Wednesday, 24 June 2026]

No 110—2026] THIRD SESSION, SEVENTH PARLIAMENT

PARLIAMENT

OF THE

REPUBLIC OF SOUTH AFRICA

ANNOUNCEMENTS, TABLINGS AND COMMITTEE REPORTS

WEDNESDAY, 24 JUNE 2026

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National Council of Provinces

1. Report on the Oversight Visit of the Select Committee on Agriculture, Land Reform and Mineral Resources, report dated 23 June 2026

The Select Committee on Agriculture, Land Reform and Mineral Resources, having conducted and presided over an intervention at Madibeng in the North-West Province, from 10 – 13 March 2026, reports.

The delegation consisted of the following members of Parliament, Ms MG Modise (Chairperson, ANC), Ms M Dhlamini, Mr BJ Farmer (PA), Mr M Mtwedi (EFF), Mr SP Mabilo (ANC), Mrs MB Ndlangisa-Nodada (ANC), Mr NH Pienaar (DA), Ms H Boshoff (DA), Mr HJ Van Den Berg (FF+) and Parliamentary support staff, Ms N Giba (Unit Manager), Mr AA Bawa (Committee Secretary), Mr J Jooste (Content Advisor), Ms J Le Roux (Researcher), Ms B Mfecane (Executive Assistant), Ms Y Landu (Media Specialist), Ms M Monareng (Assistant to Ms MG Dhlamini (Medical) and apologies for Ms SL Sithole (ANC).

1. <u>Background</u>

1.1. The committee has been requested to intervene in a matter that has been unresolved for a matter of years. The role-players identified in the matter were:

- Sogima Mining Ltd
- Department of Mineral and Petroleum Resources
- Black Mamba community, Mooinooi Ward 27, Marikana, Madibeng
- National Department of Human Settlements
- North-West Department of Human Settlements
- Madibeng Local Municipality
- Housing Development Agency

1.2. At the heart of the matter is a delay in the relocation from mining land of an illegal settlement that Sogima Mining Ltd has a mining right to, but is unable to begin any mining activity on. For a significant period, potential alternative parcels of land for relocation have been identified, but the process has not been finalised. Based on communication in possession of the committee, the various stakeholders were requested to sign a Memorandum of Understanding (MOU) by the end of March 2023 outline roles and responsibilities, and follow-up work on the draft Terms of Reference developed by the Housing Development Agency was expected to take place at the same time. Since this point in time, there has been no finalisation of the relocation and mining has therefore been delayed by a further 3 years. The Select Committee, being tasked with oversight over the Department of Mineral and Petroleum Resources, has been approached to gain clarity as to the cause of these delays and to attempt to resolve any Inter-Governmental Relations or Co-operative governance issues that could be responsible for the situation.

1.3. The Department of Mineral and Petroleum Resources is one of the departments overseen by the committee, and the NCOP is ideally positioned to engage with all the stakeholders involved due to the different spheres of government potentially involved in resolving the deadlock. In its strategic planning, the committee has identified the impact of mining activity in specific mining communities with the aim of evaluating projects, expenditure and lessons learnt. The oversight falls within this focus area.

2. Proceedings

2.1. Mr MG Modise – Chairperson of the session

2.1.1. The Chairperson explained that the committee was aware of the main issue at hand – the fact that Sogima Mining had been awarded a prospecting right in 2012 and then a mining right in 2018. Within months of receiving the mining rights, the blasting permit was withdrawn and Sogima Mining started an ongoing process to relocate any affected communities from within the area affected by blasting. Part of this process would be driven by the National Department of Human Settlements. The then Minister for DHS had formally addressed the matter of community relocation at the beginning of 2023 and had tasked a Departmental Official, in a formal communication, with facilitating the finalisation of the relocation process. None of the instructions of this communication have been implemented. The main focus of the oversight was to determine what the cause of this impasse was as it had brought mining activity at the Sogima mining site to a complete standstill since 2018.

2.2. **Inputs by Mr. Vusi Bidi, MEC's office for Human Settlements (COGTA):**

2.2.1. Mr Bidi highlighted that role-players involving all parties were brought together after blasting damaged structures in the surrounding settlement. Relocation was proposed but Sogima mining **did not have the funds for relocation**.[1]

2.2.2. Mr. Bidi further highlighted that the Department of Human Settlements had installed infrastructure in the area now affected by blasting with the intention of **formalizing the settlement**[2]

2.2.3. According to Mr Bidi, the National Department of Human Settlements was to champion the resettlement process, with Sibanye Stillwater making land available for the process. The meetings that were supposed to take place to finalize the relocation collapsed. It was stated that **role-players in the relocation process failed to attend the meetings**.

2.3. **Inputs by the Office of the Mayor represented by the MMC for Human settlements and Planning and the Housing Development Agency (HDA):**

2.3.1. The inputs received from the municipality hinged heavily on the fact that the municipality was in the process of formalizing the settlement near the mine and **was not informed of the mining application by Sogima mine's owners**. This is a significant statement as it either suggests that the municipality was not aware of or was not part of the company's process of applying for exploration and then mining rights.[3]

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[1] While there is no single, explicit act detailing all aspects of resettlement, the 2019 Mine Community Resettlement Guidelines and the Mineral and Petroleum Resources Development Act (MPRDA) imply a legal duty to negotiate in good faith, offer compensation, and fund relocations.

[2] The settlement was formed when a community was moved following flood damage to the original settlement. What was apparent to the committee during the site visit conducted the day after the meeting was that the settlement was not only within 500 m of Sogima Activities but also appeared to be within the same radius of the adjacent mine owned by Samanco Mining.

