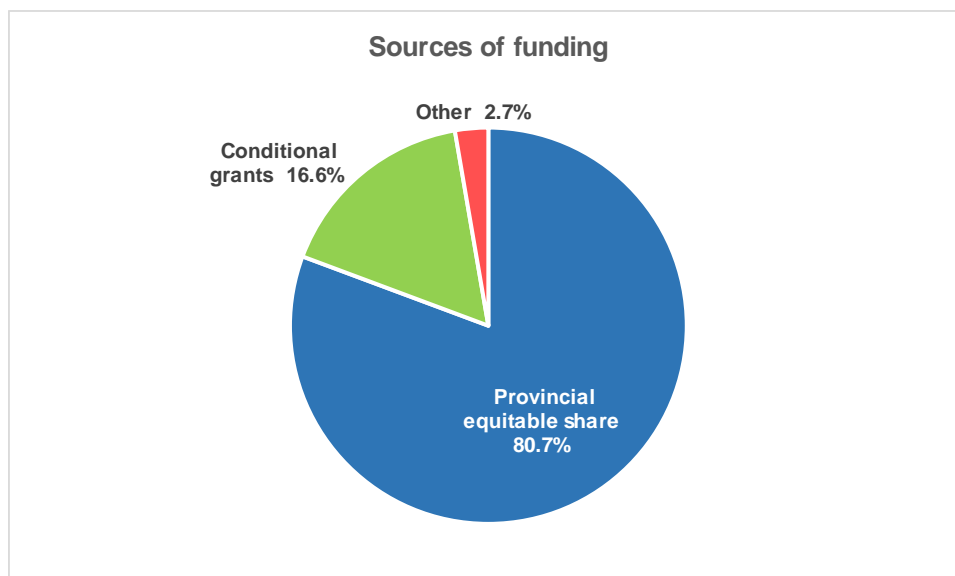
financial resources. Priority has been given to critical service delivery departments while still trying to maintain operations in non-critical areas. We have to realise that as provincial departments we don't operate in isolation but under one fiscal umbrella.

Having said that, a budget of R158 billion is a big ship to turn, and to minimise disruption and paralysis of the provincial finances, the Provincial Treasury senior management team and I set aside a few days in December to unpack the best way forward. We have come up with a very credible Provincial Financial Recovery Plan, that is packaged into six workstreams. Some of these workstreams are responsible for looking into provincial revenue optimisation, while some are looking into right-sizing the budget, within the current resource envelope. We anticipate that a lot of this work will be completed by June this year and will likely require a reorganisation of our budget.

I will expand on the Provincial Financial Recovery Plan and the plans and responsibilities of the various workstreams when I present the Vote 6: Provincial Treasury budget speech in this House.

### 3.2 Net additions to the provincial fiscal framework

The province has three sources of funding, and these sources are used to fund the government programmes in KwaZulu-Natal. The largest source of funding is the Provincial Equitable Share, followed by the conditional grant funding and to a lesser extent the Provincial Own Revenue. This latter source relates to funds the province collects from items such as motor vehicle licences, health patient fees, interest on our provincial bank account, gambling taxes, among others. The graph below shows these sources of funding.



I am very pleased to announce that this is the first time in many years that KwaZulu-Natal benefits from significant additions to our budget over the MTEF as a result of the data updates of the Provincial Equitable Share formula. In recent years, these data



updates have not worked in our favour which has resulted in reductions in our funding. Over this MTEF, though, I am very pleased to say that our budget increases by approximately R7.2 billion. This is allocated over the three MTEF years with R1.7 billion allocated in 2025/26, R2.3 billion in 2026/27 and R3.1 billion in 2027/28. These additional Provincial Equitable Share funds were allocated to a number of provincial service delivery priorities, the 2025 wage agreement gap where departments were required to budget for a 4.6% increase compared to the 5.5% that has been agreed to by government, as well as for the Presidential Youth Employment Initiative for the employment of educator assistants under Vote 5: Education. Some of the additional funds were also used to increase the Contingency Reserve. I will provide the details in this regard shortly.

