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# Spending cuts hit education hard amid financial crisis

*Not enough funds to manage critical functions*

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THE finances of the Department of Education in KwaZulu-Natal are in shambles and it has been instructed to reduce its spending, including halting the awarding of any new tenders.

The department has been instructed by the Provincial Treasury in a letter to stop the awarding of any new contracts or orders that would result in new financial commitments, given its financial position. The letter, seen by *The Mercury*, was directed to the Head of Department, Nkosinathi Ngcobo.

The department's spokesperson, Muzi Mahlambi, said they were aware of the letter, stating that the department was engaging the Treasury on the issue.

The letter details the severity of the department's challenges, including that the department owes R600 million to the Department of Public Works and does not have enough money to manage some of its critical functions.

The Provincial Treasury has written to the department, stating, "The Department of Education has written several letters to the Provincial Treasury highlighting their financial challenges and consistently requesting additional allocations of funds, despite being fully aware that the Provincial Treasury has no surplus funds to allocate for these purposes."

Furthermore, the letter notes, "The department has also not demonstrated any real effort to reduce its spending and instead continues to commit the department to contracts and commitments for which it does not have the funding, due to excessive carry-through effects of the accruals incurred by the department."

"As we enter into the new financial year, the concern is that the department may enter new contracts with additional obligations without settling their current creditors, further exacerbating their financial position. As the accounting officer, you are reminded of your responsibilities in terms of the PFMA to ensure the department manages its resources, settles all payments within 30 days, and does not overcommit the department."

"Your recent correspondence regarding learner transport is of further concern, as you have indicated that commit-

ments have been made in excess of the available budget, which is tantamount to financial misconduct. You would be aware that in 2025-2026, to cater for additional budget pressures, an additional R50 million will be allocated to the Department of Transport specifically for scholar transport.

I would therefore urge the department to rationalise the service and ensure they deal with inefficiencies and leakages in the system, as highlighted by the research conducted by the Provincial Treasury. Furthermore, more money is required to reallocate funds from within to top up the allocation as required."

The letter also issued a dire warning to the department, pointing out that the Public Finance Management Act (PFMA) gives the Provincial Treasury certain powers and responsibilities that include that "the treasury must exercise control over the implementation of the provincial budget, promote and enforce transparency and effective management in respect of revenue, assets, liabilities, and expenditure."

It warned that it has the power to intervene by withholding funds to address issues that are a consistent material breach. These measures will remain in force until the department resolves its dispute with Public Works and Infrastructure, provides a detailed analysis of all its creditors, and outlines how it will settle with them.

The Provincial Treasury issued further restrictions on the department, warning that any funding for infrastructure will be ring-fenced to ensure that payments are honoured.

Member of the finance committee, Lourens De Klerk, said "Their problem is that they do not have money, and they are not taking action to put strong financial controls in place. More than 90% of their budget goes to salaries, and the rest is eaten up by budget cuts, unfunded salary mandates, and failure to pay their bills on time."

Sakhile Mngadi, DA spokesperson on Education, expressed concern over the continued financial woes of the Department. "We welcome the mild financial administration that the treasury has imposed on the department to get it back on track," he said.