[3] There is no way that a local authority can be excluded from a legally completed mining or exploration right application due to the role local authorities play in Spatial Planning (SPLUMA), public participation, IDP

2.3.2. The committee was further informed that the HDA was asked to participate in the identification of an alternative site to relocate the community affected by mining activity to, but that it was challenging, as most vacant parcels in the area are affected by mining. The closest available land was owned by Sibanye Stillwater (roughly 2 km away), but the municipality expressed concerns about illegal mining on the site.[4]

2.3.3. The municipality acknowledged that Sogima mining undertook a feasibility study at their own cost, but that the relocation process came to a standstill and no further discussions were held after the study was completed.

2.3.4. The representative from the municipality repeated the contents of the letter instructing the Department of Human Settlements in the province to sign an MOU with affected parties and undertake the relocation of the affected community but **contended that funds for mining town revamping/rehabilitation were depleted and the process collapsed.**[5]

2.4. **Inputs by NW Legislature: Represented by the Chair of Chairs of the Legislature, Hon. T. Modise:**

2.4.1. The committee was informed that the North-West legislature was represented in the meeting for purposes of observation, as it had not been briefed on the relocation process before and only carried knowledge of the damage to buildings adjacent to Sogima's mine.

2.5. **Inputs by Ward 37 Councilor:**

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alignment, Service delivery review and environmental/community impact review processes. These will be explained in greater detail in the section of the report responding to input received.

[4] This statement was countered by Sogima mining. Their representatives stated that there were no settlement or illegal mining activity on the site when it was identified, but as processes dragged on with the relocation, illegal activity on the site flared up.

[5] The reference to mining town rehabilitation funding is a common thread in the response from the municipality and DHS but fails to explain why there were no MOU signed or follow-up meetings held after Sogima mining commissioned the feasibility study for the relocation process. There are no cost estimations or any other proof of acting on the instruction on the DHS Executive. It is not clear how many, if any, stakeholder meeting was held before the process collapsed.

2.5.1. The ward councilor presented a picture of the position that the community inhabiting the area adjacent to the mine is overwhelmingly in favour of mining in the area as it is a source of income and employment for the region. While it was emphasized that all mining activity must comply with mine health and safety regulations. The ward is surrounded by five mines, making it difficult to locate any land that is not affected by mining activity. To illustrate the degree of the challenge, the Ward councilor highlighted that as part of Samanco mining's Social and Labour Plan (SLP), it was going to build a clinic for the surrounding community, but no suitable site could be located to date.

2.5.2. Prior to blasting for the first time Sogima mining did approach the Ward forum regarding their activity and performed a structural engineering assessment of all structures within 500 m of the planned blasting site. The company also established a blasting committee with associated stakeholder engagement forum to assess impact of any blasting on roads, properties and other public infrastructure.

2.5.3. Regarding relocation, the ward councilor stated that there were only a small number of individuals (numbers varied during the discussion but could be as low as 4 households or as high as 10) that objected to the blasting performed by Sogima mines. The councilor created a picture of the community of the area being adjusted to the realities of mining and that most accept the reality of where they reside. The councilor further questioned why, out of the four or five mines in close proximity to the community, only Sogima mining is being prevented from blasting as an agreement is in place for the mine to compensate individuals for damaged structures. Finally, the Ward councilor also stated that there were no available funds for relocation.

2.6. **Inputs by Sogima Mining:**

2.6.1. The Delegation from Sogima explained that they first obtained the prospecting rights for the 42 Hectare parcel of land named Elandsdrift in 2012. The parcel of land is sandwiched between 2 much larger sections of ore-bearing land mined by Samanco. When prospecting started, Samanco went to court to protest the prospecting right allocation but eventually relented. At this point in time, Sogima acquired the piece of land and in August 2018, received the mining rights it applied for.

2.6.2. By 7 December of 2018, around 4 months after receiving the mining rights, the blasting permits were withdrawn. The delegation informed the committee that they were not fully aware of the municipality's plan with the land adjacent to the mine but were approached by a councilor during prospecting. They were requested not to bulldoze soil into a specific area during prospecting and were informed that the municipality intended to expand the settlement of people into Portion 34 of the land. During the previous local government elections, there was significant settlement of another portion of land bordering the mine, but this was not seen as a challenge at the time.

2.6.3. Immediately after the blasting process was stopped, damage inspections were performed and owners of damaged structures compensated. Sogima mining embarked on a consultation process that was supported by the CEO of the Moses Skosana Foundation. The outcome of this consultation process was that the residents of the affected area requested relocation. Consultation ended with the proposed agreement and way forward presented by the Minister of the Department of Human Settlement. The Feasibility study for the relocation of the affected community members was paid for by Sogima mining, but the process still collapsed. The total cost of the Feasibility study and consulting is in excess of R1.5 million. There were never any proper explanation given for the collapse of the relocation process after the instruction was given by the Minister for the relocation process to be undertaken through the signing of an MOU between responsible parties.

2.7. **Inputs by the Department of Human Settlements:**

2.7.1. The official from DHS that presented the Department's position on the relocation delay was the same official – Ms. Dili,that was tasked by the then Minister to steer the process of ensuring that the MOU for relocation is signed between all role players. She informed the Delegation that she was aware of the situation, but that relocation cannot take place overnight. One of the challenges experienced was in locating suitable land. The Local Municipality had no suitable land available for relocation. There were engagements with Sibanye Stillwater to make some of their land available for settlement. A Feasibility Study for relocating to this piece of land was required.

2.7.2. Ms Dili stated that she was of the opinion that the whole process would be driven by Sogima mining. She also informed the delegation that while discussions were held on the terms of a relocation agreement, no MOU was signed. The committee was informed that DHS have been engaging Sogima mining since the instruction for developing the MOU was received by the Minister in 23 February 2023, and that the Minister was briefed regarding outcomes of the discussions. The committee was not informed about these outcomes. Instead, the Delegation was requested to engage with the Executive to be brought up to speed with developments. The Department further raised the fact that the Mining Town Revitalisation Programme were not able to fund any relocations.

