

KWAZULU-NATAL PROVINCIAL TREASURY



KWAZULU-NATAL PROVINCE
TREASURY
REPUBLIC OF SOUTH AFRICA

5 YEAR STRATEGIC PLAN 2025-2030



Title of Publications:

KwaZulu-Natal Provincial Treasury Strategic Plan 2025-2030

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EXECUTIVE AUTHORITY STATEMENT

Government is continuing to experience fiscal constraints. The Province receives 97% of the financial resources that it utilises to meet the service delivery commitments to the citizens of KZN from the national fiscus in the form of the provincial equitable share and various conditional grants and own revenue. Over the past couple of years, we have experienced reductions in the budget allocation from National Treasury due to the updates of the provincial equitable share (PES) formula as well as due to the fiscal consolidation budget cuts.

The decrease in the share of the PES is due to the population numbers not working in favour of KZN – we have shown a decline in the number of people residing in KZN and we have also shown a decrease in the number of learners enrolled in our schools. On the fiscal consolidation cuts – the country's economy has not been performing as expected, resulting in the reduction in tax revenues collected by the South African Revenue Service (SARS). Coupled with the reduction in tax revenue is the increase in the country's debt servicing costs which is crowding out expenditure on goods and services.

Whilst there have been significant cuts in the budget, there has not been a commensurate cut in government service delivery programmes. This has resulted in severe pressure in the provincial finances. Social sector departments, in particular Education and Health have found it extremely difficult to continue rendering services within their reduced budget baselines.

There is an increase in accruals and payables as well as an increase in the number of service providers that are not paid within the 30 days as stipulated by the PFMA. The other pressure comes from inadequate budgeting and inadequate funding of the 2024 wage agreement by national government where the settled agreement exceeds the planned budgeted increase. The province therefore had to find the budget to cover the wage agreement from within its reduced baseline further impacting on the fiscal envelop. It remains our focus to prioritise frontline services such as the health care, education and social development sectors, given the level of inequality in our society.

In the 2025/26 financial year, the province is projecting to overspend its budget as well as to carry significant accruals into the new financial year. KZNPT has had numerous engagements with the departments that are showing significant budget pressures to assist them to prepare turnaround plans to ensure that they remain within budget. Over and above these engagements, KZNPT has put together a Provincial Financial Recovery Plan. The plan seeks to put the province on a financial recovery path in the short to medium term.

The objectives of the Financial Recovery Plan are to restore financial stability by enhancing revenue collection, eliminating wasteful expenditure, and improving budgeting and planning. It focuses on debt management, strengthening governance, and protecting essential services. The plan will be implemented through six workstreams, including departmental specific interventions, fiscal governance, IT for operational efficiencies, revenue optimization, expenditure reduction, and clear communication on the progress and impact of the plan.

The Financial Recovery Plan is led by KZNPT but will require buy-in from all the provincial departments in order to be effective and sustainable. In this regard, various departments have been engaged to ensure their full understanding AND commitment of the Financial Recovery Plan. KZNPT will report periodically to the governance

structures on the progress on the implementation of the Financial Recovery Plan, and the impact thereof. KZNPT will continue to provide its mandatory services and will strive to become the advisor of choice for public sector institutions.



Mr. F.A. Rodgers, MPL
KwaZulu-Natal MEC for Finance

EXECUTIVE AUTHORITY STATEMENT

KZNPT's Strategic Plan 2025 – 2030 presents a new vision and mission statements of the Department. Through this revision, the department aims at realistically responding to both the strategic and operations environments.

Our strategic focus over the 2024-2029 MTDP is to instil financial management discipline in the province. The widely reported economic downturn due to a multiplicity of factors globally and nationally has resulted in the shrinking of the fiscal envelop. The province has consequently experienced budget cuts for a number of years both due to fiscal consolidation as well as revision to the equitable share formula. Limited financial resources and competing service delivery requirements by the citizens necessitate targeted responses.

We will work tirelessly towards making every rand count and change the lives of the communities we serve. Furthermore, ongoing efforts will be made for innovative ways to improve both the generation of new and efficient collection of existing government revenue sources.

Government's priorities have carved out a specific role for KZNPT in respect of certain areas of development. KZNPT has a legislated responsibility of mobilising, allocating and monitoring financial resources that are aimed at implementing both National and Provincial priorities. This transversal role is performed through leadership and supportive roles. The departmental role directly responds towards the achievement of the following priorities:

- **Drive** the Inclusive growth and job creation
- **Build** a capable, ethical, and developmental state.

The state of the economy and our financial position dictate that we do not only need to tighten our belts, but that we also interrogate our planning in relation to our spending in order for us to achieve alignment and value for money for every cent we spend. The recent Provincial Cost-Cutting Measures approved by Cabinet will also play a huge role in guiding and controlling expenditure and formed part of the first step towards responsible spending. The Provincial Financial Recovery Plan is an integrated plan targeting both short terms and long-term interventions that address the underlying causes of the fiscal crisis we face as a province. All business units within Treasury will be contributing to the various workstreams contained in the plan in conjunction with public institutions.

This calls for stronger collaboration by all of us at Departments, Public Entities and Municipalities alike and consequent management will be implemented whenever necessary.

Ultimately, it is hoped that our aspirations will translate into sustained service delivery in line with the department's impact statement of ***“Improved Fiscal and Financial Management in the Public Sector by 2030 through KZNPT's support to enhance service delivery to the KZN citizens”***.

The team treasury is standing ready to deliver on this plan. I look forward to their continued dedication, professionalism and commitment.



Ms. C. Coetzee-

Head of Department – KZNPT



OFFICIAL SIGN-OFF

It is hereby certified that this Strategic Plan:

- Was developed by the management of the KZNPT under the guidance of the Honorable MEC Mr. F. A. Rogers and Head of Department Ms. Carol Coetzee;
- Considers all the relevant policies, legislation, and other mandates for which KZNPT is responsible for, and
- Accurately reflects the Strategic Impacts and Outcomes which the KZNPT will endeavour to achieve over the period 2025-2030.

Ms. N. Shezi

Programme Manager: Sustainable Resource Management (P2)

Signature: 

Mr. S. Moodley

Programme Manager: Financial Governance (P3)

Signature: 

Ms. M. Bhaw

Programme Manager: Internal Audit (P4)

Signature: 

Mr. F. Cassimjee

Programme Manager: Municipal Finance Management (P5)

Signature: 

Mr. T. Ndlovu

Chief Financial Officer

Signature: 

Ms. I.N.N. Zwane-Dlomo

Head Strategic Planning

Signature: 

Ms. C. Coetzee

Head of Department/Accounting Officer

Signature: 

Approved by:

Mr. F.A. Rodgers

Executive Authority

Signature: 



PART A: OUR MANDATE

1. Constitutional mandate

The department derives its existence from Sections 213, 215, 216, 217, 218, 219, 226, 227 and 230 of the Constitution of the Republic of South Africa (Act 108 of 1996), Sections 17 and 18 of the Public Finance Management Act (PFMA), 1999 as amended, Municipal Finance Management Act (MFMA) and National Treasury Regulations, which provide for the establishment of Provincial Treasuries.

KZN Provincial Treasury and its operations are governed by the following constitutional mandate:

The Constitution of the Republic of South Africa, Act No. 108 of 1996	National, provincial, and municipal budgets 215. (1) National, provincial, and municipal budgets and budgetary processes must promote transparency, accountability and the effective financial management of the economy, debt, and the public sector. (2) National legislation must prescribe— (a) the form of national, provincial, and municipal budgets; (b) when national and provincial budgets must be tabled; and (c) that budgets in each sphere of government must show the sources of revenue and the way in which proposed expenditure will comply with national legislation. (3) Budgets in each sphere of government must contain— (a) estimates of revenue and expenditure, differentiating between capital and current expenditure; (b) proposals for financing any anticipated deficit for the period to which they apply; and (c) an indication of intentions regarding borrowing and other forms of public liability that will increase public debt during the ensuing year.
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2. Legislative and Policy Mandates

The existence of KZN Provincial Treasury and its operations are governed **mainly** by the following **legislative mandates**:

Public Finance Management Act, No.1 of 1999 (as amended)	18. Functions and powers (1) A provincial treasury must – (a) prepare the provincial budget; (b) exercise control over the implementation of the provincial budget;
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Chapter 2

General functions of National Treasury and Provincial Treasuries, inter alia,

- 3) A provincial treasury must in accordance with a prescribed framework -
 - (a) fulfil its responsibilities in terms of this Act;
 - (b) promote the object of this Act as stated in section 2 within the framework of co-operative government set out in Chapter 3 of the Constitution: and
 - (c) assist the National Treasury in enforcing compliance with the measures established in terms of section 216(1) of the Constitution, including those established in terms of this Act.
- 4) To the extent necessary to comply with subsection (3), a provincial treasury-
 - (a) must monitor-
 - (i) compliance with this Act by municipalities and municipal entities in the province;
 - (ii) the preparation by municipalities in the province of their budgets;
 - (iii) the monthly outcome of those budgets; and
 - (iv) the submission of reports by municipalities in the province as required in terms of this Act;
 - (b) may assist municipalities in the province in the preparation of their budgets;
 - (c) may exercise any powers and must perform any duties delegated to it by the National Treasury in terms of this Act; and
 - (d) may take appropriate steps if a municipality or municipal entity in the province commits a breach of this Act

- (c) promote and enforce transparency and effective management in respect of revenue, expenditure, assets and liabilities of provincial departments and provincial public entities; and
- (d) ensure that its fiscal policies do not materially and unreasonably prejudice national economic policies.

(2) A provincial treasury—

- (a) must issue provincial treasury instructions consistent with this Act;
- (b) must enforce this Act and any prescribed national and provincial norms and standards, including any prescribed standards of generally recognized accounting practice and uniform classification systems, in provincial departments;
- (c) must comply with the annual Division of Revenue Act and monitor and assess the implementation of that Act in provincial public entities;
- (d) must monitor and assess the implementation in provincial public entities of national and provincial norms and standards;
- (e) may assist provincial departments and provincial public entities in building their capacity for efficient, effective, and transparent financial management;
- (f) may investigate any system of financial management and internal control applied by a provincial department or a provincial public entity;
- (g) must intervene by taking appropriate steps, which may include the withholding of funds, to address a serious or persistent material breach of this Act by a provincial department or a provincial public entity;
- (h) must promptly provide any information required by the National Treasury in terms of this Act; and
- (i) may do anything further that is necessary to fulfil its responsibilities effectively.

Division of Revenue Act, No 10 of 2014	This Act provides for the equitable division of revenue anticipated to be raised nationally among the national, provincial, and local spheres of government.
Provincial Appropriation Act, No. 2 of 2009	This Act provides for the appropriation of money from the Provincial Revenue Fund for the province's requirements.
Broad Based Black Economic Empowerment Act, No. 53 of 2003	This Act provides for the establishment of the legislative framework for promoting black economic empowerment.
Provincial Borrowing Powers Act, No. 48 of 1996	This Act provides for norms and conditions in respect of the borrowing powers of Provincial governments and for matters incidental thereto.
Government Immovable Asset Management Act, No. 19 of 2007	The department has a responsibility to implement all applicable sections of this Act in managing its immovable assets or when providing support and advisory services to the provincial departments.
Treasury Regulations, 2005 issued in terms of PFMA Act, No. 1 of 1999 (as amended)	To regulate the process of Institutional Planning and budgeting; to set minimum standards of financial and assets and Liability management; clarification of roles; and to regulate accounting and reporting requirements
Public Procurement Act, No. 28 of 2024	To regulate public procurement and to prescribe a framework within which preferential procurement must be implemented

Policy Mandates

Further to the above legislations, KZNPT is responsible for **implementing, managing, and overseeing** the following policy mandates that are contained hereunder: -

Over the 2024-2029 administration period, KZNPT will be guided by the following policies and strategies:

- ***The National Development Plan (NDP)***

During the opening of the 7th Administration Parliament Address, the President indicated that the 2024-2029 priorities are continuous endeavours towards addressing the triple challenges of poverty, inequality, and unemployment. As such the National Development Plan Vision 2030 remains the defining blueprint for South Africa's growth and development.

The KZNPT's mandate is aligned to chapter 13 and chapter 14 of the NDP. The department's interventions will be, in the main directed at building the capacity of the state as well as creating a professional and financial management capability. These interventions will include the provision of technical and policy advisory support to government institutions i.e. departments, public entities, and delegated municipalities to enhance fiscal and financial management in the public sector.

KZNPT contributes towards the achievement of the following National Priorities which have been adopted in the province: -

- **Priority 1: Drive Inclusive growth and job creation.**
- **Priority 3: Build a capable, ethical, and developmental state.**

The KZN Provincial Growth and Development Plan (PGDP)

The National Priorities were endorsed at the Provincial Executive Council Lekgotla on 23 and 24 July and the department has aligned itself accordingly. Strategic Provincial Priorities were confirmed through the Premier's State of Province wherein KZNPT's mandate and focus areas were clearly articulated.

In line with the draft PGDS, KZNPT will be contributing to the achievement of the following impact areas.

Impact : Achieve more rapid, inclusive and sustainable economic growth and job creation

GDP : Target 3,5% to 4.4 % Growth
and Gini-co-efficient of 0.6 or less



Impact : A capable, ethical and developmental state enabling the delivery of services to all citizens



At the provincial level, KZNPT contributes towards the achievement of the following Provincial priorities: -

- ***Inclusive growth and job creation***
- ***Capable, ethical and developmental state***



A detailed account on how the department will respond to these government priorities and strategies will be provided in the situational analysis contained in Part B of the plan.

