

BUDGET SPEECH ON RE-TABLING THE 2025/26 MTEF BUDGET



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PROVINCE OF KWAZULU-NATAL

Budget Address by Francois Rodgers MEC for Finance

On re-tabling of the 2025/26 MTEF Budget in the KwaZulu-Natal Provincial Legislature

29 May 2025

Honourable Speaker, Ms Nontembeko Boyce

Honourable Deputy Speaker, Ms Mmabatho Tembe

Honourable Premier, Mr Thamsanqa Ntuli

Members of the KwaZulu-Natal Provincial Executive Council

Honourable Members of the Provincial Legislature

Chairperson of the KZN Provincial House of Traditional and Khoi-San Leaders,
Inkosi Shinga

Director General, Dr Nonhlanhla Mkhize

Head of Department, Ms Carol Coetzee

All Heads of Departments and Senior Management

People of KwaZulu-Natal

Members of the media

Madam Speaker, this House will recall that I tabled the provincial budget for the 2025/26 MTEF period on 25 March 2025. This tabling date was two weeks after the National Minister of Finance had tabled the national budget and associated documents on 12 March 2025. The provincial tabling date thus fell within the two-week period stipulated by Section 27(2) of the Public Finance Management Act.

The Minister of Finance subsequently withdrew the Division of Revenue Bill (DoRB) and the Appropriation Bill from Parliament on 24 April 2025 as a result of the withdrawal of the proposed Value-Added Tax (VAT) increase, and the setting aside of the fiscal framework, adopted by both Houses of Parliament on 2 April 2025.

This was an unprecedented event in the budget approval process and resulted in a number of inter-governmental interactions being required so as to devise a way forward, due to the fact that the Public Finance Management Act is very clear that provinces only table their budgets after the National Minister has tabled the national budget. With the withdrawal of the national budget, provinces had no basis to table provincial budgets. It is against this background that I had to withdraw the provincial budget that I had tabled in this House. In this regard, I wrote to the Provincial Legislature on 7th May 2025 requesting that the Appropriation Bill I had tabled on 25 March 2025 be withdrawn.

Fortunately, as confirmed in a formal allocation letter issued to the province by National Treasury, the withdrawal of the proposed VAT increase has had no impact on the provincial budget. As a result, the allocations made to KwaZulu-Natal remain unchanged from those that I tabled in this House on 25 March 2025.

The Minister of Finance was required to table an amended budget in Parliament, which took into account the amendments to the fiscal framework as a result of the withdrawal of the VAT increase. The Minister complied with this and tabled the revised budget documentation in Parliament on 21 May 2025.

While it is acknowledged that the budget tabled by the Minister on 21 May 2025 made no changes to KwaZulu-Natal's budget, it is still necessary to comply with the provision of the PFMA, and in particular with Section 27(2) which states that *"The MEC for finance in a province must table the provincial annual budget for a financial year in the provincial legislature not later than two weeks after the tabling of the national annual budget, but the Minister may approve an extension of time for the tabling of a provincial budget."*

Honourable Speaker, it was my honour on 25 March 2025 to present the 2025/26 MTEF *Estimates of Provincial Revenue and Expenditure* which gave details of the provincial fiscal framework to the people of this province and beyond. These estimates provided an opportunity for the Provincial Legislature and citizens to hold the provincial departments and public entities accountable for the public funds they spend. Details were provided in the budget documents that I tabled on that day and, as the allocations remain unchanged, I am re-tabling the exact same documents as we had already tabled on 25 March 2025. In this manner, we are complying with Section 27(2) of the PFMA as the re-tabling of the provincial budget falls within two weeks of the date that the Minister tabled the Division of Revenue Bill and Appropriation Bill in Parliament.

The documents that I am re-tabling are as follows:

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

It was also agreed that it would not be necessary to re-print these documents for all Members, as the documentation handed out at the Sitting of this House on 25 March 2025 remains unchanged.

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

In the interim, while the budget approval process is still ongoing, departments have started spending their budgets in line with Section 29(1) of the PFMA which reads as follows: *“If an annual budget is not passed before the start of the financial year to which it relates, funds may be withdrawn in accordance with this section from the relevant Revenue Fund for the services of the state or the province concerned during that financial year as direct charges against the Fund until the budget is passed.”*

Section 29(2) of the PFMA provides further clarity in this regard in that the funds may be withdrawn from the Revenue Fund and may only be utilised for services for which funds were already appropriated in the previous annual budget or adjustments budget and that the amount withdrawn may not exceed 45% during the first four months of the year of the total amount appropriated in the prior year, and may not exceed 10% in each ensuing month. It also states that, in aggregate, the amount spent may not exceed the total amount appropriated in the prior year.

Our sole focus as a provincial legislature should be to conclude the budgetary process for the 2025/26 year without delay and with minimal duplication and without any unnecessary burden on the provincial fiscus and the legislature.