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PARLIAMENT OF THE PROVINCE OF THE WESTERN CAPE

ANNOUNCEMENTS, TABLINGS AND COMMITTEE REPORTS

TUESDAY, 9 DECEMBER 2025

COMMITTEE REPORT

***(Negotiating Mandate stage)* Report of the Budget Committee on the Division of Revenue Amendment Bill [B28–2025] (NCOP), dated 8 December 2025, as follows:**

The Budget Committee, having considered the subject of the Division of Revenue Amendment Bill [B28–2025] (NCOP), referred to it in accordance with Standing Rule 217, confers on the Western Cape's delegation in the NCOP the authority to support the Bill, with recommendations included below.

The reasons for the Committee supporting the Bill are summarised as follows:

1. Introduction and Overview

The Committee notes that the Division of Revenue Amendment Bill, [B28–2025] (NCOP), gives legal effect to the Adjustments Budget for the 2025/26 financial year, as required by section 12(4) of the Money Bills and Related Matters Act (Act 9 of 2009), read together with section 214 of the Constitution. The Bill therefore amends the Division of Revenue Act (Act 2 of 2025) to effect changes to the equitable division of nationally raised revenue among the national, provincial and local spheres of government, including adjustments to provincial equitable share allocations, conditional grants, and allocations-in-kind-kind.

From a Western Cape Provincial perspective, the Bill constitutes a mid-year fiscal recalibration mechanism, responding to disaster funding pressures, technical allocation corrections, and sector-specific funding adjustments, without reopening the underlying equitable share formulas that govern the main budget.

The Budget Committee notes and welcomes that the national fiscus, via the Division of Revenue Amendment Bill and in terms of section 6 of the National Appropriation Act, collectively makes provision for 1,070 billion in additional expenditure in the 2025/26 financial year for the Western Cape Province.

2. National Conditional Grants (R496,506 million):

- 2.1. R232,053 million through the Early Childhood Development Grant for subsidy increases and expanded early learning;
- 2.2. R90,922 million through the District Health Programmes Grant (HIV/AIDS component) to stabilise HIV service delivery after withdrawal of the PEPFAR funding;
- 2.3. R53,837 million through the Health Facility Revitalisation Grant (HFRG) for the Budget Facility of Infrastructure (BFI) projects for Klipfontein and Belhar Regional Hospitals;
- 2.4. R40 million through the National Tertiary Services Grant (NTSG) to correct an allocation error between provinces; and
- 2.5. R79,694 million for Disaster Funding through the Provincial Road Maintenance Grant.

3. PES allocations (section 6 allocations):

- 3.1 R712,724 million in Provincial Equitable Share (PES) allocations (Health); and
- 3.2 R292,113 million in Provincial Equitable Share (PES) allocations (Education).

In addition, the Committee further notes and welcomes the PES allocations for provinces that have been updated for the 2026 Medium-Term Expenditure Framework (MTEF), including providing for data updates over the 2026 MTEF.

The Budget Committee also notes and welcomes further rollover funding for disaster funding of R828,191 million, via conditional grants, which were received for our Departments of Infrastructure, Agriculture, including CapeNature.

4. The Budget Committee further recommends the following:

- 4.1 that clarity is sought from the National Treasury regarding the follow-through amounts for the section 6 Health and Education funding for the 2026 MTEF for provinces;
- 4.2 that the National Treasury reviews the PES formula to increase the weighting of the population growth component as well as the economic growth component;
- 4.3 that the National Treasury reviews the calculation of the vertical split of the national budget in order to increase the funding for PES for all provinces and to increase the funding of the Local Government Equitable Share (LGES) for all local government; in particular, for the local government portion to reflect a minimum of 10% of the total national budget going forward. This can be done gradually, balancing the need for debt stabilisation while ensuring local and provincial governments are able to implement their constitutional mandates in line with increasing service delivery demands as populations grow;
- 4.4 that the National Treasury phases in conditional grants into the PES for provinces in order to give provinces more flexibility in ensuring they are able to accelerate service delivery. For example, the Human Settlements grants can be phased into PES;
- 4.5 that there is an increase in the implementation of water and sanitation infrastructure grant funding across local government;
- 4.6 that Stats SA is adequately funded in order to ensure that data updates to PES and LGES formulas occur at an accelerated rate; and

- 4.7 clarity from the National Treasury on the possible impact of future provincial budgets given the decrease in Consumer Price Index figures, taking into account past and possible future public wage agreements and/or negotiations.

5. Public Participation

The Western Cape Budget Committee (the Committee) placed adverts in the Burger (Afrikaans), Argus (English), Vukani (isiXhosa), advertised on Facebook and on the WCPP website to encourage stakeholders to engage the Committee and comment on the Division of Revenue Amendment Bill, 2025 [B 28-2025].

It is for the reasons mentioned above that the Budget Committee of the Western Cape Provincial Parliament supports the Bill.