3. Matters that should be clarified:

3.1. The discussion did not include the responsibilities of Sogima Mining in relation to the relocation process – who would be responsible for the cost? According to the literature reviewed, there appears to be a reference for a mining house also having to bear costs if a community has to be relocated in favour of mining, but at the same time, the Municipality and DHS apportioned part of the blame for the delays in finalising the relocation to a lack of funds. Specifically, they refer to what is presumed to be the Revitalisation of Distressed Mining Towns Programme, which appears to be tapering off in terms of activity after the inter-ministerial committee (IMC) specifically formed for this programme was reported as abolished in 2019. What is also vital to clarify is when during the process of establishing the MOU and following up on the feasibility study paid for by Sogima mines did the relocation process collapse? It is unlikely that the process will reach a final costing phase as this would have been raised in the meeting as the reason for delays.

3.2. When studying the map of Sogima mine's operations, it was noticed that the settlement close to the mine, which the local municipality is in the process of formalising, does not just encompass the blasting radius of 500 m from Sogima's operations but also extends into the same distance away from Samanco's operations. Two issues need to be clarified:

- Why did the municipality decide to settle community members into an area where Samanco and Sogima had mining rights and the knowledge of future blasting operations should have influenced the placement of this settlement.
- The map the committee was shown during the site visit showed earthworks of Samanco's mine close to the area affected by blasting. If there is more than one mine operating in close proximity, the DMPR need to clarify how it was determined that only Sogima's mining activity was responsible for the damage reported.

3.3.The Committee posed a series of questions to the individuals present in the meeting to clarify which role players were responsible for the collapse of the relocation process, and why the instructions of the then Minister of Human Settlements were never executed. The responses the committee received were not satisfactory, instead directing the committee back to the Executive of the Department in question. To date, the committee secretariat has not received any feedback on questions posed to the Department of Human Settlements after the initial oversight. Multiple requests and reminders were sent.

3.4. Why did the National or Regional office of DMPR not send any representatives to the meeting?

3.5.The Committee received a written response from the DMPR explaining the reason for the cancellation of the blasting permit but did not receive a copy of the official report emanating from the initial complaints received from the community. It is clear from the response from the Department that the matter revolves around Sogima blasting within the 500m radius to the settlement in question. No further details have been made available to the committee after numerous communications.

3.6. Despite repeated communications sent to the key departments involved with the settlement of the affected community close to Sogima mine and responsible for the process of relocating said community to an alternative housing site as per the original resettlement plan, no feedback was received. Questions put to the DMPR were responded to after a number of follow-up communications were sent, but it did not clarify questions surrounding the process followed when revoking Sogima's blasting certificate. As a result, the committee resolved to return to Madibeng for a follow-up but more focused oversight in order to get a complete picture of the situation. This follow-up oversight has been programmed into the third term oversight programme of the Select Committee.

Report to be considered.

2. REPORT OF THE SELECT COMMITTEE ON APPROPRIATIONS ON THE *APPROPRIATION BILL* [B4 – 2026] [NATIONAL ASSEMBLY (SECTION 77)], DATED 24 JUNE 2026

1. Introduction

The *Appropriation Bill* [B4– 2026] was referred to the Committee for concurrence on 23 June 2026. In order to streamline the processing of the Bill, the Committee had received briefings from National Treasury and the Financial and Fiscal Commission (FFC) on 27 May 2026 on the Bill as tabled by the Minister of Finance on 25 February 2026. Thereafter, on 03 June 2026, the Committee consulted with the Parliamentary Budget Office (PBO). With respect to public participation, the Committee published advertisements in 11 official languages calling for public comment on the Bill. In response, written submissions were received from the following stakeholders:

- Breadline Africa;
- Women on Farms Project;
- Congress of South African Trade Unions (COSATU);
- Institute for Race Relations Legal;
- Healthy Living Alliance (HEALA);
- Budget Justice Coalition;
- Pan-African Institute for Fiscal and Policy Studies (PA-IFS); and
- Mr N Traore.

Apart from Breadline Africa and Mr Traore, all the above stakeholders made oral presentations during a public hearing on 10 June 2026, and National Treasury presented responses to the issues raised on 17 June 2026.

2. Overview of the Bill

The Bill provides for money to be appropriated from the National Revenue Fund (NRF) for the requirements of the State for the 2026/27 financial year. Clause 3 provides that amounts marked as specifically and exclusively appropriated in Schedule 1 or 2 may be used only for the purpose indicated, unless the amount or purpose is amended by, or in terms of, an Act of Parliament. Clause 4 provides that the Minister of Finance may, in writing, impose conditions on an amount in Schedule 1 or 2, other than a conditional allocation, in order to promote transparency and accountability and the effective management of the appropriation; and stop the use of an amount in respect of which conditions thus imposed are not met. Clause 5 deals with the use of unspent funds, with subsection (1) providing that, despite Clause 3 of the Bill and Section 43(4) of the Public Finance Management Act, No 1 of 1999 (PFMA), the Minister may approve those unspent funds in an amount in Schedule 1 or 2 appropriated for -

a) Transfers and subsidies to other institutions, be used elsewhere within the same main division;
b) Payment for capital assets, be used elsewhere within the same vote: or
c) Payment for financial assets, be used elsewhere within the same main division.

