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Sunday, 03 November 2024

A projected R3 billion cost-saving on the cards for KZN after instruction from Finance MEC Francois Rodgers

The Government of Provincial Unity (GPU) in KwaZulu-Natal has agreed to introduce stringent cost-containment measures in the form of a Treasury Instruction note from Finance MEC, Mr. Francois Rodgers, at a recent provincial cabinet meeting.

The decision by the provincial executive is again proof that the GPU is committed to building a capable and ethical state.

Spending on subsistence and travel, international travel, vehicle rentals, functions and catering, is expected to be substantially reduced, among other expenditure items in order to realise the required savings to offset the spending pressures.

MEC Rodgers states: “KZN is currently under severe financial constraints. A projected R9 billion budget deficit is expected by the end of this financial year. These spending pressures have also compounded the accumulation of accruals and inability to pay suppliers within the prescribed 30 days”.

“We are committed to see a budget surplus by the end of our term in office. This can only be achieved by exploring and enhancing revenue generation streams and by strict fiscal discipline”.

MEC Rodgers wishes to emphasise that expenditure on essential spending items will not be compromised. The GPU remains committed to job creation, improving service delivery as well as reducing poverty and inequality. Support to frontline departments such as education and health therefore remains a priority.

The decision by the GPU comes on the back of a recent Medium Term Budget Policy Statement (MTBPS) by National Finance Minister, Mr. Enoch Godongwana, who detailed that the South African economy is still on a sluggish trajectory with the debt-to-GDP ratio less than desirable.

The MTBPS further highlighted that provinces will not receive any additional funding in the midterm budget. The good news for the province is that with the new census data, the province is likely to receive a healthy increase in its equitable share grant of around R4 billion in total over the Medium-Term Expenditure Framework.

MEC Rodgers adds: “It is now my responsibility to ensure compliance with the cabinet decision by all departments. Any non-compliance will be decisively dealt with. There will be no tolerance for delinquency as I will be ready to implement the necessary measures as provided for by the Public Finance Management Act”.

ENDS.

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