3. Institutional Policies and Strategies over the five-year planning period – 2025-2030

The department's key constitutional mandate, as stated above, entails the provision of strategic and technical leadership in the efficient and sustainable allocation, management, and utilisation of financial resources in provincial departments, municipalities, and public entities to improve the quality of life in the province.

KZNPT's strategy for the next five years is based on two key elements, which are oversight and capacity building. The Department will continue to exercise oversight through regular monitoring activities and comprehensive feedback to the administrative and political leadership of departments, public entities and municipalities.

At a broader national and provincial level, this Strategic Plan has been aligned to the National Development Plan (NDP), the draft MTDP, and PGDS.

4. Relevant court rulings

There are no court rulings that have a significant, ongoing impact on operations or service delivery obligations. Where judgments are relevant to the Department's operations, legal advice is obtained, perused, and implemented where necessary.

PART B:

OUR STRATEGIC FOCUS





PART B: OUR STRATEGIC FOCUS



5. Vision

Be the leader in ethical, fiscal, and financial management in the country.

6. Mission

To build a capable, ethical public service through embedding prudent financial management and fiscal discipline.

7. Values

We strive for EXCELLENCE through:

- Integrity;
- Transparency;
- Accountability;
- Efficiency and
- Professionalism.

8. Situational Analysis

Strategic Focus over the five-year planning period



The departmental focus in the next five years will be on fiscal stability and sustainability to ensure that departments, public entities, and municipalities can provide critical public services to the citizens of the province. The province is operating in a severely constrained fiscal environment which threatens service delivery. The provision of support to departments, public entities, and delegated municipalities to achieve sound financial management remains our priority. Furthermore, technical support will be provided departments to deal with negative impact of climate change on public infrastructure.

Provincial Financial Recovery Plan

The Provincial Financial Recovery Plan is designed to restore financial stability given that the province is facing serious financial challenges. The key objectives include:

- restoring fiscal discipline: that is ensuring that government spending is aligned with available resources to avoid further financial deterioration, overcommitments and unfunded mandates,
- eliminating wasteful expenditure by identifying and cutting unnecessary or inefficient spending
- enhancing revenue collection through improving tax collection and other provincial revenue streams as well as identifying new revenue streams

- debt management and reduction: developing strategies to manage and reduce existing debt while preventing further accumulation of unsustainable liabilities
- strengthening governance and financial oversight: improving financial controls transparency and accountability to prevent mismanagement
- protecting essential services ensuring that critical services such as health education and social welfare remain adequately funded
- improving budgeting and planning: implementing more effective budgeting forecasting and financial planning processes
- capacity building and institutional reform: strengthening financial management skills and improving provincial institutions to ensure long term financial sustainability and positive audit outcomes

The Provincial Financial Recovery Plan will be implemented through six workstreams as listed below, and shall be coordinated by senior executive officials of Treasury:

Workstream 1 - Departmental and Municipality Rescue and Recovery

Workstream 2 - Fiscal and Financial Governance

Workstream 3 - Information Technology for Financial Stability

Workstream 4 - Revenue Optimisation

Workstream 5 - Expenditure Reduction and Optimisation

Workstream 6 - Communication, Messaging and Change

The activities are included in the respective departments annual and operational performance plans.

Infrastructure Management

Improving Infrastructure Delivery Capacity

Infrastructure delivery is crucial in stimulating economic growth, and the province has considered the huge infrastructure backlogs that the province carries which continues to hamper development across various sectors.

Despite such challenges, infrastructure development continues to be one of the key priorities of the provincial government and moving forward the province aims to strike an optimal balance between social and economic infrastructure provision. To achieve this greater integration across spheres of government, especially between provincial departments, public entities and municipalities will be crucial.

The focus will be to enhance infrastructure service delivery with the implementation of the Infrastructure Delivery Management System (IDMS). The IDMS objectives is on delivering a portfolio of infrastructure assets rather than just infrastructure projects. Through the IDMS, the Government is able to plan, budget, deliver, and maintain its infrastructure assets efficiently. Within the infrastructure delivery chain, the IDMS clarifies roles, responsibilities,

and functions. The support will be on KwaZulu-Natal departments entities and municipalities with specific focussed support on DARD, DoH, DHS, DPWI, EDTEA, EKZNW and DTPC given that capacity has been built systematically in the other institutions.

Furthermore, the technical infrastructure support will be provided to assist departments, provincial public entities and municipalities with unblocking infrastructure projects to ensure efficient service delivery.

Public Private Partnerships

With the fiscal position of the province having moved into less favorable conditions, the sourcing of alternative mechanisms to deliver sustainable and employment creating infrastructure projects have become ever more pressing. This means that the use of PPPs in achieving these objectives will require more focus. The department will continue to oversee and provide support at a provincial and municipal level in line with the PPP project cycle. This will be achieved by ensuring that transaction support is provided to departments, public entities, municipalities, and their municipal entities to ensure compliance with the PPP legislative processes. The Department will continue to support its client institutions on the closed PPP Project, in adhering to the contractual obligations and ensuring proper contract management. In line with seeking to ensure greater utilisation of PPP in achieving the overall government objectives of economic stimulation. The Department will continue in its endeavors of capacitation through training of all institutions.

SCM Support to the Province

Supply Chain Management support and guidance was provided to provincial institutions through the review of SCM policies and SCM compliance assessments. Capacity building initiatives aimed at strengthening controls and improving compliance with SCM prescripts have contributed to improved audit outcomes in the province. The need continues to exist to strengthen SCM in institutions as it is the engine that drives the government machinery. It ensures that goods and services are procured cost effectively and timeously to support of delivery of services to the public.

Compliance with SCM prescripts is essential in order to avoid irregular expenditure which has decreased from R10 billion incurred in 2020 to R5 billion incurred in 2024 (i.e., 49% reduction). Greater efforts have been made to reduce these numbers through extensive training and guidance including a particular focus on contract management as this appears to be the core underlying reason for irregular expenditure.

KZNPT Role with regards to Centralised Procurement System in the province

In the absence of a national procurement system KZNPT has reviewed several Procurement systems used by other Government Departments and requested authority from National Treasury to implement this critical system. The department anticipates to implement the system in at least four departments in 2025/26 and the remainder in the following year. The benefits of the system are amongst others: increased efficiencies, value for money, reduction in corruption through removing human interference in processes.

Provincial Governance and Accountability (improve audit outcomes in the province)

AG Audit Outcomes

The role of KZNPT is supporting and monitoring provincial departments, public entities, and municipalities to ensure improved financial management and good governance in the province. The support provided by KZNPT resulted in the provincial results tabulated below. There is still a need for continuous monitoring and support to ensure that these trends are improved and sustained.

SUMMARY OF AUDITOR-GENERAL OPINIONS – KZN PROVINCIAL DEPARTMENTS

Audit Opinion	2023/24	2022/23	2021/22	2020/21	2019/20
Unqualified with no findings	5	7	8	5	2
Unqualified with findings	8	6	5	7	11
Qualified	1	1	2	3	2
Total	14	14	15	15	15

Holistically the province has seen a positive shift in the audit outcomes. 35% of Departments achieved clean audit outcomes, with 57% receiving unqualified audit. The province remains with 1 department receiving a qualified audit.

- **AG Audit Outcomes for Public Entities**

The table that follows presents an overview of the audit outcomes from the 2019/20 to 2023/24 financial years for Public Entities:

SUMMARY OF AUDIT OPINIONS – KZN PROVINCIAL ENTITIES

Audit Opinion	2023/24	2022/23	2021/22	2020/21	2019/20
Unqualified with no findings	12	11	12	13	11
Unqualified with findings	3	5	5	5	8
Qualified	2	1	0	0	0
Total	17	17	17	18	19

71% of Entities achieved clean audit outcomes with a further 18% receiving unqualified audit opinion. There was however, a regression in the number of Entities that received a qualified audit opinion, with two entities receiving a qualified audit opinion in 2023/24.

AG Audit Outcomes for Municipalities

KZNPT provides various support initiatives at targeted delegated municipalities based on audit outcomes and various financial indicators. The programme is reviewed each year based to ensure that the interventions remain relevant.

The table below indicates the movement in municipal audit opinions from the Baseline (2018/19) to the 2023/24 Municipal Audit Opinions. Overall, there has been a 35% improvement in Audit Opinions from 2018/19 to 2023/24.

Audit Opinion	2023/24	2022/23	2021/22	2020/21	2019/20	2018/19
Unqualified with no findings	7	4	4	3	2	1
Unqualified with findings	36	39	37	35	32	32
Qualified	8	10	11	13	15	18
Adverse	2	1	1	0	1	1
Disclaimer	1	0	1	3	4	2
Total	54	54	54	54	54	54

Compliance of Payment of valid Invoices within 30 days

The department is required to report on the level of compliance by provincial departments in paying invoices within 30 days. The reports have shown a significant deterioration by key departments such as Health and Education impacting negatively on service providers who have not received payment for several months. The Pay^{-on-time} team assist frustrated service providers in resolving any disputes they may have with their client departments. The new challenge however is that the invoices are no longer in dispute, but rather that departments have overcommitted and have no cash to pay.

The average percentage of invoices paid in the province within the prescribed 30 days of receipts for the 2024/25 year is 68% compared to 88% attained in 2023. Creditors repayment plans have been compiled and will be monitored by KZNPT.

Internal Audit Processes

Audit Committee

The province has a shared Provincial Audit & Risk Committee (PARC) that has been appointed by the MEC: Finance in consultation with the Executive Council. The PARC comprises of three Cluster Audit & Risk Committees. The committees have been established to assist the KwaZulu-Natal Provincial Government (KZNPG) in fulfilling its responsibilities of oversight in relation to strengthening the integrity of the Government's financial and performance, strengthening in the effectiveness of the system of internal controls, monitoring compliance with laws and regulations, systems of fraud prevention, risk management processes and any other good governance processes.

The Committee comprises of nine independent members with financial, IT, governance and management skills and operates in line with the Audit Committee Charter and the principles of the King IV report on corporate governance.

The PARC is a critical mechanism which provides assurance that the financial machinery is operating effectively in a regulatory environment.

Other Factors impacting on Performance.

Medium- and long-term policy environment.

The current fiscal policy requires a consolidation of resources and prudent fiscal management as financial resources continue to decline over the MTEF whilst significant spending pressures prevail given the historic budget cuts in the province. Whilst there has been a positive shift in the equitable share formula, the historical baseline cuts continue to impact on the extent of services rendered.

KZNPT is responsible for the implementation of the **Provincial Government's fiscal policy** which is based on the following principles:

- Ensuring fiscal sustainability and fiscal discipline by maintaining a balanced budget and ensuring the efficient, effective, and economical use of public funds.
- Promoting macroeconomic stability by ensuring prudent fiscal management and ensuring that the Provincial Government has sufficient resources to meet its financial commitments.
- Promoting a competitive and dynamic economy by encouraging the efficient use of resources and developing and supporting an environment conducive to investment and economic growth.
- Promoting social and economic development by ensuring that sound fiscal policies are in place to support the Provincial Government's socio-economic development objectives.
- Promoting financial management transparency and accountability by ensuring that proper financial management practices and procedures are in place to ensure that financial statements are accurate and reliable.
- Ensuring effective implementation of the Provincial Government's financial policies by monitoring and evaluating the compliance performance of the Provincial Government's departments and entities.
- Enhancing public service delivery by ensuring that public funds are allocated efficiently and effectively.

Alignment to the 2025 SONA, SOPA and Lekgotla Resolutions

In his address during the opening of the Parliament, President Ramaphosa made firm commitments towards prudent management of public finances with a particular focus on stabilising debt. KZNPT has been hard at ensuring that the province maintains a positive bank balance through the implementation of the cash blocking facility. This has helped ensure departments do not overspend and incur unauthorised expenditure, with the exception of salaries wherein payments cannot be withheld.

During the State of the Province Address, the Hon. Premier, Mr Ntuli further impressed upon clean governance. The department has made substantial progress on improving audit outcomes. The target of at least 75% reduction of qualified audits in the public sector by 2029 has already being exceeded. The department will however, continue with its targeted approach to maintain this achievement.

The department will be implementing 12 Lekgotla Interventions in the annual performance plan

CONTRIBUTION TO WOMEN, YOUTH AND PEOPLE WITH DISABILITY.

During the opening of the 7th Administration Parliament, President Ramaphosa made an appeal to the nation to support the empowerment of black South Africans, women, and those who in the past, had been unable to participate in the economy. The departmental long-term and short-term plans are responsive to the GRPBMEAF (Gender mainstreaming). There are indicators with distinct targets that will assist in the implementation and achievement of the Framework objectives.

The Department will continue to strive towards meeting employment equity targets in relation to women, youth and people with disabilities. The Department contributes to the empowerment of the designated groups through government procurement spend, female representation at senior management level, as well as youth development programmes in the staff composition in general. The department has made excellent progress on procurement spent on designated groups. Targets on women in senior management has also been achieved. Ensuring representation for persons with disability still remains a challenge, however, KZNPT endeavors to attain and sustain a staff composition that reflects the demographics of the designated groups in the society.

Climate Change and Disaster Management in the province

In the five years from 2019 to 2023, the Provincial Disaster Management Centre (PDMC) documented a concerning number of 17,692 disaster incidents within the Province of KwaZulu-Natal. This surge coincides with the devastating floods that ravaged the Province during April and May 2022, causing fatalities, widespread destruction, and displacement.

The yearly average of disaster incidents in the past five years has been a staggering 3,538. This is a cause for immense concern, especially considering the province's vulnerabilities. With aging infrastructure, limited resources for disaster preparedness, and potentially dense populations in high-risk zones, these frequent disasters could have a devastating impact. The strain on emergency response services, the displacement of residents, and the potential for loss of life and property are all serious threats.