Subsection (2) states that the sum of the unspent funds in a main division of a vote approved for use in another main division of that vote, in terms of subsection (1) and section 43(1) of the PFMA, may not exceed 8 percent of the amount appropriated under the main division; with subsection (3) providing that the approval of the use of unspent funds in terms of subsection (1) must be disclosed in the National Treasury's next quarterly report to the relevant parliamentary committees. Subsection (4) provides that, despite any provision in other legislation to the contrary, the amount appropriated for the compensation of employees within a vote in Schedule 1 or 2 may only be increased with the approval of the Minister of Finance; and that the Minister may not approve the use of unspent funds in terms of subsection (1) for compensation of employees. Subsection (5) states that section 4(3) of the PFMA and the provisions of this Bill apply with the necessary changes to the use of unspent funds in the amount appropriated under a main division within a vote to defray excess expenditure within the same main division for another classification as envisaged in the definition of "purpose" in Clause 1; and that the sum of the unspent funds under a classification in a main division within a vote thus approved for use, may only exceed 8 percent of the amount appropriated for the classification with the approval of the Minister of Finance.

The amounts appropriated for each vote are set out in the Schedules to the Bill. The Schedules are divided by vote and by main division within a vote. A purpose is set out for each vote, programme and transfer and subsidy to a national department within a vote. Furthermore, allocations within a vote are categorised in terms of -

- Current payments (compensation of employees, goods and services, interests and rent on land);
- Transfers and subsidies;

- Payments for capital assets; and
- Payments for financial assets.

Allocations marked with a single asterisk refer to specifically and exclusively appropriated allocations, including, but not limited to -

- All votes and national departments' compensation of employee appropriations; and
- Conditional grants (also listed in the Division of Revenue Act. No 4 of 2024).

3. Appropriated funds for 2026/27 financial year

The total funds, (excluding direct charges), appropriated per vote amounts to R1.214 trillion for the 2026/27 financial year. This is an increase of R9.0 billion or 0.7 percent from the adjusted R1.205 trillion appropriated in 2024/25. The total available funding to be appropriated, including direct charges, amounts to R2.38 trillion.

In terms of economic classification, the largest proportion, at R1.61 trillion or 67.5 percent, is allocated for transfers and subsidies in the form of social grants, provincial and local government equitable shares, conditional grants, as well as transfers to public entities and higher education institutions.

The second largest component, at R229.1 billion or 9.6 percent, is allocated for compensation of employees, which is directed towards labour-intensive departments in the Peace and Security sector, namely Police, Correctional Services, Defence and Justice and Constitutional Development, and the Higher Education and Training sector.

Payments for capital assets amount to R15.7 billion, while payments for financial assets amount to R5.8 billion, declining by R10.8 billion from the adjusted allocation of R16.6 billion for the 2025/26 financial year.

The bulk of the R1.214 trillion appropriated is allocated to the following votes:

- Vote 19: Social Development receives R302.4 billion or 24.9 percent, up from the adjusted R295.2 billion in the previous financial year.
- Vote 3: Cooperative Governance receives R135.0 billion or 11.1 percent, up from the adjusted allocation of R132.6 billion in 2025/26.
- Vote 17: Higher Education and Training receives R121.6 billion or 10.0 percent, up from the adjusted R116.4 billion in 2025/26.

- Vote 28: Police receives R127.1 billion or 10.5 percent, up from the adjusted R120.9 billion in 2024/25.
- Vote 40: Transport receives R102.1 billion or 8.4 percent, down from the adjusted allocation of R106.9 billion in 2025/26.

Together these five votes account for 64.9 percent of the total available funds. They mainly fund social grants, free basic services for indigents, student funding and post-school training, crime prevention and investigation, and the maintenance of the road transport network.

Table 1 below shows the allocation per vote for 2026/27, the percentage increase or decrease, and the percentage share of the total available funds.

Table 1: 2026/27 Allocation per vote

Vote No.	Vote (R'million)	Adjusted Appropriation 2025/26	Appropriation 2026/27	Percentage Increase/ Decrease 2025/26-2026/27	2026/27 Percentage Share of Total Appropriated Funds per Vote
1	The Presidency	754.8	808.3	7.1%	0.1%
2	Parliament	5 545.9	2 801.9	-49.5%	0.2%
3	Cooperative Governance	132 624.1	135 009.9	1.8%	11.1%
4	Government Communication and Information System	829.3	803.2	-3.1%	0.1%
5	Home Affairs	15 156.1	13 766.4	-9.2%	1.1%
6	International Relations and Cooperation	7 309.1	7 227.1	-1.1%	0.6%
7	National School of Government	228.7	240.2	5.0%	0.0%
8	National Treasury	34 840.3	37 952.2	8.9%	3.1%
9	Planning, Monitoring and Evaluation	514.1	533.0	3.7%	0.0%
10	Electricity and Energy	6 675.5	6 061.2	-9.2%	0.5%
11	Public Service and Administration	565.6	596.7	5.5%	0.0%
12	Public Service Commission	317.8	353.8	11.3%	0.0%
13	Public Works and Infrastructure	7 647.7	7 835.5	2.5%	0.6%
14	Statistics South Africa	2 855.3	2 983.5	4.5%	0.2%
15	Traditional Affairs	195.5	342.8	75.3%	0.0%
16	Basic Education	38 258.3	38 225.9	-0.1%	3.1%
17	Higher Education	116 441.7	121 571.3	4.4%	10.0%
18	Health	65 925.1	66 910.2	1.5%	5.5%
19	Social Development	295 225.1	302 405.0	2.4%	24.9%
20	Women, Youth and Persons with Disabilities	1 361.7	2 243.1	64.7%	0.2%
21	Civilian Secretariat for the Police Service	172.6	181.4	5.1%	0.0%
22	Correctional Services	29 223.2	30 939.6	5.9%	2.5%
23	Defence	59 072.2	57 605.7	-2.5%	4.7%
24	Independent Police Investigative Directorate	428.6	447.1	4.3%	0.0%
25	Justice and Constitutional Development	22 945.2	23 571.8	2.7%	1.9%
26	Military Veterans	878.5	912.8	3.9%	0.1%
27	Office of the Chief Justice	1 620.1	2 006.6	23.9%	0.2%
28	Police	120 889.9	127 072.5	5.1%	10.5%
29	Agriculture	7 946.4	7 841.9	-1.3%	0.6%
30	Communications and Digital Technologies	4 439.4	2 549.0	-42.6%	0.2%
31	Employment and Labour	4 285.2	4 578.2	6.8%	0.4%
32	Forestry, Fisheries and the Environment	9 144.0	9 127.4	-0.2%	0.8%
33	Human Settlements	34 915.3	26 972.2	-22.7%	2.2%
34	Mineral and Petroleum Resources	2 860.6	2 856.9	-0.1%	0.2%
35	Science, Technology and Innovation	9 397.7	10 439.6	11.1%	0.9%
36	Small Business Development	2 918.1	3 036.5	4.1%	0.3%
37	Sport, Arts and Culture	6 309.9	6 617.3	4.9%	0.5%
38	Tourism	2 434.9	2 540.6	4.3%	0.2%
39	Trade, Industry and Competition	11 128.6	11 698.5	5.1%	1.0%
40	Transport	106 942.8	102 108.9	-4.5%	8.4%
41	Water and Sanitation	23 382.7	21 957.1	-6.1%	1.8%
42	Land Reform and Rural Development	10 468.1	10 355.2	-1.1%	0.9%
Total appropriation by vote		**1 205 075.8**	**1 214 088.0**	**0.7%**	**100.0%**

