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**FOR IMMEDIATE RELEASE**

**MEC FOR FINANCE ON THE FINANCIAL POSITION OF THE KZN  
DEPARTMENT OF TRANSPORT**

The KwaZulu-Natal Provincial Treasury wishes to place on record the factual context underpinning the current financial challenges faced by the Department of Transport.

For the 2025/26 financial year, the Department of Transport was allocated a total budget of R14.1 billion, comprising R8.8 billion in provincial equitable share funding and R5.3 billion in conditional grants for roads infrastructure and public transport programmes.

At the start of the financial year, however, the department entered with accruals and unpaid invoices totalling R2.3 billion, carried over from the previous year. In addition, invoices amounting to R265 million had been captured at year-end but could not be released due to insufficient funds. (These amounts were not included in the R2.3 billion accrual figure).

The combined effect was an immediate reduction of approximately R2.5 billion from the department's effective budget from the first day of the new financial year.

While the BAS system changeover at the beginning of the year had an operational impact for approximately six weeks, this was not the primary cause of the department's financial distress. The core issue remains the magnitude of unfunded commitments entering the year.

Provincial Treasury receives cash from National Treasury on a flat-line basis of approximately 8.3% per month, and not in line with the province's actual cash-flow needs. Treasury can therefore only allocate cash that is available in the Provincial Revenue Fund. All departments are informed at the beginning of the financial year of their approved cash-flow allocations and are required to plan accordingly.

The Department of Transport's equitable share was paid across during the year in twelve tranches, ranging between R507 million and R935 million per month, in line with approved provincial cash-flow arrangements.

Conditional grants are paid by national departments, based on approved business plans submitted by the department. Provincial Treasury transfers these funds as soon as they are received, without delay.



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Earlier in the year, a provincial decision was taken to provide a cash advance to the Department of Education to stabilise critical service delivery. This decision was communicated transparently to all departments, including Transport, and no concerns were raised at the time. This was also adopted by the Provincial Executive.

Provincial Treasury continues to engage the Department of Transport to stabilise its financial position while safeguarding the province's overall fiscal integrity.

ENDS

**Issued by KZN Treasury. For clarity, contact the Head of Ministry, Siboniso Sibisi on 064 754 4365.**