KZNPT, while not a frontline department at the coalface of service delivery, does nonetheless extend its support to institutions in times of disaster and will continue to do so. This support is mainly on guiding and advising institutions on best SCM practices when applying resources to relief efforts following disasters. Owing to the rigours of ensuring compliance with legal prescripts, most institutions have been known to be slow in responding to disasters and mobilising resources to ensure a return to normalcy in the most reasonable and shortest possible time. This support has involved assisting in quantifying damages, establishing the veracity of estimates, validating remedial solutions and ascertaining the applicability of remedial works. The support has been extended further to assist institutions in deploying legally compliant procurement processes and performance audits, thereby ensuring value for money on public funds spent.

Spatial Integration and the Role of KZNPT

Spatial integration refers to the coordinated planning, development, and management of physical spaces within a region. It involves aligning various aspects such as land use, infrastructure, transportation, and services to create cohesive and sustainable urban and rural environments. Effective spatial integration aims to promote economic growth, social equity, and environmental sustainability, whilst KZNPT is not a

service delivery, the department plays a crucial role in spatial integration within a province which include:

1. Budgetary Planning and Coordination – KZNPT collaborates with other government departments, municipalities, and local authorities to ensure sound budgetary planning.
2. Intergovernmental Fiscal Framework (IGFF) – KZNPT participates in the development and implementation of the IGFF, as well as promote spatial alignment by considering regional needs and priorities. A review of budgeting and planning process will include the need by departments to demonstrate the responsiveness of the budget allocations to the needs on the ground (to begin to ensure implementation of the DDM Model).
3. Monitoring and Reporting – KZNPT monitors financial performance at provincial and local levels. In addition, the link between service delivery achievements against financial spend will be enhanced in partnership with the OTP.
4. Strengthening Financial Sector Regulation – KZNPT contributes to policies and legislation related to financial sector regulations. By ensuring financial stability, an enabling environment for spatial development investments is created.
5. Partnerships and Collaboration – KZNPT collaborates with other government entities, private sector stakeholders, and civil society organizations to form partnerships that will facilitate integrated planning, resource sharing, and knowledge exchange for effective spatial development.

8.1 External Environment Analysis

8.1.1 Provincial Population Dynamics

Demographic analysis gives valuable information that can be used to make informed decisions in business, government, and non-profit organisations (NPOs), amongst others. It helps these institutions at various levels to understand the characteristics of a population and how it might change in the future for different purposes, including policy development, planning, and budgeting. Given the critical role of demographic changes in planning for the delivery of services by the government and used by businesses for various objectives.

The changes in population dynamics can be used for market analysis. In this regard, these changes must be harnessed for the success and sustainability of development strategies by designing and implementing effective population policies that are rights-based, evidence-informed, and gender-responsive. Effective population policies should consider scientific research, which is constantly shifting and organized according to the basic themes of human development, poverty reduction, inequalities, and intergenerational transfers, among others.

Total Population

The South African population has continued to grow consistently, rising by 15.5% from 44.820 in 2001 to 51.771 million in 2011, and increased further by 21.7% between 2011 and 2024 to 63.016 million (Table 1.1). Similarly,

KwaZulu-Natal's (KZN's) population has continued to increase over the years. It grew by 7.1% from 9.584 million in 2001 to 10.267 million in 2011 and increased further by 19.9% to 12.313 million in 2024. The KZN's share of the national population rose extensively by 2.3 percentage points, from 19.1% in 1996 to 21.4% in 2001. The gains realised in 2001 were reduced by 1.6 percentage points to 19.8% in 2011 and further declined by 0.3 percentage points to 19.5% in 2024.

Nevertheless, KZN remains the second largest populous Province, following Gauteng (GP), which has approximately 15.931 million, constituting 25.3% of the national population in 2024. The solid and continuous uninterrupted increase in the GP's share of the total national population in the past three decades from 17.5% in 1996 to 21% in 2001, 23.7% in 2011, 24.3% in 2022, and 25.3% in 2024 is primarily due to many interprovincial migrants for better economic opportunities. Only Eastern Cape (EC), Free State (FS), KZN, Limpopo Province (LP), and North West (NW) provinces showed a decline in the percentage share of the national population between 2011 and 2024. The remaining four provinces showed an increase in the proportion except for the Northern Cape (NC), which maintained 2.2% (Stats SA, 2024).

Table 1.1: South African population by province, 1996, 2001, 2011, and 2024

	1996		2001		2011		2024	
	Population	% Share of national population	Population	% Share of national population	Population	% Share of national population	Population	% Share of national population
South Africa	40 583 573	100	44 819 777	100	51 770 561	100	63 015 904	100
Eastern Cape	6 147 344	13.7	6 278 651	14.0	6 562 053	12.7	7 176 230	11.4
Free State	2 633 504	5.9	2 706 775	6.0	2 745 590	5.3	3 044 050	4.8
Gauteng	7 834 620	17.5	9 390 528	21.0	12 272 263	23.7	15 931 824	25.3
KwaZulu Natal	8 572 302	19.1	9 584 129	21.4	10 267 300	19.8	12 312 712	19.5
Limpopo	4 576 133	10.2	4 995 462	11.1	5 404 868	10.4	6 402 594	10.2
Mpumalanga	3 124 203	7.0	3 365 957	7.5	4 039 939	7.8	5 057 662	8.0
Northern Cape	1 011 864	2.3	991 876	2.2	1 145 861	2.2	1 372 943	2.2
North West	2 726 828	6.1	2 982 064	6.7	3 509 953	6.8	4 155 303	6.6
Western Cape	3 956 875	8.8	4 524 335	10.1	5 822 734	11.2	7 562 588	12.0

The year-on-year increase was negative in these years, implying the share of the provincial population size was declining, albeit marginally. This has partly contributed to a continuous decline in the KZN's weighted average share of the Provincial Equitable Share (PES)¹ allocation. Conversely, the KZN population growth rate peaked in 2018, 2020 and 2023. The significant spike and ensuing drop in the growth rate in 2023 may result from a deviation in the population count in the 2022 Census from mid-year population estimates of other years. The Province's population grew at an average annual rate of 1.5% between 2014 and 2024. The year-on-year growth troughed in 2017, 2019, 2021 and 2024 (Figure 1.1).

¹ The PES is an unconditional allocation of national revenue to provinces based on the size of the population in the province, the relative reliance of the population on the provincial government for services, and the capacity of the province to provide services to the public through own revenue generation (National Treasury, 1998).

Figure 1.1: KZN population growth rate, 2014 to 2024



Source: Stats SA, 2013, 2014, 2015, 2016, 2017, 2018, 2019, 2020, 2021, 2022, 2023 and 2024

8.1.2 Global economic prospects

The global economic landscape has been relatively stable from the second half of 2023 to 2024. The persistent geopolitical conflicts, particularly in the Middle East and the war in Ukraine, did not cause major challenges that could weigh down economic activity. Also, global inflation continued to recede in 2024 amid easing energy and food prices, firm global supply chains, and the lagged effects of tight monetary policy stances. Inflation across many economies is expected to decelerate further in 2025 and reach its lowest level since the peak in 2022. Therefore, the easing of monetary policy has now become widespread.

The protracted period of deteriorating economic activity is gradually subsiding, as evidenced by the projected stable and yet modest global growth. The global economy is projected to rise marginally from an estimated 3.2% in 2024 and stabilise at 3.3% in 2025 and 2026. The projected global growth is expected to be supported by an improvement in real income growth as inflation continues to moderate, aided by lower commodity prices, as well as by the easing of policy rates globally.

Notably, the predicted stable global growth could be interrupted by downside risks, such as heightened policy uncertainty and adverse trade policy shifts. For instance, an increase in the United States of America (US) tariffs would adversely affect global and Emerging Market and Developing Economies (EMDE) growth, amplified by retaliatory action from the US's trading partners. Also, the global outlook remains susceptible to the uncertainty surrounding the Chinese real estate market, especially if property prices drop further and weigh down consumption and investment.

Economic performance in Sub-Saharan Africa (SSA) picked up to an estimated 3.8% in 2024, slightly lower than anticipated due to a violent conflict in Sudan as well as various country-specific challenges that weighed down the region's economic recovery. Notably, economic growth in SSA was supported by a moderate uptick in the output of the region's two largest economies, Nigeria and South Africa (SA), owing to improved electricity supply in SA and higher oil production in Nigeria.

Economic growth in SSA is projected to strengthen to 4.2 % in 2025 and 2026, driven primarily by improvements in the outlook for industrial-commodity-exporting countries, including the region's largest economies. However, high government debt and elevated interest rates have narrowed fiscal space, prompting fiscal consolidation efforts in many countries while financing needs remain high.

8.1.3 South African economic prospects

After posting a stronger growth of 4.7% in 2021, the South African economy has slowed significantly over the past two years. Real economic growth is estimated to have expanded modestly by 0.7 % in 2023, a sharp decline compared with the 1.9% annual outturn for 2022. While the first half of 2023 saw modest upside surprises, growth in the second half was weighed down by logistical challenges and electricity supply constraints.

On a positive note, the energy reforms continue to bear fruit, as electricity has been suspended for over ten months since March 2024. As the power utility engaged in extensive maintenance of power stations early in 2024, Eskom's energy availability factor has consistently improved, thereby reaching about 70%. The logistical constraints are expected to improve as the Logistics Crisis Committee (LCC) continues to implement reforms.

Despite an improved energy supply, economic activity in South Africa (SA) continued to trend relatively low. Real gross domestic product (GDP) reverted to a positive growth of 0.6% increase in the fourth quarter of 2024, following a revised 0.1% contraction in the third quarter. The modest expansion in the fourth quarter was driven by improved activity in industries such as agriculture, forestry, and fishing; finance, real estate, and business services; and trade, catering, and accommodation.

According to the South African Reserve Bank (SARB), improved economic activity in the fourth quarter was supported by the household sector, boosted by lower inflation and withdrawals from the Two-Pot pension system. Nevertheless, average economic growth for 2024 was significantly low at 0.6 %, even below 0.7% realised in 2023.

The SARB expects economic growth to pick up marginally to 1.7% in 2025 and rise further to 1.8% in 2026. The forecast growth is expected to be supported by improving energy availability and further reforms in the transport sector. Also, household consumption is expected to benefit from lower inflation and interest rates, whilst rising business confidence could stimulate growth in private investment.

The domestic inflationary pressures have gradually eased as both headline consumer and producer price inflation moderate. The annual headline consumer price inflation (CPI) remained at 3.2% in January and February 2025. At this rate, the headline CPI has edged closer to the lower band of the inflation target range. The headline consumer price inflation averaged 4.4% in 2024 but is expected to drop further to 3.6% in 2025 before increasing marginally to 4.5% in 2026. As the inflation rate remains within the inflation target range, particularly closer to the lower band, and is expected to remain favorably low in the near term, the SARB maintained its less restrictive policy stance and kept interest rates unchanged in March 2025.

8.1.4 KwaZulu-Natal economic prospects

The economy of KwaZulu-Natal (KZN) has slowed considerably over the past two years after a robust growth of 4.9% in 2021. The real regional gross domestic product (GDP-R) moderated marginally to 1.1% in 2023 from 1.2% in 2022. At this growth rate, KZN recorded the highest GDP-R growth compared to other provinces.

Similar to the rest of SA, KZN's real GDP-R has been relatively disappointing for most parts of 2024, as it contracted by 0.9% in the third quarter. The slight contraction in KZN's GDP-R in the third quarter of 2024 stemmed from the decline in economic activity across three sectors: agricultural, transport, and trade.

Real output in the agricultural, forestry and fisheries sector decreased by 28.9% in the third quarter of 2024 due to lower production of field crops, as well as horticultural and animal products. Real GVA-R by the transport, storage and telecommunication industry decreased by 1.9% in the third quarter of 2024, reflecting a decline in economic activity for land and water transport, air transport and transport support services. Real output by the trade, catering and accommodation industry slightly decreased by 0.3% in the third quarter due to lower production volumes in the wholesale and commission trade, sales and repairs of motor vehicles and sale of fuel, and food and beverages.

Given the constrained economic performance during the year, KZN's real GDP-R is estimated to have averaged 0.5% in 2024. However, the provincial economy is expected to gain momentum and expand by 1.7% in 2025 and 2026, supported by a stable energy supply and improving confidence.