In addition to this, National Treasury gave us the very positive news that there will be no **further** fiscal consolidation budget cuts implemented against provinces over this MTEF (important to note is that the fiscal consolidation budget cuts made in previous MTEF periods remain in the provincial baseline though).

Further positive news is that we receive a significant increase in our conditional grant allocation. The conditional grant budget increases by R2.6 billion over the MTEF, with the largest increase in 2025/26 of R1.3 billion, with R79 million and R1.2 billion being our increases in the two outer years of the MTEF.

Our Provincial own revenue budget was revised downwards, mainly because of lower than anticipated collections from health patient fees, as well as the impact of lower interest rates anticipated over the MTEF, which impacts the interest we anticipate receiving on the provincial bank account over the MTEF. The net reduction over the MTEF amounts to R179 million. As I indicated, one of the Provincial Financial Recovery Plan workstreams will focus on increasing our provincial own revenue going forward, by looking into both existing and new sources of revenue over the MTEF.

In aggregate, we see a healthy increase in our funding over the MTEF. The budget we have over the MTEF to fund all our activities is shown in Table 1 which shows the Provincial Equitable Share and conditional grants received from National Treasury, as well as the amount we anticipate collecting from our Provincial own revenue sources.

**Table 1 : Provincial fiscal framework**

| <b>R thousand</b>                         | <b>2025/26</b>     | <b>2026/27</b>     | <b>2027/28</b>     |
|---|--------------------|--------------------|--------------------|
| <b>1. 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>Provincial Equitable Share</i>         | <i>128 094 529</i> | <i>134 319 766</i> | <i>141 007 305</i> |
| <i>Conditional grants</i>                 | <i>26 366 182</i>  | <i>25 525 998</i>  | <i>26 684 956</i>  |
| Provincial own revenue                    | 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>     |

In 2025/26, the Provincial Equitable Share amounts to R128.1 billion, with the amounts allocated over the MTEF shown in Table 1. The conditional grant allocation amounts to R26.4 billion. This means that the total amount we receive from National Treasury

is R154.5 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 R158.8 billion.

The provincial departments are planning to spend R158.5 billion in 2025/26 and the Contingency Reserve is set at R278 million growing to R468 million over the MTEF.

### 3.3 Allocation of additional Provincial Equitable Share funding

As mentioned, we received an increase in our Provincial Equitable Share as a result of data updates of the formula that determines the budget to be allocated to each province, as well as for the 2025 wage agreement gap and the Presidential Youth Employment Initiative. This was offset by the reduction in our Provincial own revenue budget. In aggregate, the funds available for allocation are shown in Table 2.

**Table 2: Additional funds available for allocation - 2025/26 MTEF**

| <b>R thousand</b>  | <b>2025/26</b>   | <b>2026/27</b>   | <b>2027/28</b>   |
|--|------------------|------------------|------------------|
| PES additions - data updates   | 555 255          | 1 357 926        | 2 067 826        |
| Technical adjustment - PES outer year growth less than 4.5%          | -                | -                | (12 323)         |
| PES additions - 2025 wage agreement gap                              | 918 608          | 989 828          | 1 041 049        |
| PES additions - Presidential Youth Employment Initiative - Education | 260 852          | -                | -                |
| Provincial Own Revenue reductions                                    | (66 882)         | (54 359)         | (58 195)         |
| <b>Total change in PES and POR allocations for 2025/26 MTEF</b>      | <b>1 667 833</b> | <b>2 293 395</b> | <b>3 038 357</b> |

Some of the additional funds were given to the province by National Treasury for a specific purpose and were allocated to various Votes in line with these conditions. For now, the funds for the 2025 wage agreement gap have been allocated to the social sector departments in view of their ongoing budget pressures, whereas the balance is kept in the Contingency Reserve with an in-year assessment to be undertaken of the remaining departments' personnel spending pressures before making allocations in the 2025/26 Adjustments Budget in November 2025.