Source: National Treasury (2026c).

When comparing the appropriated funds per vote with 2025/26, the following vote allocations increase or decrease by 10 percent and more:

3.1 Increased allocations

- Vote 20: Women, Youth and Persons with Disabilities increased by R881.5 million or 64.7 percent for transfers and subsidies to the National Youth Development Agency (NYDA) for the National Youth Service Programme, and the Commission for Gender Equality. Cabinet also approved additional allocations of R43 million in 2026/27 for the operationalisation of the National Council on Gender-Based Violence and Femicide.
- Vote 27: The Office of the Chief Justice increases by R386.5 million or 23.9 percent, mainly to build capacity (compensation of employees) within the judiciary to enhance its independence.
- Vote 15: Traditional Affairs increases by R147.3 million or 75.3 percent, directed towards strengthening the compliance of traditional leadership institutions with relevant legislation to promote safety and dignity in customary practices.
- Vote 12: The Public Service Commission increases by R36.0 million or 11.3 percent for compensation of employees to strengthen oversight of personnel practices in the public sector.
- Vote 35: Science, Technology and Innovation increases by R1 billion or 11.1 percent, directed towards the Square Kilometre Array for the Radio Telescope Global Project.

3.2 Decreased allocations

- Vote 2: Parliament decreased by R2.7 billion or 49.5 percent, possibly attributed to lower capital payments as the rehabilitation and reconstruction of the parliamentary precinct nears completion.
- Vote 30: Communication and Digital Technologies decreased by R1.9 billion or 42.6 percent, due to higher spending in 2025/26 because of R1 billion rolled over for phase 2 of the Suth Africa Connect project and the R889 million once-off allocation to Sentech for dual illumination.
- Vote 33: Human Settlements decreased by R7.9 billion or 22.7 percent due to the restructuring of conditional grants.

4. Stakeholder submissions

4.1 Financial and Fiscal Commission (FFC)

The Financial and Fiscal Commission (FFC) commented that government remained firmly committed to a redistributive social wage, which could be seen in the high percentage share for the Social Development Vote (25 percent) while the Cooperative Governance Vote received the second largest share at 11.2 percent and the economic and productive sectors received comparatively less funding, with Trade, Industry and Competition allocated just 0.9 percent; Agriculture 0.7 percent and both Science, Technology and Innovation and Small Business Development receiving less than one percent each.

The FFC indicated that the Basic Education Vote received a 5.2 percent increase compared to the 2025 baseline following marginal 0.9 percent overspending in 2024/25. The focus remained on strengthening Early Childhood Development (ECD) with an additional R12.8 billion over three years. A further R9.9 billion addressed compensation and sector pressures. However, the fact that 81 percent of Grade 4 learners could not read for meaning underscored deep quality concerns. The FFC supported the mother tongue-based bilingual education strategy, backed by R95 million over the Medium Term Expenditure Framework (MTEF).

The Higher Education and Training Vote had been adjusted downwards by 0.5 percent, in line with 0.3 percent underspending. The National Student Financial Aid Scheme (NSFAS) received R54.3 billion for 744 203 students - down from R58.1 billion in 2025 - raising access concerns. Sector Education and Training Authorities (SETAs) continued to underperform and the FFC welcomed the comprehensive review of the skills ecosystem, which aligned with its call for reform.

The FFC noted that the Health Vote allocation remained largely unchanged at R66.9 billion, following minor under-spending in 2024/25 while spending signalled continued consolidation of the public health system underpinning the National Health Insurance (NHI), although rollout remained paused pending a Constitutional Court case. The FFC welcomed the additional R21.3 billion over the medium term to support doctor compensation and service shortfalls but noted that there was no focus or dedicated funding to address the non-communicable disease (NCD) crisis, despite its remaining a leading cause of death.