PESTEL ANALYSIS

The following issues emerged from the external environment analysis which the department has incorporated into this plan:

POLITICAL	ENVIRONMENTAL	SOCIAL
Unfunded mandates	Geographic spread of public sector institutions	High unemployment rate
Poor political oversight	Natural disaster – response required	High Crime rate
Political interference	Poor services by Municipalities affecting water and electricity supply	Infrastructure damage
Political instability	Climate tagging/change	Inequality
GNU – Different approach	Green footprint	Dependence on social grants
Revision of MFMA	Power outages	Civil unrest / Protest actions
Lack of governance	Location of clients	Construction Mafia
TECHNOLOGICAL	ECONOMICAL	LEGAL
Financial management Systems (integration, lack of systems – manual)	Poor revenue base (all spheres of government)	Different interpretation of legislations
Poor Connectivity	Fruitless, Wasteful, and Irregular spending	Powers/functions of KZNPT i.t.o. PFMA & MFMA

Cyber-attacks /Security	Unemployment - (results in non-payment of municipal services)	Changes in the legislations (e.g., Notes, etc., impact on capacitation & skills, MFMA, Public Procurement Act
High SITA costs	Stagnant economic growth and impact on budget	Professionalisation of public service (added requirements by DPSA)
Moratorium on IT systems (National Treasury)	Corruption	Noncompliance with legislation
Slow implementation on Agile system	Value for money	Occupational Health and Safety
Dependency on Sita for system connectivity	Recession	DORA
Slow in moving into AI and innovation	Decrease in equitable share	Ambiguous legislation (Litigations)
Capacity constraints	Fiscal consolidation/Budget cuts	Weak enforcement of legislation
Outdated systems	Fraud and corruption	Numerous instruction notes
	Decline in Fiscus	Over regulation
	Inflation	Lack of consequence management
	Inability to pay suppliers	Procurement lead times
	Migration to other provinces / impact on PES	

SWOT Analysis

A SWOT analysis remains a valuable strategic planning tool which has enabled the department to obtain a clear overview of areas influencing its operations as listed below:

STRENGTHS	WEAKNESSES
<ul style="list-style-type: none"> • Skilled Human Resources 	<ul style="list-style-type: none"> • Underspending of budget
<ul style="list-style-type: none"> • Clean Audit opinion 	<ul style="list-style-type: none"> • Office accommodation
<ul style="list-style-type: none"> • Policies 	<ul style="list-style-type: none"> • Disjointed assistance and support to municipalities by PT and COGTA
	<ul style="list-style-type: none"> • Lack of coordinated approach within PT
OPPORTUNITIES	THREATS
<ul style="list-style-type: none"> • Provincial Infrastructure 	<ul style="list-style-type: none"> • Budget cuts from 2024 – 2026
<ul style="list-style-type: none"> • PPP's 	<ul style="list-style-type: none"> • Rising inflation

<ul style="list-style-type: none"> • ICT Transformation 	<ul style="list-style-type: none"> • Highly politicised environment
<ul style="list-style-type: none"> • Maximize own revenue collection. 	<ul style="list-style-type: none"> • Climate change
	<ul style="list-style-type: none"> • Increasing priorities with no funding
	<ul style="list-style-type: none"> • Load shedding

8.2 Internal Environment Analysis

As an organisation, KZNPT has total control over its structures, internal processes, and functions. However, in the support to clients (departments, public entities, and municipalities) and engagements with stakeholders, the department can exercise influence but has limited or little control. Within this context, KZNPT believes that in delivering services it should be a service delivery partner with support and influence being its main posture.

In setting the strategic priorities, the department has ensured that the employees and stakeholders work toward a common goal and outcomes as outlined in the KZNPT's 2025 – 2030 Strategic Plan.

The achievement of the department's strategy requires, amongst others, a competent and professional workforce. The development of employees through various training programmes in partnership with institutions such as National School of Government (NSG) and other non-governmental institutions is therefore crucial.

Youth development initiatives are a priority for the Department as it allows the Department to develop its own professionals. The Department received SAICA accreditation as a Training Office during December 2015, and the Department has received its 10th allocation of three Trainee Accountants as at January 2025 making it a total of twenty eight (28) trainees who have been through the program. There are currently nine (9) graduates undergoing training towards becoming chartered accountants and seventeen (17) who have qualified as Chartered Accountants.

The Department further embarked on the Internal Audit Technician (IAT) Learnership in 2007, in partnership with the Institute of Internal Auditors (IIA), which is a three-year program which comprises of practical hands-on work experience as well as the completion of technical modules administered by the IIA. At the end of the three-year program candidates are certified Internal Audit Technicians who can then competently compete in the open labor market to enhance the Internal Auditing skills of the Province at large. Since 2007, 250 graduates have successfully completed the IAT Learnership.

Management development programmes prioritise women at middle and senior management levels to enhance leadership skills and competence to ensure women's full participation in decision making structures.

This has ensured that the department has been able to promote and employ females in SMS level with the current achievement of 50,72%. To ensure that the department achieves the various targets in the department's employment equity strategy, recruitment is targeted and deliberate in its approach. People with disabilities must

constitute 2% of the total staff establishment as per DPSA requirements, and currently the department has achieved 1.34%.

There is ongoing collaboration with various disability institutions and stakeholders to assist in increasing the pool of applicants by casting the net wider and making a concerted effort to increase the pool of applicants. The current increase in number of interns from persons with disabilities is aimed at ensuring that the department has a pipeline to recruit from. There are dedicated youth programs aimed at mainstreaming youth as they form a critical part of the workforce with new energy, ideas and innovation to ensure that the department remains relevant whilst ensuring that succession planning is addressed.

Employee Performance

It is vital that individual employees' performance is enhanced for the attainment of departmental outcomes and improvement of organisational performance. The Performance Management Development System (PMDS) ensures that employees understand the link between the individual performance measures and the successful accomplishment of department's strategic outcomes.

Understanding the individual's role in the achievement of the department's strategy, enhances the level of dedication and commitment. The KZNPT team is the greatest asset and all efforts will be directed to create an enabling environment in order for employees to strive for excellence.

Maintenance of the Batho Pele principles

Customer care forms the basis of the department's strategy to ensure that services delivered to clients are in accordance with Batho Pele principles. Maintenance of good customer services in accordance with the set service standards remains the department's key strategic focus.

In order for the department to pursue its strategic intent, it needs to continue to provide an internal enabling environment and support service with regard to physical and information security, occupational health and safety, refurbishments, maintenance, environmental and space management. KZNPT will be piloting a hybrid working model which is envisaged to not only be cost effective but encourage improved productivity and loyalty of employees.

Business Continuity Plan

The Business Continuity Programme, which focuses on protecting and recovering critical activities of the department (that include ICT applications, infrastructure, and hardware) in case of a disaster, is in place. The Business Continuity Plan enables the department to enhance its ability to detect, prevent, and deal with the impact of disruptive events whilst ensuring a quick recovery of operations. The department has also adopted a hybrid working approach given the lack of sufficient office space, constant water and electricity outages and ensures that services continue during these disruptions. This will also result in savings for the department and enhanced staff morale, commitment and productivity.

ICT continues to provide an internal enabling environment and support service regarding information and technology management in order that the department is able to pursue its strategic objectives. Implementation of the Corporate Governance of Information and Communication Technology Framework that enables the department to extract value from its ICT investments and further ensure that ICT projects are in line with the department's strategy, is ongoing. The five-year ICT Strategy is aligned to the departmental strategy and includes enhanced data management and analysis critical for decision making. The strategy further builds on the existing business processes automation to improve service delivery and lower operational costs. The introduction of the e-Submission system has significantly reduced turnaround times to process requests and has improved document management and timeous payment of suppliers.

The approved organisational structure to support the implementation of this plan

The Department is structured with the Executive Authority serving as the political leader, supported by the Head of Department, who oversees administrative functions. KZNPT is organized into five key functional programmes, each designed to address specific areas of financial management and governance. These programmes work collaboratively to ensure effective fiscal oversight, budget management, and effective financial management. The organisational structure facilitates a clear division of responsibilities, enabling the department to operate efficiently and supports the department's mission to build a capable and ethical public service through embedding prudent financial management practices and fiscal discipline. A review of the structure is anticipated due to the increase in responsibilities in administration, internal audit, information systems and data analytics.

Programme 1 - Administration

Programme 1 is responsible for providing support services to the core programmes within the department. The main sub-programmes under this programme are the office of the MEC, Management Services, Financial Management (CFO) and Corporate Services (HRM, IT, Auxiliary, Legal, Security, Comms and M&E).

Programme 2 – Sustainable Resource Management

This programme undertakes the allocation, monitoring and reporting of budgets for the province as a whole, as required by the PFMA. Analysis of the economy of the province through research projects, as well as focused infrastructure management are performed within this programme. The sub-programme includes Infrastructure Management & Economic Analysis services, technical PPP Advisory and Public Finance.

Programme 3 - Financial Governance (Office of the Accountant General)

This programme is responsible for providing financial management support to all client institutions. The sub-programme includes asset and liabilities management, supporting and interlinked financial systems, supply chain management and accounting practices.

Programme 4 - Internal Audit

This programme is responsible for providing shared internal audit services to provincial departments, and risk management support to provincial departments, and municipalities. The sub-programmes include assurance services and risk and advisory services.

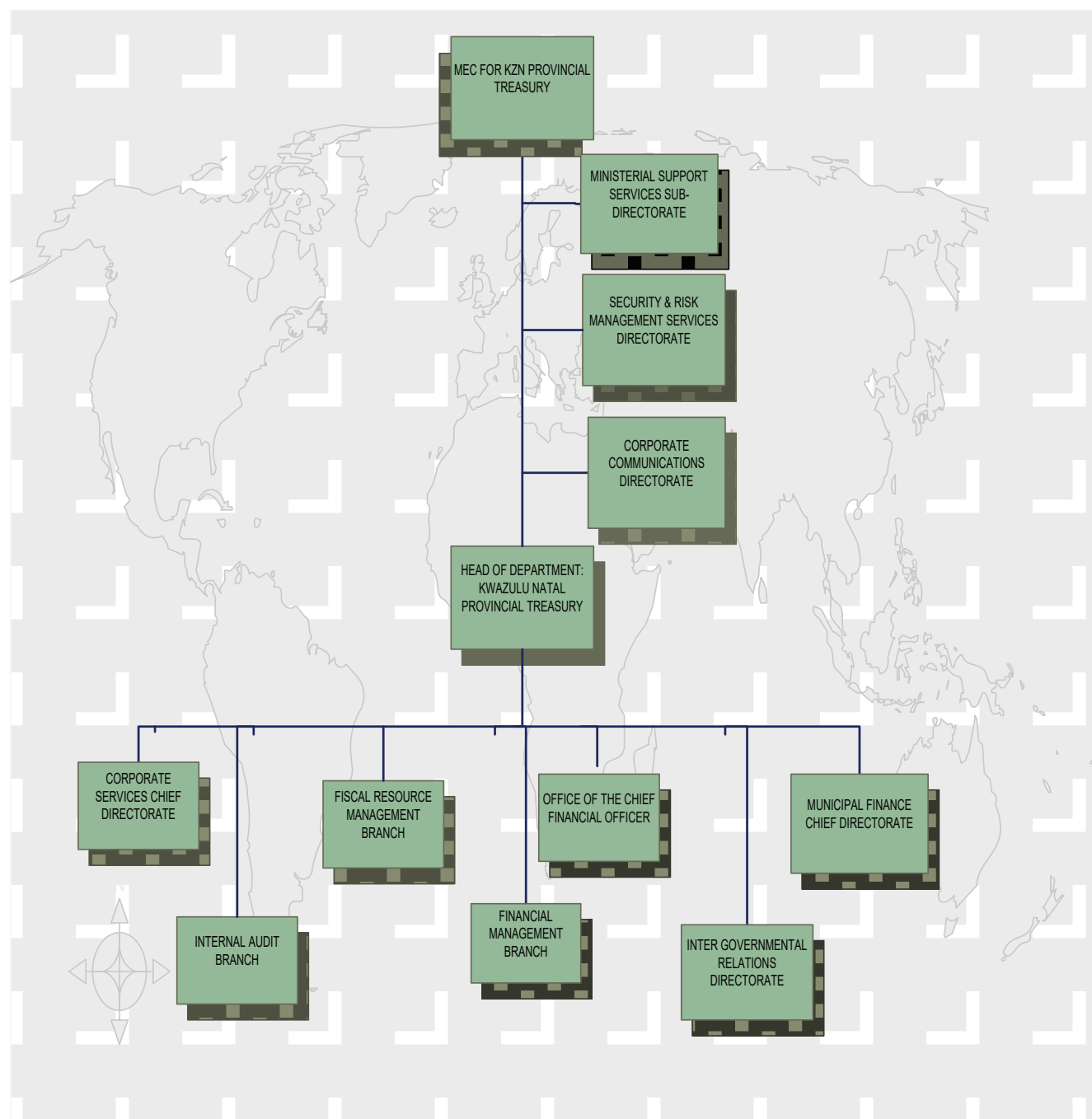
Programme 5 – Municipal Finance Management

This programme monitors and provides technical support and guidance to delegated municipalities on budgeting, accounting, and reporting, revenue, and debt management as well as specialised support through its four sub-programmes namely Municipal Budget, Municipal Accounting and Reporting, Municipal Support Programme as well as Municipal Revenue and Debt Management.

The approved departmental Structure for KZNPT

The diagram below depicts the high-level structure of the Provincial Treasury which reflects the alignment to the budget structure of the department and core Mandate of Treasury.

Organisational Structure



The Department's enabling resources

(a) Human Resources

The Department has an approved organizational structure of 524 posts, last reviewed in 2023. The Department has 114 vacant posts, of which 31 have been frozen due to the cumulative budget cuts which have rendered the posts unaffordable. In terms of funded vacancies, the Department has a current vacancy rate of 15.84%, which is above the targeted vacancy rate of 10%. All 83 posts have commenced with the recruitment processes to ensure that the Department is adequately resourced to successfully deliver the mandate of KZNPT.

Treasury is known to be a training institution and as a result there is a fairly high turnover of staff due to both internal promotions and staff exits into other public institutions. This then hampers the reduction of vacancy rate and results in the leaking bucket effect. Despite this challenge, the Department has a professional and highly qualified workforce who take on additional responsibilities ensuring that Programs meet their respective targets. Contract staff are also brought on board to assist with critical areas of functioning until positions are filled permanently and where the services required are project based.

