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## **KZN FINANCE MEC CONCERNED ABOUT CONTINUED OVERSPENDING IN THE PROVINCE**

KwaZulu-Natal (KZN) Finance MEC, Mr. Francois Rodgers, together with KZN Treasury officials have today briefed Members of the Provincial Legislature (MPLs) on the unaudited 2024/25 financial year close-out report for provincial government departments.

The MEC highlighted continued pressures on the provincial fiscus which continue to confront frontline departments such as Health, Education and Social Development.

It will be recalled KZN has experienced equitable share budget cuts amounting more than R64 billion since 2020.

MEC Rodgers said:

"In the 2024/25 financial year, provincial expenditure amounted to R151.9 billion, exceeding the budget by R158.6 million. An amount totalling R7,8 billion has been accrued to the 2025/26 financial year."

It is worrisome that the amount accrued far exceeds accruals from the past two financial years. Added to this amount is a further R3.2 billion of payments approved but not released due to unavailable cash - again highlighting the overcommitment by departments without the required funding being in place.

"I am further concerned that from accruals, R3.2 billion is more than 30 days which is non-compliant with the Public Finance Management Act. This signals a negative impact to future budgets," MEC Rodgers explained.

MEC Rodgers and the KZN Treasury team appraised MPLs that compensation of employees (salaries) remained the biggest cost driver of government's over-expenditure, particularly in frontline departments like education and health. There are also concerns of ghost employees, a matter which MEC Rodgers is attending together with his cabinet counterparts in the relevant departments in terms of a verification of all employees.

"Adherence to financial management prescripts and good corporate governance will be key to alleviating pressure on the provincial fiscus," MEC Rodgers said.

"We must therefore ensure consequence management where there is clear evidence of financial misconduct."

"We must also continue seeking partnerships with all key stakeholders including the business community and find cost effective strategies that will bring us closer to the establishment of a capable and ethical state."

The provincial cabinet has recently approved the KZN financial recovery plan. This is aimed at restoring financial stability, eliminate wasteful expenditure and enhance revenue collection among others.

All provincial government departments are urged to play their role in the implementation of the provincial recovery plan. They should report progress to the relevant oversight bodies.

MEC Rodgers reiterates the call for all public servants to manage public resources with care in a bid to safeguard our future.

ENDS.

**Issued by KZN Treasury. For clarity, contact Spokesperson and Media Liaison Officer, Nkosikhona Duma on 071 383 0388.**