The Agriculture, Rural Development and Land Reform Vote received a minor 0.1 percent increase, following under-spending of 4.0 percent in 2024/25. However, National Treasury had indicated it would direct R400 million from under-spent agricultural grants to address the foot-and-mouth disease outbreak. Over the medium term, R8.2 billion was allocated to settle approximately 985 land restitution claims.

The FFC indicated that the Mineral and Petroleum Resources and Energy and Electricity votes combined received an 8.5 percent decrease, despite 1.0 percent over-spending in 2024/25, revealing budget inconsistency. While stressing the need for more consistent and realistically funded planning, the FFC welcomed strategic developments including R148.2 million over three years for shale gas research; the Junior Mining Exploration Fund, projected to grow from R400 million to R1 billion with private investment, supporting critical mineral exploration; and R216.6 million over the medium term for energy reforms, including the legal separation of the National Transmission Company from Eskom to enable a competitive electricity market.

The FFC indicated that the 14.3 percent increase in the Trade, Industry and Competition Vote, despite under-spending of 3.3 percent in 2024/25, pointed to budget inconsistency. The increase was driven by the extension of the Presidential Employment Initiative, with an additional R1.5 billion for the Social Employment Fund to continue supporting job creation.

The Transport Vote received a 5.9 percent increase, consistent with 5.4 percent over-spending in 2024/25. The FFC indicated that the funding prioritised rail recovery, including a R23 billion increase to the Passenger Rail Agency of South Africa (PRASA) for upgrading Metrorail's telecommunications and signalling systems, which aligned with its recommendations on modernising train tracking. A further R9.5 billion supported rail operations, while the South African National Roads Agency Limited (SANRAL) received an additional R3.6 billion for non-toll road maintenance.

The FFC indicated that the 1.6 percent decrease in the Defence Vote, despite overspending of 11.9 percent in 2024/25, pointed to budget inconsistency and structural underfunding. While it welcomed the additional R2.7 billion over the medium term (including R857 million in 2026/27) to support operational improvements, including maintaining air force fighter capability and uniform procurement and the R1 billion allocated through the Criminal Assets Recovery Account (CARA) to support the fight against organised crime, the FFC called for improved budget planning and execution to address funding challenges.

The Home Affairs Vote increased by 10.5 percent, following 12.7 percent over-spending in 2024/25. The focus remained on digitising civic records and developing a digital identity ecosystem - creating jobs for 3 000 young people with IT qualifications (funded through

R457.9 million in 2026/27). A further R575 million over the medium term supported digital infrastructure, while the Border Management Authority (BMA) received an additional R990 million (including R316 million in 2026/27) to fill 738 positions. The FFC commended this modernisation focus as critical to addressing fraud and improving service delivery.

The Office of the Chief Justice Vote increased by 24.7 percent, consistent with 23.7 percent over-spending in 2024/25. This included an additional R219 million to enable the Office to manage its own budgets, enhancing independence from the Executive from 1 April 2026. The FFC welcomed the focus on digitising and modernising court processes, having previously highlighted concerns over low efficiency in magistrates' courts.

Having recorded no over- or under-spending in 2024/25, the Police Vote received a 0.4 percent increase, with an additional R1 billion allocated through the CARA fund to combat organised crime, which was welcomed by the FFC, and R894.2 million being redirected internally to enhance ICT capabilities.

The Commission recommended that departments align budget submissions more closely with actual expenditure patterns and announced policy reforms. To ensure accountability, the Standing and Select Committees on Appropriations should exercise their oversight powers to summon departments reflecting persistent mismatches between spending performance and baseline revisions to account for these deviations.

The FFC reiterated its previous recommendations that government's infrastructure prioritisation during the 2026/27 MTEF period should be complemented by robust project delivery across the entire project building lifecycle; and that the Portfolio Committee on Higher Education and Training, in collaboration with the Department of Higher Education and Training, organised labour, employers, and professional bodies, should conduct a comprehensive review to consolidate the SETAs to eliminate functional overlaps and duplications and more closely align training with the demands of the economy.

4.2 Parliamentary Budget Office (PBO)

The Parliamentary Budget Office (PBO) submitted that the funding priorities for the 2024-2029 Medium Term Development Plan (MTDP) should be in line with the three strategic priorities of driving inclusive economic growth and job creation; reducing poverty and tackling the high cost of living; and building a capable, ethical developmental state.

The PBO highlighted the following changes in total expenditure for selected national votes:

- The 11.9 percent increase for the Public Service Commission was mainly for compensation of employees.
- The 75 percent increase for Traditional Affairs was providing for infrastructure for the royal houses.
- The 65.4 percent increase in Women, Youth and Persons with Disabilities provided for the NYDA.
- The reduction in Communications and Digital Technologies was due to the once-off adjustment made for the rollout of the South Africa Connect project and special appropriations for Sentech in 2025/26.
- The reduction in Human Settlements was due to the restructuring of conditional grants.

The PBO provided assessments of the Department of Human Settlements (DHS) and Statistics South Africa (Stats SA):

The DHS was mainly responsible for providing leadership; formulation of policy, including setting norms and standards; provision of oversight and monitoring, including conditional grant transfers to provinces and municipalities and departmental agencies.

The PBO submitted that, while the DHS and the National Housing Finance Corporation (NHFC) played a critical role in supporting affordable housing, its review identified significant concerns. While fiscal constraints prevented many qualifying individuals from accessing support from the NHFC, other challenges related to high administration costs; underutilised surpluses in entities; weak performance monitoring; duplication between programmes; rising personnel costs; and declining grant allocations for infrastructure, which was under review. The PBO argued that improving accountability, strengthening measurable performance indicators, and better utilisation of existing surpluses could help expand access to affordable housing finance for qualifying beneficiaries.