(b) Financial Resources

The table below, indicates the budget allocation to Vote 6 (Provincial Treasury) at a programme level that has been allocated for the implementation of the departmental mandate and goals:

Summary of payments and estimates by programme: Provincial Treasury

R thousand	Audited Outcome			Main Appropriation	Adjusted Appropriation	Revised Estimate	Medium-term Estimates		
	2021/22	2022/23	2023/24	2024/25			2025/26	2026/27	2027/28
1. Administration	183 428	192 675	221 167	220 309	223 335	217 797	228 693	239 077	249 836
2. Sustainable Resource Management	42 403	45 636	50 399	51 022	46 714	46 128	53 270	55 603	58 105
3. Financial Governance	206 265	201 373	213 075	229 706	235 063	235 255	241 176	251 937	260 599
4. Internal Audit	86 216	99 979	99 759	108 551	104 476	100 824	112 715	117 860	123 164
5. Municipal Finance Management	58 583	73 139	68 590	71 313	71 313	70 670	74 336	77 594	81 085
Total	576 895	612 802	652 990	680 901	680 901	670 674	710 190	742 071	772 789

Summary of payments and estimates by economic classification: Provincial Treasury

R thousand	Audited Outcome			Main Appropriation	Adjusted Appropriation	Revised Estimate	Medium-term Estimates		
	2021/22	2022/23	2023/24	2024/25			2025/26	2026/27	2027/28
Current payments	555 787	594 248	634 146	667 051	662 739	653 380	688 489	729 746	759 907
Compensation of employees	317 572	312 363	345 398	416 812	385 256	373 953	439 855	464 854	485 770
Goods and services	238 203	281 871	288 748	250 106	277 480	279 424	258 480	264 752	273 991
Interest and rent on land	12	12	-	133	3	3	134	140	145
Transfers and subsidies to:	10 080	7 358	4 513	2 659	4 113	4 221	1 905	1 937	2 024
Provinces and municipalities	37	29	31	30	40	41	31	32	33
Departmental agencies and accounts	-	-	3	3	3	3	3	4	4
Higher education institutions	-	-	-	-	-	-	-	-	-
Foreign governments and international organisations	-	-	-	-	-	-	-	-	-
Public corporations and private enterprises	-	343	40	-	45	45	-	-	-
Non-profit institutions	1 111	1 361	1 506	1 308	1 291	1 300	625	597	624
Households	8 912	5 623	2 933	1 318	2 734	2 832	1 246	1 304	1 363
Payments for capital assets	10 927	11 044	14 161	11 191	12 044	11 068	9 816	10 388	10 858
Buildings and other fixed structures	-	-	-	-	-	-	-	-	-
Machinery and equipment	10 927	11 044	14 079	11 191	12 044	11 068	9 816	10 388	10 858
Heritage Assets	-	-	-	-	-	-	-	-	-
Specialised military assets	-	-	-	-	-	-	-	-	-
Biological assets	-	-	-	-	-	-	-	-	-
Land and subsoil assets	-	-	-	-	-	-	-	-	-
Software and other intangible assets	-	-	82	-	-	-	-	-	-
Payments for financial assets	121	156	170	-	2 005	2 005	-	-	-
Total	576 885	612 802	652 990	680 901	680 901	670 674	710 190	742 071	772 789

The department receives a provincial equitable share of R710.190 million in 2025/26, R742.071 million in 2026/27, and R772.789 million in 2027/28. During 2023/24 MTEF preparation, the department's baseline was cut by R25.320 million in 2024/25, R24.989 million in 2025/26 and R26.926 million in 2026/27 which remains within the numbers reflected in the tables. The department undertook a process of reprioritisation between sub-programmes as well as at the economic classification level to ensure that it balances back to the allocated baseline.

During this exercise, the department highlighted the need for additional funding for transversal costs such as banking fees and managing the IT systems utilised by departments. The allocation for the 2025/26 MTEF period is not sufficient and the department will have to monitor the impact of these shortfalls throughout the MTEF period to prevent unauthorized expenditure and ensure that any savings or underspending identified during the year, is allocated to fund the shortfall.

To create the 2027/28 baseline the department increased the equitable share baseline for 2026/27 by 4.6% as per the Database.

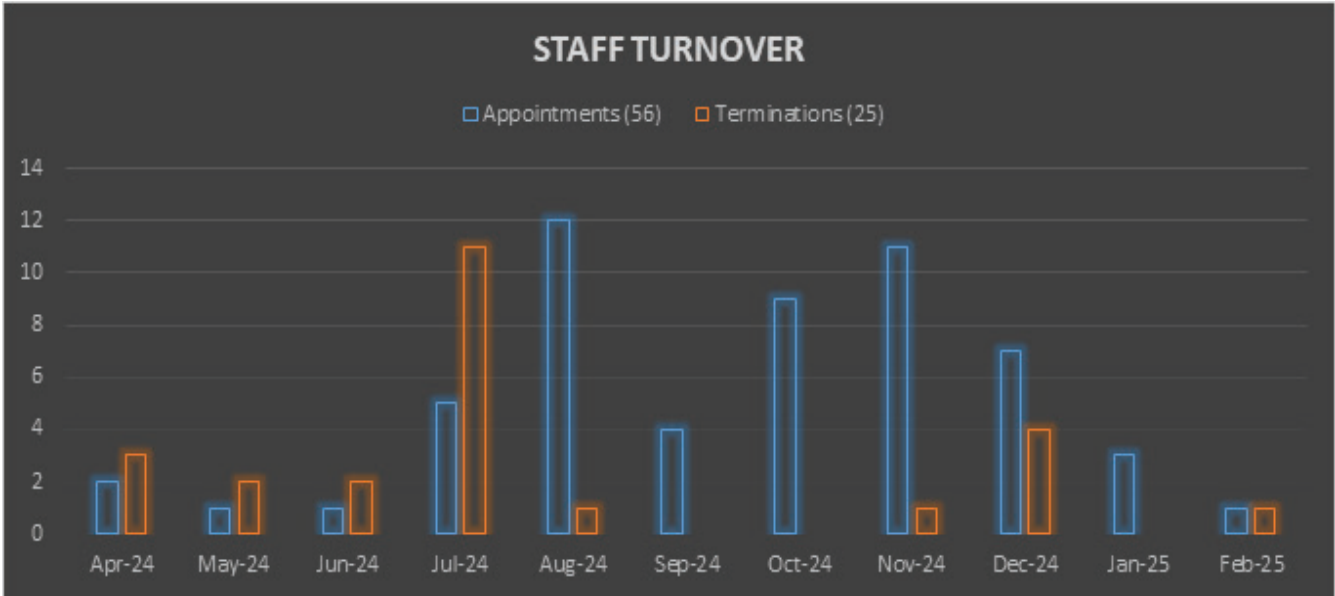
Internal Institutional factors that negatively impacts the Department

• High turnover of staff

Despite there being an improvement regarding turnover of staff, there is still a significant number of employees exiting the Department which impacts the effectiveness of the recruitment processes in place to reduce the vacancy rate. This is clearly highlighted by the fact that from 1 April 2024, the Department employed 56 employees, with 25 employees exiting the Department. The exit interviews that are undertaken with all staff members do not reveal issues within the department but rather that employees are seeking new opportunities. There are several strategies in place to intrinsically motivate staff to remain within the Department thereby

reducing the exiting of staff even further, however, one is cognisant of the fact that the Department has a youthful staff compliment who are eagerly seeking promotion prospects. Notwithstanding this, constant rigorous recruitment efforts has assisted the department to move closer to the desired vacancy rate of 10%

The graph below reflects the appointments and terminations for the period 01 April 2024 to end of February 2025:

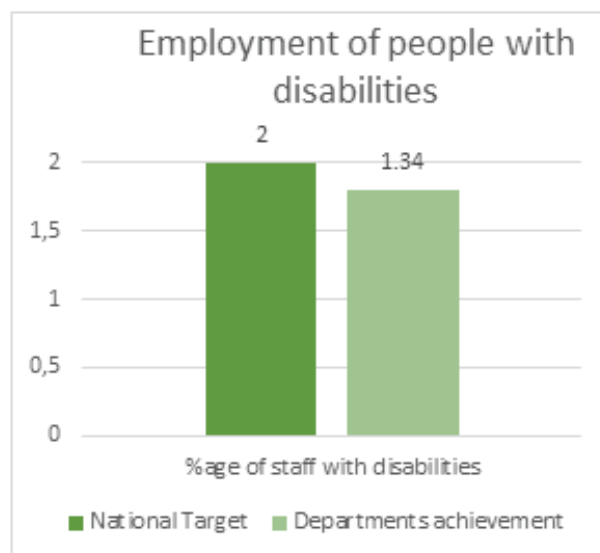
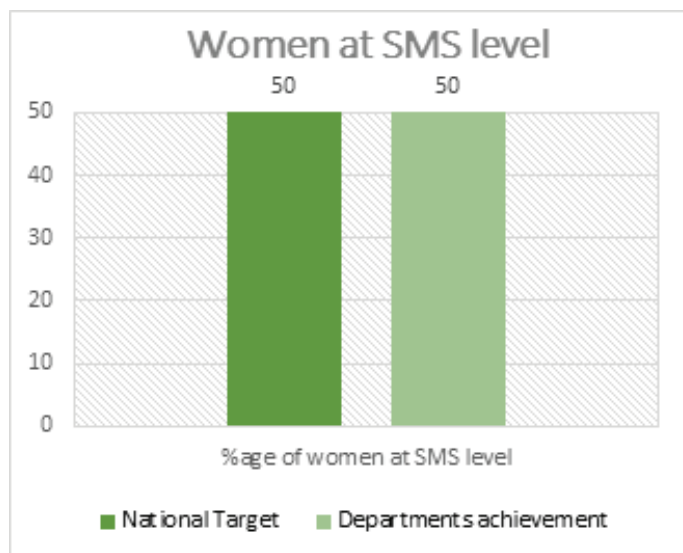


(c) Transformation profile of the Department

The Department is committed to meeting the National Employment Equity targets of 50% women at SMS, 2% people with disabilities and 75% Black. The Department has expressed its commitment by ensuring that only females and people with disabilities form part of the target group for all SMS posts and that an annual disability audit is conducted throughout the Department. The Head of Department has incorporated the 8-principles plan of action towards ensuring women empowerment and the institutionalization of the same into her performance agreement and is assessed against this program’s deliverables on an annual basis.

The Department, as of 28 February 2025 employed 50.72% (35) women at SMS; 1.34% (7) people with disabilities and 75.38% (395) Blacks of total approved structure. In terms of total number of employed staff, 95% are black. Approximately 60% of the total staff compliment constitutes the youth age group (18 to 34).





(d) Audit performance of the Department

KZNPT obtained its 16th consecutive “unqualified audit” opinion, in the 2023/2024 financial year. The Department, as the oversight body of the provinces’ fiscus, prides itself in setting an example that is aligned to its vision of being the center of excellence in financial and fiscal management in the country.

The AG’s report for the 2023/24 financial year did not have material findings, however there were matters reported on Annexure B and C of the audit report, which are addressed through an Audit Improvement Strategy which is reported on a quarterly basis at the Provincial Audit and Risk Committee meetings, as well as to the Executive Authority. Based on this approach, there were no repeat audit findings as the issues are resolved timeously and internal controls and business processes are improved upon.

(e) Challenges that the department has experienced in the performance environment and how it will address these over the mediumterm period.

The department is currently reflecting under expenditure mainly on compensation of employees due to high staff turnover as elaborated on above. The department will continue to closely monitor the spending of the allocated budget and the achievement of planned targets. Any savings will be redirected to areas with the greatest spending pressures. Historically the department has performed well in achieving an average of 85% of its targets. It is important to note that some targets are exceeded as additional requests for support are made in-year which must be accommodated.

Whilst there are no indications of further budget cuts, historic cuts on the programme’s baselines negatively impact their operations. There is a total of 31 positions that are frozen which places additional pressure on existing human resources to deliver the same with less. The implementation of HR strategies such as of non-incentive policy will be strengthened to keep staff invigorated and committed.

Even though the department has made progressed well in implementing a newly approved organizational structure to address the issues of inadequate staff capacity and over-reliance on consultants, there are still

considerable number of positions to be filled. Efforts are being made to expedite the filling of all critical positions while being mindful of cost containment measures.

Despite the above challenges the department as indicated above has had a good track record in the achievement of its annual performance targets. This is a reflection of the level of commitment by the Treasury team but raises the risk of potential burnout which must be addressed.

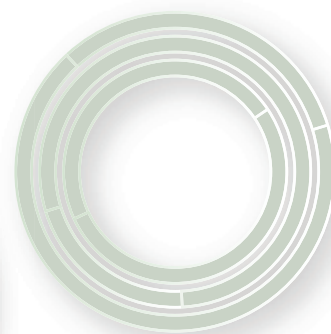
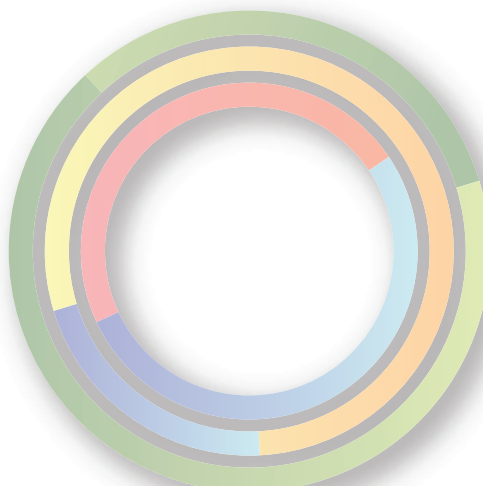
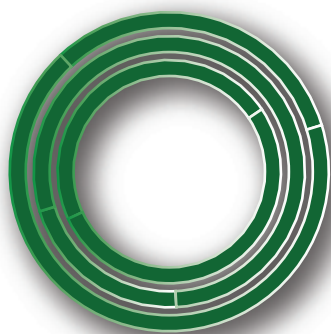
(a) Stakeholder Analysis

In fulfilling the legal mandate and achieving its strategic outcomes, KZNPT relies heavily on the support of the stakeholders. These include the National Treasury, Political Leadership and Accounting Officers/Authorities and Chief Financial Officers of provincial departments, public entities and municipalities, Department of Cooperative Governance and Traditional Affairs (COGTA), the South African Local Government Association (SALGA), the Auditor General of South Africa (AGSA), the Standing Committee on Public Accounts and Portfolio Committee Finance of the KZN Legislature and the Provincial Ministerial Committee on Budget . The Department relies on the political and administrative leadership of provincial departments, public entities and municipalities to implement prudent financial management and ensure compliance with legislative requirements to enhance accountability and the quality of financial reporting.