At the recent tabling of the 2025/26 budget by the Minister of Finance, it was announced that an additional R29.1 billion would be allocated to Education and R28.9 billion would be allocated to Health for spending pressures related to COE across the provinces. Treasury is already in the process of preparing a motivation to access a significant portion of these funds for the province. These funds will be appropriated to the province in the 2025/26 Adjustments Budget.

The additional funds resulting from the data updates of the equitable share formula were allocated to various priorities at the province's discretion as these had no conditions attached to them.

Considering the significant budget pressures that departments have experienced as a result of the historic fiscal consolidation budget cuts, the Provincial Executive Council resolved that all Votes should be provided with an opportunity to bid for these available discretionary funds. This also allowed the Executive to see what the departments viewed as their immediate pressing needs, but also to allow for a fair allocation of these resources.

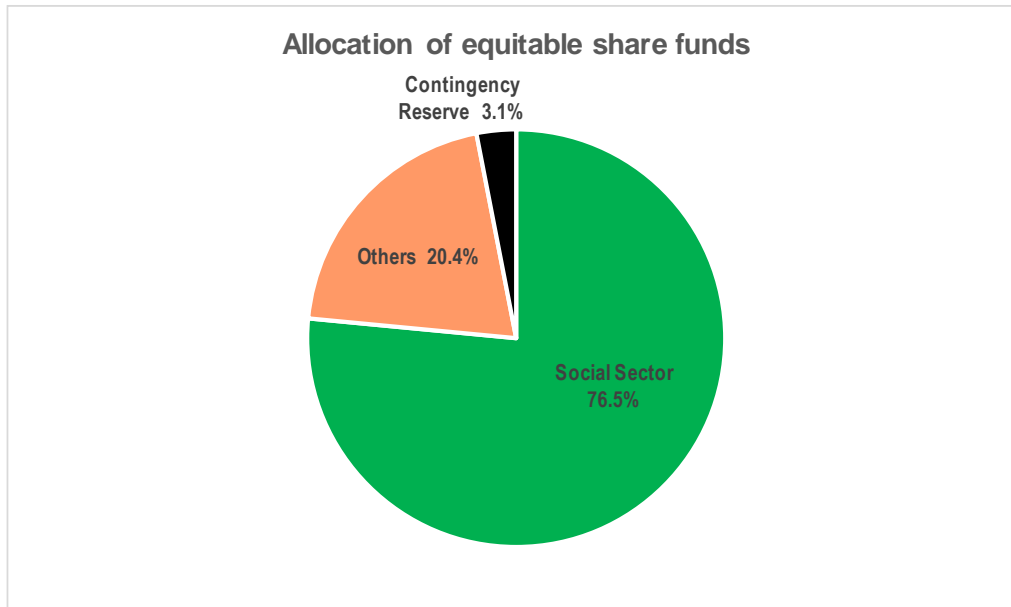
As was expected, the funding requested by all Votes far exceeded what was available for allocation. This required significant engagement and debate by the Ministers' Committee on the Budget (MinComBud) and the Provincial Executive Council. There was also a decision taken to adjust the Contingency Reserve, mainly to ensure that a higher amount is available in the two outer years to allow the province to respond more adequately in-year for unforeseen spending pressures that may arise.

Table 3 shows the allocation of all additional Provincial Equitable Share funds.