The PBO indicated that it had experienced significant challenges in assessing the performance of human settlements grants for the 2021/22 to 2024/25 financial years, mainly due to incomplete and inconsistent service delivery information. Only two of the 10 identified outputs were reported on by the DHS, despite expenditure levels ranging between 94 and 99 percent for the period. Service delivery information for the Informal Settlements Upgrading Partnership Grant for provinces and municipalities was incomplete or absent for 2022/23 and

2023/24. Service delivery reporting remained weak. While the grants funded outputs across Phases 1 to 3 of informal settlement upgrading, reporting was limited to only one indicator each for Phases 2 and 3, despite multiple indicators being defined. The service delivery information for the Urban Settlements Development Grant, contained in performance evaluation reports received from the National Treasury, lacked standardisation across metropolitan municipalities. Inconsistent reporting formats made it difficult to compare performance trends over time or assess the effectiveness of grant utilisation.

Additional concerns the PBO raised throughout the conditional grants included -

- Poorly defined indicators;
- Inadequate reporting on non-financial performance;
- Absence of targets for some outputs; and
- Questionable target-setting practices.

Overall, the lack of credible, complete, and standardised performance information on conditional grants limited Parliament's ability to effectively assess expenditure efficiency, service delivery outcomes, and the impact of grant-funded programmes.

The PBO submitted that operational pressures in the Stats SA had contributed to survey delays and suspensions, rising unauthorised expenditure, and concerns about data quality and reliability. Census 2022 recorded a 31 percent net undercount, reportedly the highest globally, with implications for equitable share allocations and other government planning processes. Some components of the division of revenue formula still relied on 2011 Census data, while agricultural GDP estimates showed large fluctuations in 7 of the 15 quarters between March 2022 and September 2025.

A review had shown that Stats SA faced an estimated funding shortfall of about R2.2 billion. Real funding had declined significantly, including a cumulative real-term cut of R750 million since 2010 and baseline cuts of about R193 million per year over the 2024/25 to 2026/27 period. The Statistician-General had requested R295 million in September 2024 to stabilise operations. Despite the 2025/26 adjusted appropriation of R84 million increasing the budget to R2.86 billion, it was still estimated to overspend by 8 percent in the 2025/26 financial year, specifically on goods and services and machinery and equipment.

In addition to the 2025/26 adjustments, the 2026 Estimates of National Expenditure (ENE) added R208.4 million over the MTEF, mainly for IT infrastructure and fleet replacement, with no major provision for staffing or census preparation. The vacancy rate stood at 21 percent in August 2024 (689 vacant posts) and could rise toward 30 percent by 2028/29 amid continued appointment freezes. Skills losses were increasing, with senior professionals being recruited by international institutions such as the International Monetary Fund (IMF). The PBO commented that the proposed funding would support critical vacancies, quality assurance, continuous population surveys, preparations for the next census, the resumption of suspended surveys, and an independent technical review of Census 2022.

The PBO reported that efficiency reforms identified by National Treasury and the Government Technical Advisory Centre (GTAC) in previous spending reviews remained incomplete despite being raised in the 2019/20 financial year. Potential savings included about R42 million annually from office accommodation rationalisation, lower fleet costs through revised vehicle ratios, and restructuring of top-heavy provincial office arrangements. According to the PBO, the key issue was not only whether additional funding should be provided, but the conditions, reforms and accountability measures attached to it; and recommended that Parliament should require National Treasury and Stats SA to conclude a reform compact linking additional funding to measurable efficiency targets. In addition, consideration could be given to establishing a permanent funding line for periodic statistical operations, rather than relying on temporary census-cycle allocations. Any remaining funding gap could potentially be addressed through the contingency reserve or reprioritisation within the Centre of Government cluster.

The PBO noted the total planned infrastructure expenditure of R1.07 trillion over the 2026 MTEF, with funding pooled from budget allocations, own revenue and private investors. Transport and energy accounted for R631.2 billion or 60.6 percent of total infrastructure allocations over the period and 55.5 percent (R577.4 billion), would be implemented through public and state-owned entities (SOEs). Provincial and local governments together accounted for R423.5 billion or 40.7 percent of total capital allocations.

The PBO reported that under-spending of R23.3 billion had been recorded on public sector infrastructure between 2022/23 and 2024/25, concentrated in national departments, SOEs and public entities responsible for critical economic infrastructure. Over 52 percent of audited municipal infrastructure projects had been delivered late (an average 21-month delay), with 30 percent experiencing cost overruns and 17 percent exhibiting poor workmanship. For national and provincial projects, 64 percent were delayed by an average of 34 months, with 25 percent of assets found to be of poor quality and 8 percent not commissioned. The IMF reportedly estimated that more than one-third of public infrastructure resources were lost in the investment process, with South Africa's fiscal multiplier on government investment potentially negative. South Africa scored only 52.1 out of 100 on the Infrastructure for Good Barometer, performing below the global average on governance, planning, social impact and environmental resilience. South Africa's Gross Fixed Capital Formation-to-GDP ratio of 14.2 percent trailed Kenya (19.4 percent), Rwanda (24.8 percent) and Tanzania (42.7 percent), with South Africa's National Infrastructure Plan 2050 projecting a R2 trillion financing gap.

The indicated that in order to determine expenditure efficiency, it was important to know for example how many eligible citizens received free water and electricity; how many children were fed at schools; how many school projects had been finalised and how many had access to the internet; how many kilometres of roads had been maintained; and how many houses or transfer deeds had been finalised.