Name of stakeholder	Stakeholder function	Name of stakeholder	Stakeholder function
National Departments	Assist our department with administrative and strategic leadership to fulfil all statutory requirements pertaining to the functioning of the departments.	Provincial research Units/ Institutions	To share ideas and to gather the necessary information and economic data.
DPSA	Assist our department with administrative and strategic leadership to fulfil all statutory requirements pertaining to the functioning of the departments.	SAPS	Provide the department with protection and security service to the department during MEC's public engagements
DPME	Assist our department with administrative and strategic leadership to fulfil all statutory requirements pertaining to the functioning of the departments.	General Public	Partnering with our KZN general public in providing service delivery of goods and services through our procurement services.
National Treasury	Assist our department with financial and strategic leadership to fulfil all statutory requirements pertaining to the functioning of the departments.	PT Suppliers	Provincial Treasury Suppliers are responsible for providing the necessary goods and services to the provincial treasury in order to facilitate the achievement of the plans, targets and objectives of the provincial treasury.

SITA	To provide strategic direction, leadership and management of the operations of the province by overseeing the rendering of ICT services.	KZNPT MEC	Provides strategic leadership to the department
GCIS	Provides professional services; sets and influences adherence to standards for an effective government communication system; drives coherent government messaging; and proactively communicates with the public about government policies, plans etc.	EXCO and MANCO Members	These members are responsible for setting the strategic direction of the provincial treasury and ensuring that the plans, targets and objectives of the provincial treasury are met.
Finance Portfolio Committee	The FPC is responsible for overseeing the financial management of the government. The committee is responsible for considering bills, dealing with departmental budget votes, overseeing the work of the department they are responsible for, and enquiring and making recommendations about any aspect of the department, including its structure, functioning and policy	KZNPT Staff	PT staff are responsible for implementing the plans, targets and objectives of the provincial treasury.
Provincial Cabinet and Legislature	The legislature oversees the administration of the provincial government, and the Premier and the members of the Executive Council are required to report to the legislature on the performance of their responsibilities.	Public Service Commission	Promote the values and principles governing public administration
Provincial Audit and Risk Committee	The Audit Committee assist our department by providing oversight of the institution's control, governance, and risk management. Furthermore, the Committee should provide the Accounting Officer/Authority with independent counsel, advice and direction in respect of risk management.	Ministers' Committee on the Budget	Ministers' Committee on the Budget (MinComBud) and the Provincial Executive Council is briefed on decisions required in terms of the Adjustments Budget proposals, as well as the Main Budget proposals.

Cluster Audit and Risk Committee	The Audit Committee assist our department by providing oversight of the institution's control, governance, and risk management. Furthermore, the Committee should provide the Accounting Officer / Authority with independent counsel, advice and direction in respect of risk management.	Provincial Executive Council	Strategic direction through provincial priorities Approvals and oversight of statutory reports
Provincial Departments	To assist departments to achieve their function by mobilisation, allocate, provide wide cash management, and also provide financial management through Budget monitoring and reporting such as Internal audit, financial accounting and system maintenance. Partnering in achieving the clean audit.	Provincial Planning Commission	The PPC is responsible for guiding strategic planning and making recommendations that lead to the refinement and periodic review of provincial plans
Public Entities	The department plays an oversight role to the administration and financial management of the Public Entities.	Auditor General of South Africa	Independent oversight and opinion on Treasury's finances, controls and systems of delivery but also a critical source of data informing the support Treasury provides to public institutions
Municipalities	The department provide oversight, technical support and guidance to delegated municipalities. Strengthen the country's democracy by enabling oversight, accountability, and governance in the public sector through auditing, thereby building public confidence		



The table below outlines the consultative process and engagement with key program officials and stakeholders who participated in the strategic planning:

DATE	STRATEGIC FOCUS AREA
15-16 August 2024 Departmental Strategic Planning Session (EXCO/MANCO)	Identifying the national and provincial priorities that talk to the mandate of the department Agreeing on the key priorities and focus areas Review of Part A & B: Our Strategic Focus
4 th September 2024 Special MANCO	Deliberations on the MTDP Priorities relevant to PT, Defining the Problem Statement and review of key strategic direction
17 September 2024 Mini Departmental Strategic Planning Session (EXCO/MANCO)	Review of the inputs by MANCO to establish strategic framework
18 – 27 September 2024	Part C: Measuring Our Performance Institutional Performance Information Strategic Risks for the Identified Outcomes Part D: Technical Indicator Descriptions (TID)
December EXCO retreat	Diagnosis of the financial crisis and the actions required to conceptualize the Provincial Financial Recovery Plan.
16 January 2025	Presentation of the draft Plans to the Finance Portfolio Committee through Stakeholder Engagement Session
11 February 2025	Presentation of the 2025/26 draft Plans to the Finance Portfolio Committee (Draft APP and Budget for Vote 6: Treasury)
24 February 2025 MANCO & EXCO planning session.	Presentation, adoption and alignment of the Provincial Recovery Plan to the department's strategy Financial recovery plan Alignment matrix

9. INSTITUTIONAL PERFORMANCE INFORMATION

KZNPT is dedicated to the implementation of the government priorities outlined in the 2025-2030 Medium Term Development Plan. These priorities include Inclusive Economic Growth and Job creation and driving a Capable, Ethical and Developmental State. The Government of National Unity aims to steer the economy towards a path that eradicates poverty, generates employment, and sustains livelihoods, while also reducing inequality in a sustainable manner.

Key weaknesses in provincial governance

The following governance challenges will guide the department's response and interventions and are listed as follows:

- Reduction in fiscal envelop but no reciprocal reduction in spend resulting in overspending, overcommitment and inability to service debt.
- Poor audit outcomes in the province
- Poor Financial Management in the province
- Lack of sustainable radical economic transformation in the province
- Unsustainable Infrastructure delivery
- Fiscal sustainability in the midst of reduced allocations from National Treasury (equitable share and conditional grants)
- Lack of fiscal discipline and accountability in the province
- Inability to enforce accountability, promote and support severe consequence management
- Inadequate oversight by Executive Authorities

As a response to provincial challenges, comprehensive strategies were identified and developed. This process involved a thorough analysis of the problems faced by the province, and relevant strategic interventions. These interventions are designed to mitigate the identified issues and ensure improvement.

This strategic planning process culminated in the identification of key focus areas, which are mapped out through a clearly defined pathway of change. These focus areas will guide the (KZNPT) in achieving its Strategic Outcomes for the 2025 to 2030 planning period. The pathway of change ensures that all efforts are aligned with the overarching goals of sustainable development and economic growth in the province.

9.1 MEASURING THE IMPACT

Impact Statement	IMPROVED FISCAL AND FINANCIAL MANAGEMENT IN THE PUBLIC SECTOR BY 2030 THROUGH TREASURY'S SUPPORT AND INTERVENTIONS TO IMPROVE SERVICE DELIVERY FOR THE CITIZENS OF THE PROVINCE.
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9.2 MEASURING OUR OUTCOMES

The department has identified 3 Strategic Outcomes that it will be implementing over the 5-year term. These Outcomes will respond on both the National and Provincial Priorities in line with the Constitutional and Policy Mandates for Provincial Treasury.

The KwaZulu-Natal Provincial Treasury (KZNPT) undertook a comprehensive exercise to identify and articulate the core issues it aims to address within the province. This process involved a thorough analysis of existing challenges, particularly focusing on inefficiencies and ineffectiveness in various financial and fiscal areas. This required engaging with key stakeholders and conducting needs assessments. The department was able to develop a well-informed problem statement. This statement serves as a foundational guide for KZNPT's strategic initiatives, ensuring that all our efforts are targeted towards resolving the identified issues and enhancing overall provincial governance and service delivery. These measurable Outcomes are as follows.

- **Outcome 1 – Improved Sound Financial Management in the province**
- **Outcome 2 – Enhanced Fiscal Sustainability of the province**
- **Outcome 3 – Improved participation of targeted groups in the province**



OUTCOME 1 - IMPROVED SOUND FINANCIAL MANAGEMENT IN THE PROVINCE

MTDP Priority : Build A Capable, Ethical and Developmental State

PGDS Priority: A Capable, Ethical and Developmental State

Outcome 1	Outcome Indicator	Baseline	5-year target
IMPROVED SOUND FINANCIAL MANAGEMENT IN THE PROVINCE	1. Increased number of public institutions with unqualified audit opinions (Depts and PE)	Departments with unqualified audit opinions 13 (2023/24 PFMA AGSA Audit)	Depts. = 14
		Public Entities with unqualified audit opinion 15 (2023/24 PFMA AGSA Audit)	Public Entities = 17
	2. Increased number of delegated Municipalities with unqualified audit opinions	41 delegated Municipalities (2023/24 MFMA AGSA audit)	46 delegated municipalities
	3. Increased number of delegated Municipalities with funded budgets	45 delegated municipalities	47 delegated municipalities

The five-year targets reflected above are broken down per annum in the table below:

Outcome Indicator	2025/2026	2026/2027	2027/2028	2028/2029	2029/2030
Increased number of Public Sector institutions with unqualified audit opinions (Depts and PE).	14 Departments with unqualified audit outcomes	14 Departments with unqualified audit outcomes	14 Departments with unqualified audit outcomes	14 Departments with unqualified audit outcomes	14 Department with unqualified audit outcomes
	17Public Entities with unqualified audit outcomes	17Public Entities with unqualified audit outcomes	17 Public Entities with unqualified audit outcomes	17 Public Entities with unqualified audit outcomes	17% of Public Entities with unqualified audit outcomes
Number of delegated Municipalities with unqualified audit opinions	43 delegated Municipalities with unqualified audit opinions	43 delegated Municipalities with unqualified audit opinions	44 delegated Municipalities with unqualified audit opinions	45 delegated Municipalities with unqualified audit opinions	46 delegated Municipalities with unqualified audit opinions
Increased number of delegated Municipalities with funded budgets	46	46	46	47	47

OUTCOME 2 - ENHANCED FISCAL SUSTAINABILITY OF THE PROVINCE

MTDP Priority 3: Drive Inclusive Growth and Job Creation
PGDS Priority: A Capable, Ethical and Developmental State

Outcome 2	Outcome Indicator	Baseline	5-year target
ENHANCED FISCAL SUSTAINABILITY OF THE PROVINCE.	Percentage of budgeted funds (PES and CG) spent against tabled budget within the fiscal year for the province.	99.2% PES 95% CG 5% CG Fully committed (2023/24 f/y audited close-out report)	At least 99.5% of budgeted PES funds 95% of CG spent and 5% CG fully committed
	Percentage of provincial revenue collected against the budgeted revenue.	100% (2023/24 f/y audited close-out report)	100% of budgeted revenue

*The five-year targets reflected above are broken down per annum in the table below:

Outcome Indicator	2025/2026	2026/2027	2027/2028	2028/2029	2029/2030
Percentage of budgeted funds (PES/CG) spent against tabled budget within the fiscal year for the province.	99.5% PES	99.5% PES	99.5% PES	99.5% PES	99.5% PES
	95% CG 5% committed	95% CG 5% committed	95% CG 5% committed	95% CG 5% committed	95% CG 5% committed
Percentage of provincial revenue collected against the budgeted revenue.	100%	100%	100%	100%	100%

OUTCOME 3 - IMPROVED PARTICIPATION OF TARGETED GROUPS IN THE ECONOMY OF THE PROVINCE

MTDP Priority : Build A Capable, Ethical and Developmental State

PGDS Priority: inclusive growth and job creation

Outcome 3	Outcome Indicator	Baseline	5-year target
IMPROVED PARTICIPATION OF TARGETED GROUPS IN THE ECONOMY OF THE PROVINCE.	1. Percentage of procurement spend awarded to targeted groups.	Youth = 10% Women = 30% PWD = 3% (*as at Q3 of 2024/25)	Youth = 30% Women = 40% PWD = 7%
	2. Percentage of female representation at the SMS level	Women = 50.72% (*as at Q3 of 2024/25)	Women = 50%
	3. Percentage of PWD employed in the dept.	PWD = 1.34% (*as at Q3 of 2024/25)	PWD = 3%

Outcome Indicator	2025/2026	2026/2027	2027/2028	2028/2029	2029/2030
Percentage of procurement spend awarded to targeted groups.	Youth = 10% Women = 30% PWD = 3%	Youth = 15% Women = 35% PWD = 3%	Youth = 20% Women = 35% PWD = 4%	Youth = 25% Women = 40% PWD = 5%	Youth = 30% Women = 40% PWD = 7%
Percentage of Women employed in SMS positions.	Women = 50%	Women = 50%	Women = 50%	Women = 50%	Women = 50%
Percentage of PWD employed in the dept.	PWD = 2%	PWD = 2%	PWD = 2%	PWD = 2%	PWD = 3%

Key Risks which may affect the achievement of the Outcome

Outcome	Key Risk	Risk Mitigation
IMPROVED SOUND FINANCIAL MANAGEMENT IN THE PROVINCE.	1) <u>Inadequate implementation of KZNPT's Recommendations:-</u> Limited impact of KZNPT's oversight due to non-implementation/ inadequate implementation of KZNPT recommendations by Institutions (client Departments, Municipalities and Public Entities).	<ul style="list-style-type: none"> • Actively strengthen stakeholder engagements and collaborate with the various structures to illustrate value of assistance provided. • Escalation to Accounting Officers, Members of Executive Council (MECs), Premier, Municipal Councils and COHOD on the non - implementation of agreed action plans by institutions. • Follow- ups and regular monitoring of progress on the implementation action plans, recommendations submitted to Institutions. • Regular monitoring to ensure remedial measures are implemented within deadlines or reasonable timeframes for outstanding matters.
	2) <u>Unavailability of credible Data and Information:</u> Unavailability of credible data and information from Institutions for effective oversight by the Department on Institutions	<ul style="list-style-type: none"> • Non-compliance escalation and reporting at CoHOD, and Executive Council levels for data and information not received on the set deadlines. • Training and support Institutions to enhance the credibility of data and information. • Constant engagements with Institutions on the importance of credible data and information for value-for-money assessments and research projects. • Actively strengthen stakeholder engagements and collaborations on provision of credible data and information.
	3) <u>Unrealistic stakeholder expectations on KZNPT role / mandate.</u> Exposure to reputational damage due to failure to meet unrealistic stakeholder expectations due to inadequate/ misunderstanding of KZNPT's role and mandate by Institutions and relevant stakeholders.	<ul style="list-style-type: none"> • Stakeholder engagements processes: implementation of Service Level Agreements (SLAs), Memorandum of Understanding (MOU's) and letter of agreements between KZNPT and the various stakeholders. • Conducting various training and workshops aimed at raising awareness on the mandate of and role of KZNPT to various stakeholders to address the expectation gap. • Actively strengthen stakeholder engagements and collaboration at Executive levels (MEC's, HOD's, SCOPA, OSS, Legislature and DDM) and through various oversight structures to amplify the KZNPT's role and mandate. • Conducting client satisfaction surveys on the work performed by KZNPT for identification of areas of improvement.