**Table 3: Allocation of equitable share funds**

| <b>R thousand</b>  | <b>2025/26</b>   | <b>2026/27</b>   | <b>2027/28</b>   |
|--|------------------|------------------|------------------|
| Vote 2: Provincial Legislature - Additional funding requested (includes LG voter education in 25/26) | 40 725           | 47 079           | 49 197           |
| Vote 3: DARD - Communal livestock production, FMD, laboratory equipment                              | 60 165           | 68 198           | 46 721           |
| Vote 5: Education - Budget pressures   | 64 002           | 262 785          | 427 310          |
| Vote 5: Education - Presidential Youth Employment Initiative   | 260 852          | -                | -                |
| Vote 5: Education - 2025 wage agreement gap  | 497 171          | 535 717          | 563 439          |
| Vote 7: Health - Budget pressures  | 62 620           | 262 785          | 427 309          |
| Vote 7: Health - 2025 wage agreement gap   | 334 384          | 360 309          | 378 954          |
| Vote 9: Comm Safety - Comm safety struct., complaints mgt system, GBV activists, place law grads     | 21 055           | 22 002           | 22 993           |
| Vote 12: Transport - Learner transport   | 50 000           | 60 000           | 100 000          |
| Vote 13: Social Development - Budget pressures   | 40 000           | 50 000           | 65 000           |
| Vote 13: Social Development - 2025 wage agreement gap  | 17 109           | 18 435           | 19 389           |
| Vote 14: Public Works and Infrastructure - Property rates  | 168 780          | 474 800          | 705 286          |
| Holding balance of wage agreement funds in the Contingency Reserve                                   | 69 944           | 75 367           | 79 267           |
| Adjusting the Contingency Reserve  | (18 974)         | 55 918           | 153 492          |
| <b>Total</b>   | <b>1 667 833</b> | <b>2 293 395</b> | <b>3 038 357</b> |

By far, the largest portion of the additional funds was allocated to the social sector departments, in part informed by the severe budget pressures they have been experiencing in recent years. It is imperative, that during this recovery period, we protect our front-line departments, who have also borne the brunt of equitable share cuts imposed by National Treasury, who have also suffered from unfunded wage agreements concluded nationally. Health, Education and Social Development need our attention currently.



The funds were allocated as follows, with the amounts allocated shown in Table 3:

**Vote 2: Provincial Legislature** receives funding for the carry-through costs of the 2024 wage agreement, additional funds for the employment of researchers, Voter education leading up to the local government elections (allocated in 2025/26 only), as well as funds to strengthen the work of the oversight committees (allocated from 2026/27 onward).

**Vote 3: Agriculture and Rural Development** receives funds for communal livestock production, the fight against Foot and Mouth Disease, as well as new laboratory equipment.

**Vote 5: Education** receives funds towards addressing the budget pressures that have been evident since the commencement of the fiscal consolidation budget cuts. The department also receives funds for the 2025 wage agreement gap, as well as the Presidential Youth Employment Initiative. The funds for the employment initiative will be used to employ 10 322 educator assistants in 2025/26 on a 12-month contract. The department's total budget has therefore increased by R3.7 billion year on year (from R62.9 billion to R66.7 billion)

**Vote 7: Health** receives funding towards addressing the budget pressures that have been evident since the commencement of the fiscal consolidation budget cuts. The department also receives funds for the 2025 wage agreement gap. The department's budget has therefore increased by R2.4 billion year on year (from R53.8 billion to R56.2 billion).

**Vote 9: Community Safety and Liaison** receives funding to support community safety structures with items such as safety vests, two-way radios, hats/caps, as well as for training and for out-of-pocket expenses for these structures. The funds are also for an electronic complaints management system for complaints management of SAPS services, as well as Gender-based Violence (GBV) activists at police stations. The department wishes to appoint youth as GBV activists to provide support to victims

of GBV when they go to police stations. Furthermore, the funds are for the placement of law graduates in police stations, so that that police officers are better equipped to handle legal challenges, thus improving compliance with the law.

**Vote 12: Transport** receives funding to start right-sizing the budget for learner transport which has shown budget pressures in recent years. After allocating these funds, there is still a shortfall in the baseline.

**Vote 13: Social Development** receives funding towards addressing the budget pressures that have been evident since the commencement of the fiscal consolidation budget cuts. The department also receives funds for the 2025 wage agreement gap. The department's budget has therefore increased by R202 million year on year (from R3.4 billion to R3.6 billion)

**Vote 14: Public Works and Infrastructure** receives funding to start right-sizing the budget for property rates which has shown budget pressures in recent years. After allocating these funds, there is still a shortfall in the baseline.