ENHANCED FISCAL SUSTAINABILITY OF THE PROVINCE.	1. Funds Allocation: Historical reduction in Provincial equitable share, anticipated future budget cuts and unfunded mandates inhibiting the level of service against the needs.	<ul style="list-style-type: none"> • Continuous engagements with departments to improve efficiencies and direct budgets to service delivery. • Engagements with National Treasury to ensure fair allocation of resources to KZN. • Robust engagements with revenue generating departments and public entities to improve our own revenue collection. • Escalation of budget pressures to National Treasury and engagements with National Forums to highlight budget pressures • Continuous briefing sessions with the Provincial Executive Council and Finance Portfolio Committee on the budget performance to enhance oversight by these structures on Departments. • Implement and monitor of cost-cutting measures. • Develop and roll out the Provincial Financial Recovery Plan aimed at restoring and/or building financial stability and fiscal sustainability.
	<u>2) Inadequate implementation of KZNPT's Recommendations: -</u> Limited impact of KZNPT's oversight due to non-implementation/ inadequate implementation of KZNPT recommendations by Institutions (client Departments, Municipalities and Public Entities).	<ul style="list-style-type: none"> • Actively strengthen stakeholder engagements and collaborate with the various structures to illustrate value of assistance provided. • Escalation to Accounting Officers, Members of Executive Council (MECs), Premier, Municipal Councils and COHOD on the non - implementation of agreed action plans by institutions. • Follow- ups and regular monitoring of progress on the implementation action plans, recommendations submitted to Institutions. • Regular monitoring to ensure remedial measures are implemented within deadlines or reasonable timeframes for outstanding matters.
	<u>3) Unrealistic stakeholder expectations on KZNPT role / mandate.</u> Exposure to reputational damage due to failure to meet unrealistic stakeholder expectations due to inadequate/ misunderstanding of KZNPT's role and mandate by Institutions and relevant stakeholders.	<ul style="list-style-type: none"> • Stakeholder engagements processes: implementation of Service Level Agreements (SLAs), Memorandum of Understanding (MOU's) and letter of agreements between KZNPT and the various stakeholders. • Conducting various training and workshops aimed at raising awareness on the mandate of and role of KZNPT to various stakeholders to address the expectation gap. • Actively strengthen stakeholder engagements and collaboration at Executive levels (MEC's, HOD's, SCOPA, OSS, Legislature and DDM) and through various oversight structures to amplify the KZNPT's role and mandate.
		<ul style="list-style-type: none"> • Conducting client satisfaction surveys on the work performed by KZNPT for identification of areas of improvement.

	<u>4) Unavailability of credible Data and Information:</u> Unavailability of credible data and information from Institutions for effective oversight by the Department on Institutions	<ul style="list-style-type: none"> • Non-compliance escalation and reporting at CoHOD, and Executive Council levels for data and information not received on the set deadlines. • Training and support Institutions to enhance the credibility of data and information. • Constant engagements with Institutions on the importance of credible data and information for value-for-money assessments and research projects. • Actively strengthen stakeholder engagements and collaborations on provision of credible data and information.
IMPROVED PARTICIPATION OF TARGETED GROUPS IN THE ECENOMY OF THE COUNTRY. ROVINCE.	1) <u>Inability to improve the participation of targeted groups in the economy of the province.</u> Inability to improve the participation of targeted groups in the economy of the province due to targeted groups not being represented in the sub-databases and not being able to provide cost effective pricing.	<ul style="list-style-type: none"> • Engage with custodians of sub-databases (e.g., Central Supplier Database (CSD), State Information Technology Agency (SITA) and National Treasury panels) to improve accessibility to databases by targeted groups. • Collaborate with the office of the Premier (OTP) and EDTEA on register suppliers from vulnerable groups. • Allocate all preferential points to the targeted group (do not dilute by accommodating all targeted groups) • Supplier development workshops on common errors in submitted quotations and bids

Planned Performance over the Five-Year Planning Period per Programme

During planning, various planning tools were utilised such as SWOT, PESTEL and gap analysis. recommendations made informed strategic priorities and interventions for the 5 years of the MTDP 2024/2029. A logic model approach was used to assess whether the identified interventions would benefit the recipients of services.

The table below demonstrates the change that the department seeks to make and further justifies how the identified outcome will contribute to both the national and provincial priorities as well as other strategic planning documents.

Outcome	Explanation	Strategic alignment
Improved sound financial management in the province.	<p>Sound financial management is central to financial stability, It ensures transparency and accountability. It is in line with KZNPT's mandate of efficient and effective use of financial resources.</p> <p>Progress on the achievement of this outcome will mainly be measured through an increase in the number of public sector institutions receiving unqualified audit opinions.</p>	<p>This outcome responds to Priority 2, Build a capable, ethical and developmental state.</p> <p>PGDS 2025 Transition 2025 SONA, SOPA and Lekgotla resolutions</p>

Enhanced fiscal sustainability of the province	<p>Continued delivery of services is dependent on the availability of a well-resourced budget. The fiscal imbalance that is currently being experienced needs immediate attention. The continuous reduction of the KZN equitable share allocation by National Treasury, as well as insufficient prudent budget management are root causes of the current provincial fiscal threat.</p> <p>Quarterly budget monitoring will be undertaken to ensure the timely identification of fiscal threats and risks making it possible to mitigate these prior to financial year-end, thereby enhancing fiscal sustainability. These reports are also used by oversight bodies to strengthen their oversight over the departments and entities.</p> <p>The Provincial Financial Recovery Plan seeks to find ways to reduce unnecessary expenditure and to optimise spending and this work includes analysing the provincial budget in terms of funds allocated to Compensation of employees, to fixed operational costs and the amount available for service delivery. The outcome of this study will be used to make recommendations on the allocation of resources in the province in line with the provincial priorities.</p>	<p>This outcome contributes towards Priority 3 - Build capable, ethical and developmental state.</p> <p>2025 SONA, SOPA and Lekgotla resolutions</p>
Improved participation of targeted groups in the province.	<p>The participation of the targeted groups in the economic activities is a transformation imperative. Increasing access for women, youth, persons with disability will help to lift them out of poverty, reducing inequality.</p> <p>This outcome will be measured on the percentage of government procurement spend on targeted group by the department, as well as the employment and development opportunities within Treasury.</p>	<p>This outcome responds to Priority 1, Drive Inclusive growth and job creation</p> <p>PGDS 2025 Transition</p> <p>2025 SONA, SOPA and Lekgotla resolutions</p>

4. Public Entities

Name of Public Entity	Mandate	Outcomes
The department does not have a Public Entity.	N/A	N/A

Part D:

Technical Indicator Description

(TID)



1. Indicator Title	Increased number of Public Institutions with unqualified audit opinions (Depts and PE)
Definition	<ul style="list-style-type: none"> • Number of Provincial Departments and Public Entities with an unqualified audit opinion. • Unqualified audit opinions (with or without findings) indicate that the financials of the institution meet the required standards.
Source of data	<ul style="list-style-type: none"> • Reports of the Auditor-General of South Africa obtained through departments and public entities.
Method of Calculation/ Assessment	<ul style="list-style-type: none"> • Count of the number of institutions with unqualified audit opinions as reported by the Auditor-General of South Africa. (quantitative) • The number of institutions with unqualified audit opinions as reported by the Auditor-General of South Africa in the previous year. The difference between the current years audit finding and the previous audit years finding will indicate the increase or decrease expressed as a percentage change year on year.
Assumptions	<ul style="list-style-type: none"> • Financial Management Support initiatives contribute towards audit readiness and assist to close identified gaps. • Financial Management Support initiatives add value to institutions, close identified gaps and ensure full audit readiness. • Full cooperation and commitment from stakeholders in implementing audit improvement strategies. • Full cooperation and commitment from stakeholders in implementing recommendations for improvement. • Institutions that currently have unqualified audit opinions maintain their status with no regression. • Financial and skilled human resources are available to provide the necessary support. • Valid, accurate and complete information is timeously provided by the departments.
Disaggregation of Beneficiaries	Not applicable
Spatial Transformation	Not applicable
Reporting Cycle	Annual progress against the five-year target
Desired performance	The desired outcome is for the province to achieve unqualified audit opinions in all departments and public entities.
Indicator Responsibility	Provincial Accountant General and Provincial Assurance and Risk.

2 Indicator Title	Increased number of delegated municipalities with unqualified audit opinions.
Definition	<ul style="list-style-type: none"> • Number of delegated Municipalities with an unqualified audit opinion. • Unqualified audit opinions (with or without findings) indicate that the financials of the institution meet the required standards.
Source of data	<ul style="list-style-type: none"> • Reports of the Auditor-General of South Africa obtained through delegated municipalities.
Method of Calculation/ Assessment	<ul style="list-style-type: none"> • Count of the number of delegated municipalities with unqualified audit opinions as reported by the Auditor-General of South Africa versus the number of delegated municipalities with unqualified audit opinion as reported by the Auditor-General of South Africa in the previous year. (quantitative) • An increased number of delegated municipalities with unqualified audit opinions is an indication that there has been an improvement. (qualitative)
Assumptions	<ul style="list-style-type: none"> • Financial Management Support initiatives add value to institutions, close identified gaps and ensure full audit readiness. • Full cooperation and commitment from delegated municipalities in implementing recommendations for improvement. • delegated municipalities that currently have unqualified audit opinions maintain their status with no regression. • Financial and skilled human resources are available to provide the necessary support. • Valid, accurate and complete information is timeously provided by the delegated municipalities.
Disaggregation of Beneficiaries	Not applicable
Spatial Transformation	Not applicable
Reporting Cycle	Annual progress against the five-year target
Desired performance	The desired outcome is for the province to achieve unqualified audit opinions in all delegated municipalities.
Indicator Responsibility	Municipal Finance Management, Provincial Accountant General and Provincial Assurance and Risk.

3. Indicator Title	Increased number of delegated municipalities with funded budgets.
Definition	<ul style="list-style-type: none"> • The number of delegated KZN municipalities (51) that have adopted funded budgets. • Municipalities are required in terms of the MFMA to table and adopt a budget that is credible, relevant, and sustainable to ensure that all financial commitments are met.
Source of data	<ul style="list-style-type: none"> • Tabled and Adopted budgets with required supporting documentation submitted by delegated municipalities in terms of the MFMA and MBRR.
Method of Calculation/ Assessment	<ul style="list-style-type: none"> • A count of the number of delegated municipalities that have adopted a funded budget for the relevant financial year versus the number of delegated municipalities that adopted a funded budget for the previous financial year. (quantitative) • An increased number of delegated municipalities with funded budgets is an indication that there has been an improvement in the budget cycle process of the municipality and that they consider the recommendations made by the Provincial Treasury. (qualitative)
Assumptions	<ul style="list-style-type: none"> • The budget evaluations conducted by Provincial Treasury are dependent on delegated municipalities submitting the complete and accurate budget documentation within the required timeline. • Municipalities need to implement the recommendations made by the Provincial Treasury. • Municipalities that currently have funded budgets maintain their current funding position and do not regress to unfunded budgets.
Disaggregation of Beneficiaries	Not applicable
Spatial Transformation	Not applicable
Reporting Cycle	Annual progress against the five-year target.
Desired performance	The desired outcome is that all delegated KZN Municipalities would have adopted funded budgets.
Indicator Responsibility	The Head responsible for Municipal Finance.,

1. Indicator Title	Percentage of budgeted funds (PES and CG) spent against tabled budget within the fiscal year for the province.
Definition	This indicator measures the provincial budget spent within a financial year. This indicator refers to both the Provincial Equitable Share (PES) and Conditional Grants (CG). The ideal scenario is that the under spending be not more than 2 percent of the allocation budget in the province and that all unspent conditional grants are fully committed.
Source of data	The source data is from the provincial In-Year Monitoring (IYM) reporting tool. End of year (annual) Budget Performance report Departmental commitments on unspent conditional grants Audited annual financial statements
Method of Calculation/ Assessment	PES: This is calculated by taking the Actual PES amount spent by the province (numerator) and dividing it by the Adjusted PES Budget for the province (denominator) and calculating this as a percentage spent on PES. CG: This is calculated by taking the Actual CG amount spent by the province (numerator) and dividing it by the Adjusted CG Budget for the province (denominator) and calculating this as a percentage spent on CG. Committed CG: This is calculated by taking the actual Conditional Grant amount committed and dividing by the total Adjusted Budget.
Assumptions	Credible budget information submitted by departments. Compliant departments do not regress to a state of non-compliance.
Disaggregation of Beneficiaries	Not applicable
Spatial Transformation	Not applicable
Reporting Cycle	Annual progress against the five-year target This target is measured annually at the end of a financial year
Desired performance	The desired performance would be 100% provincial budget spend (2% deviation (under) is acceptable) No surrendering of conditional grants at the end of a reporting cycle
Indicator Responsibility	The Provincial Treasury Head of Fiscal Resource management.