### **3.4 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. As indicated earlier, the conditional grant budget shows a net increase over the MTEF and the province gains R1.3 billion in 2025/26.

A portion of the additional funding results from the incentive nature of some of the infrastructure-related conditional grants, a further portion relates to funding for the 2025 wage agreement gap for staff funded through various conditional grants, while some additions are to increase the baseline of certain grants. The only reduction made in 2025/26 relates to the Comprehensive Agriculture Support Programme (CASP) grant where R13 million is moved to the national Department of Agriculture, Land Reform and Rural Development 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 most significant increases in the conditional grant allocations are discussed here:

**All conditional grants** that have a personnel-related element see budget increases with respect to the 2025 wage agreement. This affects grants such as the National School Nutrition Programme (NSNP) grant, the Education Infrastructure grant, the Health Facility Revitalisation grant, the Human Settlements Development grant, the Community Library Services grant and the EPWP Integrated Grant for Provinces.

In aggregate, the province receives R147 million through the **EPWP Integrated Grant for Provinces**, which is an increase from the R141.4 million allocated last year.

The **Education Infrastructure grant** increases by R93 million to a total of R2.5 billion. This grant is incentive based and the department scored well, achieving 84% in terms

of submitting planning documentation and showing capacity to spend. The department is congratulated on this excellent achievement.

The **National School Nutrition Programme grant** receives an increase of R33.3 million in 2025/26, resulting in a budget of R2.3 billion. It is noted that this grant showed spending pressures in the current year and this allocation will assist in addressing these shortfalls.

The **Early Childhood Development grant** receives an increase of R17.4 million to support the infrastructure component of this grant towards the provision of adequate ECD facilities. The budget for this grant is R308.6 million in 2025/26.

The **Health Facility Revitalisation grant** is increased by R76.2 million to R1.5 billion. The department fared well and scored 95% with respect to the incentive nature of this grant. The department is also congratulated on continuously qualifying for this incentive allocation.

The **District Health Programmes grant** increases by R34.6 million to a total of R7.5 billion.

The **Provincial Roads Maintenance grant** is also an incentive-based grant and sees a significant increase of R874.6 million resulting in a budget of R3.5 billion in the next year.

#### 4. THE PROVINCIAL BUDGET

The provincial budget is allocated to 14 Votes for spending, as shown in Table 4. This table shows the amounts allocated to each Vote for spending in 2025/26 and each Vote's share of the total provincial budget.

In aggregate, 79.9% of the provincial budget is allocated to the three social services departments, namely Education, Health and Social Development.

**Table 4 : Budgets per Vote**

| <b>Vote</b>   | <b>2025/26 (R000)</b> | <b>% of Total Budget</b> |
|---|-----------------------|--------------------------|
| Vote 1: Office of the Premier                                   | 817 875               | 0.5%                     |
| Vote 2: Provincial Legislature                                  | 850 796               | 0.5%                     |
| Vote 3: Agriculture and Rural Development                       | 2 757 443             | 1.7%                     |
| Vote 4: Economic Development, Tourism and Environmental Affairs | 3 606 998             | 2.3%                     |
| Vote 5: Education   | 66 690 206            | 42.1%                    |
| Vote 6: Provincial Treasury                                     | 710 190               | 0.4%                     |
| Vote 7: Health  | 56 211 801            | 35.5%                    |
| Vote 8: Human Settlements                                       | 3 549 877             | 2.2%                     |
| Vote 9: Community Safety and Liaison                            | 275 716               | 0.2%                     |
| Vote 10: Sport, Arts and Culture                                | 1 598 141             | 1.0%                     |
| Vote 11: Co-operative Governance and Traditional Affairs        | 1 931 153             | 1.2%                     |
| Vote 12: Transport  | 13 827 066            | 8.7%                     |
| Vote 13: Social Development                                     | 3 613 297             | 2.3%                     |
| Vote 14: Public Works and Infrastructure                        | 2 037 490             | 1.3%                     |
| <b>Total Budget</b>   | <b>158 478 049</b>    | <b>100.0%</b>            |

Each MEC will elaborate on what these funds will deliver on when they present their respective Votes' budgets in this House, while significant detail is also contained in this regard in the *Estimates of Provincial Revenue and Expenditure*, as well as the *Estimates of Capital Expenditure* which I am tabling today.