2. Indicator Title	Percentage of provincial revenue collected against the budgeted revenue.
Definition	<p>This indicator measures the provincial own revenue collection within a financial year against what was planned and budgeted to be collected as a source of the provinces resources.</p> <p>The ideal scenario is to not under-collect as this forms part of the resources allocated to provincial institutions. The province presents a budget which includes the revenue that is anticipated to be collected for the province in a financial year and over the MTEF period.</p>
Source of data	The source data is from the provincial In-Year Monitoring (IYM) reporting tool
Method of Calculation/ Assessment	This is measured by dividing the actual revenue collected against the total budget revenue for the province and expressed as a percentage.
Assumptions	<p>Departments will collect the projected revenue in their IYM's</p> <p>The province will collect the desired revenue projected</p> <p>The province will generate enough revenue to keep the fiscus floating</p>
Disaggregation of Beneficiaries	Not Applicable
Spatial Transformation	Not applicable
Reporting Cycle	<p>Annual progress against the five-year target</p> <p>This target is measured annually at the end of a financial year</p>
Desired performance	Additional revenue is collected above the projected budget in order to avail additional resources to the fiscus
Indicator Responsibility	The Provincial Treasury Head of Fiscal Resource management.

1. Indicator Title	Percentage of procurement spend awarded to targeted groups.				
Definition	Report on percentage of procurement spend awarded for goods and services procured from targeted business entities that include those owned by women, youth, persons with disabilities, Black people and priorities contained in the RDP goals.				
Source of data	SCM comparative schedule with a list of offers received from service providers and orders issued which indicates the preference points system used for price and specific goals. SCM policy indicating the targeted groups.				
Method of Calculation/ Assessment	The total amount awarded per targeted group divided by the procurement awarded for the quarter *100.				
Assumptions	Business entities that are owned by women, youth, persons with disabilities, Black people and RDP goals are available to provide goods or services that are procured by the Department. The procurement from business entities that are owned by women, youth, persons with disabilities, black people and RDP goals is done in compliant to applicable public sector SCM prescripts.				
Disaggregation of Beneficiaries	Women, Youth, Persons with disabilities and Black people. Overall percentage of the procurement awards of 80% is planned for the Targeted groups. This will include the following categories:				
	2025/2026	2026/2027	2027/2028	2028/2029	2029/2030
	Youth = 10%	Youth = 15%	Youth = 20%	Youth = 25%	Youth = 30%
	Women = 30%	Women = 35%	Women = 35%	Women = 40%	Women = 40%
	PWD = 3%	PWD = 3%	PWD = 4%	PWD = 5%	PWD = 7%
Spatial Transformation	KZN Province.				
Reporting Cycle	Annual progress against the five-year target This target is measured annually at the end of a financial year				
Desired performance	Procurement of Goods and Services in line with B-BBEE objectives and provincial targets.				
Indicator Responsibility	Chief Financial Officer				

2. Indicator Title	Percentage of female representation at the SMS level
Definition	This indicator measures the extent and representation of females employed in senior management positions in the department.
Source of data	PERSAL report for appointments or transfers into the Department, for a specific quarter, indicating the number of females appointed in posts at levels 13 to 16 matched against the total PERSAL report for employed SMS members
Method of Calculation/ Assessment	Number of females appointed against posts at level 13 to 16, divided by total approved SMS posts *100.
Assumptions	Funds will be available to advertise and fill posts. Females will respond to advertisements for SMS vacancies. Females will meet the inherent requirements of the SMS vacancy and be shortlisted.
Disaggregation of Beneficiaries	Target of 50% females at SMS level.
Spatial Transformation	KZN Province.
Reporting Cycle	Annual progress against the five-year target This target is measured annually at the end of a financial year
Desired performance	50% of women appointed at SMS level within the Department.
Indicator Responsibility	Chief Director: Corporate Services

3. Indicator Title	Percentage of persons with disabilities employed in the department.
Definition	The indicator measures the total number of persons with disabilities employed within the Department, against the total department establishment.
Source of data	PERSAL report for appointments or transfers into the Department..
Method of Calculation/ Assessment	Calculate the number of people with disabilities employed within the Department, divided by the total of employees employed by the department *100).
Assumptions	Funds will be available to advertise and fill posts. PWDs will respond to advertisements for vacant posts. PWDs will meet the inherent requirements of the vacancy and be shortlisted.
Disaggregation of Beneficiaries	Target 2% people with disabilities.
Spatial Transformation	KZN Province
Reporting Cycle	Annual progress against the five-year target This target is measured annually at the end of a financial year
Desired performance	2% of people with disabilities appointed within the Department.
Indicator Responsibility	Chief Director: Corporate Services

ANNEXURES TO THE STRATEGIC PLAN

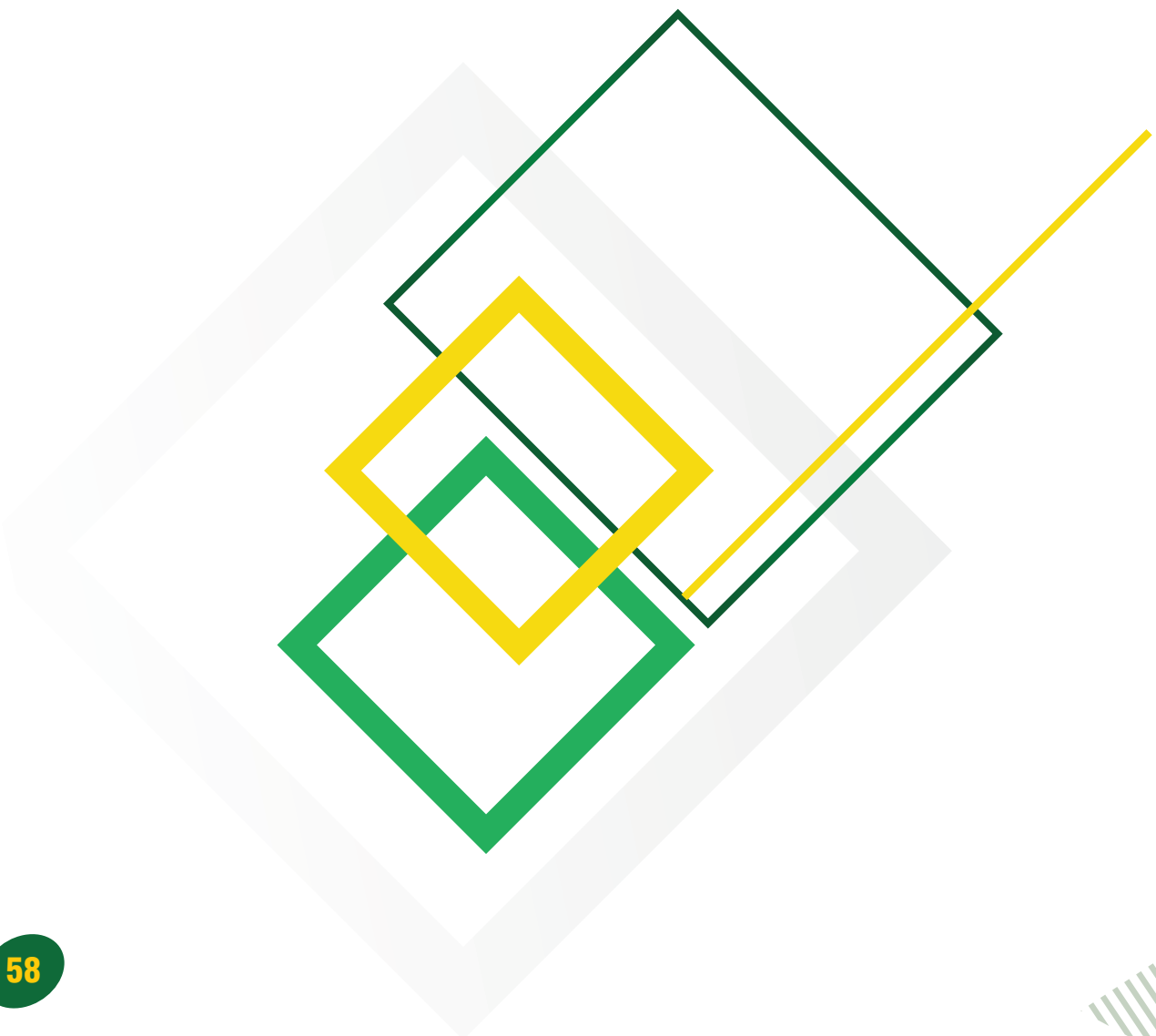
ANNEXURE A: DISTRICT DELIVERY MODEL

Area of Intervention	Five Year Planning Period					
	Project Description	Budget Allocation	District Municipality	Specific Location / GPS Coordinates	Responsibility/ Project Leader	Project/Social Partners
	<ul style="list-style-type: none"> The financial management support projects to be implemented cannot be planned for a 5-year period due to the ever-changing municipal environment. This impacts not only the municipalities to be selected but the type of support initiative to be provided. 					
	<ul style="list-style-type: none"> Targeted support is provided based on the ever-changing environment and the selection of municipalities where support projects are to be implemented is an annual process. The selection process is based on the evaluation of several criteria (including, but not limited to, latest AGSA reports and Section 71 data strings) which triggers municipalities that warrant targeted support. The list of municipalities to be supported is included in the DDM table of the APP. 					

ACRONYMS

Abbreviation	Full description	Abbreviation	Full description
AEPRE	Adjustments Estimate of Provincial Revenue and Expenditure	GRAP	Generally, Recognised Accounting Practice
AFS	Annual Financial Statements	GRB	Gender Responsive Budgeting
AGSA	Auditor – General of South Africa	GRPBMEA	Gender-Responsive Planning, Budgeting, Monitoring, Evaluation & Auditing
AO	Accounting Officer	HOD	Head of Department
AWG	Action Work Group	HRP	Human Resource Plan
BBBEE	Broad-based Black Economic Empowerment	IDMS	Infrastructure Delivery Management System
CARC	Cluster Audit and Risk Committees	IDP	Integrated Development Plans
CAI	Certified Internal Auditor	IGCC	Inter-Governmental Cash Co-ordination
CD	Chief Director	IGR	Inter-governmental Relations
CFO	Chief Financial Officer	IMF	International Monetary Fund
CG	Conditional Grants	IPMP	Infrastructure Programme Management Plan
COGTA	Co- Co-operative Governance and Traditional Affairs	IRM	Infrastructure Reporting Model
CSD	Central Supplier Database	IYM	In-year Monitoring
DDG	Deputy Director General	KZNPG	KwaZulu-Natal Provincial Government
DDM	District Development Model	KZNPT	KwaZulu-Natal Provincial Treasury
DORA	Division of Revenue Act	LED	Local Economic Development
DPSA	Department of Public Service and Administration	MTDP	Medium Term Development Plan
DWYPD	Department of Women, Youth, and Persons with Disabilities	MBAT	Municipal Bid Appeals Tribunals
ECE	Estimates of Capital Expenditure	MBRR	Municipal Budget and Reporting Regulations
EH&W	Employment Health and Wellness	MEC	Member of the Executive Committee
EPRE	Estimate of Provincial Revenue and Expenditure	MFMA	Municipal Finance Management Act
EPWP	Expanded Public Works Programme	MPAT	Monitoring Performance Assessment Tool
FLP	Financial Literacy Programme	MSP	Municipal Support Programme
FMCM	Financial Management Capability Maturity Model	mSCOA	Municipal Standard Chart of Accounts
GBVF	Gender Based Violence and Femicide	MTEF	Medium Term Expenditure Framework
GDP	Gross Domestic Product	MTEF	Medium Term Expenditure Framework
GNU	Government of National Unity	MTSF	Medium Term Strategic Framework

NSG	National School of Governance	PSC	Public Service Commission
OES	Organisational Efficiency Services	SAICA	South African Institute of Chartered Accountants
OSD	Occupation Specific Dispensation	SCM	Supply Chain Management
OSS	Operation Sukuma Sakhe	SCOPA	Standing Committee on Public Accounts
PARC	Provincial Audit Risk Committee	SERO	Social-Economic Review and Outlook
PES	Provincial Equitable Share	SMART	Specific, Measurable, Attainable, Relevant and Time bound
PERO	Provincial Economic Review and Outlook	SONA	State of Nations Address
PESTEL	Political, Economic, Social, Technological, Environmental and Legal	SOPA	State of Provincial Address
PERP	Provincial Economic Recovery Plan	SLA	Service Level Agreement
PFMA	Public Finance Management Act	SWOT	Strengths, Weaknesses, Opportunities and Threats
PGDP	Provincial Growth and Development Plan	WSP	Workplace Skills Plan
PIAS	Provincial Internal Audit Services	UIFW	Unauthorised, Irregular, Fruitless and Wasteful
PPP	Public Private Partnerships		
PWD	Persons with Disabilities		



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