## 5. CONCLUSION

As part of Treasury's initiative towards building a sustainable economy focused on job creation, Treasury KZN will be hosting a Public Private Partnership workshop in May to unpack the newly adopted PPP regulations that take effect from 1 April 2025. This will afford stakeholders an opportunity to invest in the developing of a sustainable economy, through mutual collaboration and benefit, with one of the main focus areas being the creation of sustainable jobs.

Madam Speaker, I stated earlier that we have not been able to accede to all requests for funding. However, I remain confident that with the budget I have delivered today, we will move closer to achieving our strategic objectives.

There are definite signs of economic green shoots coming through, as is seen by the increase in our equitable share, additional allocations in our conditional grant allocations and in the results we aim to achieve through the Provincial Financial Recovery Plan. What is required now is discipline with a sharp focus on the end objective, growth in our economy, job creation and stabilizing and reducing the cost of living.

As Treasury we are committed to perform oversight and monitor provincial expenditure with a view to prevent expenditure on non-essential areas of government. Treasury is also undertaking a process to identify new streams of revenue for the provincial fiscus.

Cabinet resolved to adopt a cost-containment instruction note which is aimed at sustaining KZN's ability to take care of its needs while protecting its future. Cutting the nice to haves to protect the must haves. One such example is cabinet's agreement to do away with rental vehicles, with procurement for vehicles in line with National Treasury guidelines.

When the GPU took office, the province was projecting to over-spend in the region of R10 billion, with strict control measures and compliance we have now reduced this to R4.9 billion.

Treasury awaits approval for the acquisition and implementation of an e-procurement tool. This system will put a stop to overcharging of goods and services during the SCM and tender process. This system will yield enormous savings for the province and reduce irregularities in the procurement process.

We are making great strides in achieving a balanced budget, it's a painful process but a process that needs to be sustained and supported.

Another initiative to be introduced in April 2025 is the departmental financial dashboards. Every department will now have a dashboard reflecting creditors, debtors, cash balances and projected expenditure. This will assist committees and

members of the executive to effectively and simply monitor the financial position of the department.

KZN Treasury is also exploring the establishment of an information centre. This centre will focus on “operation pay on time” and assist with tender processes and supplying information on Public Private Partnerships.

Going forward, I will continue, in my capacity as MEC, to regularly engage the Premier and the provincial executive on good financial practices.

We will be consistent in our advocacy for efficient expenditure and the prioritisation of programmes aimed at alleviating poverty, inequality, unemployment, effective service delivery and building a sustainable economy.

I would like to thank the Honourable Premier, Thamsanqa Ntuli and the Honourable Members of the Provincial Executive Council, and, the Members of the Ministers’ Committee on the Budget, for their support in putting together the KZN budget for the 2025/2026 financial year.

I wish to thank the Treasury officials under the leadership of the HOD, Ms Carol Coetzee for ensuring that the budget documentation is of its usual high quality and the continued commitment shown by Team Treasury. You are an asset to the province of KZN. Also, my heartfelt thanks go to my team in the Ministry of Finance.

To the Chairperson, Mr Mthandeni Dlungwane, and members of the Finance Portfolio Committee, your input is always valuable. I look forward to engaging with all of you on this budget.

To the most important people in my life, my wife Rita and daughters, Natalie and Hayley – for your consistent support and love, I am truly grateful.

Madam Speaker, ladies and gentlemen - it is my honour to formally table the 2025/2026 financial year budget for the province of KwaZulu-Natal.

I thank you.