4.3 Breadline Africa

Breadline Africa expressed concern that the R267.587 million the Bill allocated for Early Childhood Development (ECD) infrastructure was at risk due to repeated under-spending patterns, unless the delivery model changed; and that the Bill did not resolve the structural bottlenecks that had prevented appropriated funds from achieving its purpose. Provincial education departments would receive allocations they had historically been unable to deploy at pace, through a model that had averaged below 70 percent expenditure for eight consecutive financial years. Breadline Africa argued that government had demonstrated its capacity to move quickly when mechanisms were fit for purpose as in the case of the R16.257 billion allocation to the Education Infrastructure Grant and the School Infrastructure Backlogs Grant (SIBG) that were well established programmes with accredited delivery pipelines and achieving far higher expenditure rates; unlike ECD infrastructure which had no equivalent implementation architecture. Breadline Africa asked the Committee to not approve the R267.587 million without requiring accountability for an effective delivery model; indicating that this concern had been corroborated by the FFC.

Breadline Africa made the following recommendations:

- The Committee should direct the Department of Basic Education (DBE) to present a specific plan for how the R267.587 million ECD infrastructure appropriation will be deployed in 2026/27, as recommended by the FFC. The plan should cover provincial targets and implementation timelines; how identified underperforming provinces will be supported; and what mechanisms will prevent end-of-year under-spending.

- The Committee should direct the DBE and National Treasury to confirm whether the current Schedule 5A grant framework permits provincial education departments to appoint accredited NPOs as implementing partners for ECD infrastructure delivery and, if not, what amendments are required, as experienced NPOs with proven track records are ready to deploy capacity and should not be kept out of the delivery chain by administrative design.
- Where provincial capacity is demonstrably inadequate, the Committee should direct the DBE to consider Schedule 6-type indirect delivery mechanisms, allowing national government or accredited delivery partners to implement infrastructure projects on behalf of provinces. This model is already applied successfully in the SIBG.
- The Committee should require National Treasury and the DBE to report jointly on the relationship between infrastructure under-spending and subsidy under-spending, to make visible the cost of failing to complete the delivery chain to the fiscus and to South Africa’s children.

4.4 Women on Farms Project

The Women on Farms Project (WFP) submitted that the rising petrol price due to continued tension between the United States and Iran, and its significant knock-on effects on the production and logistics of all goods and services, would make food prices unaffordable for millions of South Africans, starting with the 20 million who were already food insecure, amongst whom were farm workers. As farmers adjusted to higher agricultural costs, farm workers, especially women, would find themselves with fewer employment opportunities and fewer working hours. As seasonal workers, they were the first to lose their jobs, increasing the already heavy burden of hunger. Without active government intervention, farm workers would be unable to make ends meet with higher transport and food costs, and declining real income and job security.

WFP implored the Committee to appropriate money from the National Revenue Fund to ready the country for the global financial shock in the 2026/27 financial year; submitting that the National Treasury needed to develop a comprehensive plan, with public input, that should prepare for different scenarios and potential options to respond to the effects of global uncertainty.

WFP made the following recommendations to mitigate the potential cost-of-living crisis:

- The Committee should increase the budget allocation to the Department of Social Development to increase the Child Support Grant (CSG) to the Food Poverty Line (FPL) of R855 a month; as the CSG remained hopelessly too low to sustain a decent quality of life, leaving most children below the minimum nutritional threshold. At the very least it should be adjusted in line with inflation.
- The Committee should increase the budget allocation to the Department of Land Reform and Rural Development for the specific purpose of land redistribution, including the redistribution of unused state land and state land currently leased to commercial farmers; as farmwomen did not want to be dependent on social grants for the rest of their lives and the right to own and use land was central to ensuring food security, deriving alternative streams of income, and creating generational wealth.
- The Committee should insist that National Treasury and the South African Revenue Service (SARS) engage with all stakeholders, including civil society and researchers, to discuss the feasibility of a wealth tax on the richest 1 percent of South Africans.

4.5 Institute for Race Relations Legal

The Institute for Race Relations Legal (IRR Legal) submitted that the Bill continued to rely on a foundational legal error that obscured the appropriation of funds for Black Economic Empowerment (BEE) public procurement premiums, provided for by the Public Procurement Policy Framework Act (PPPFA). IRR Legal argued that passing the legislation in its current form would expose the state to systemic, legally undeniable unauthorised expenditure across all departments in direct violation of the Public Finance Management Act (PFMA), while introducing severe, irrational self-contradictions into the legislation.

The IRR Legal indicated that the Bill relied on the September 2009 Guidelines for Implementing the Economic Reporting Format to define key budgetary categories, including goods and services and subsidies, which explicitly defined subsidies as being unrequited payments and payments for goods and services as requited payments. When a payment is requited, government gets something of similar value directly in return. However, when BEE premiums were paid in public procurement amounting to the extra paid over and above the most cost-effective bid, government did not get something directly in return for that premium, making it entirely unrequited. IRR Legal indicated that these premiums representing unrequited subsidies were routinely and erroneously buried within the operational costs of the state and that its estimates placed the recorded spend on BEE premiums at R5.7 billion per annum, with unrecorded licit spend (due to market exclusions or lack of bidding) bringing the total licit spend to R17 billion per annum.

IRR Legal further stated that the Zondo Report on State Capture had found that an uncoordinated approach forced procurement officials to make complex choices by default and obscured the primary national interest of deriving maximum value for money. It submitted that without transparently making the cost of BEE premiums explicit in the budget, there was no official record of the extent to which preference was prioritised over cost-effectiveness, creating the very opacity that facilitated state capture.

IRR Legal argued that by maintaining this legal error, the Bill triggered a severe compliance crisis via its own Clause 2 provisions, read together with the PFMA. If funds were not transparently appropriated for BEE premiums as subsidies in the Schedules, the expenditure of any funds on BEE premiums fundamentally violated the parameters of the Bill. Section 34(1) and (2) of the PFMA compounded this crisis as unauthorised expenditure could not simply be written off and if Parliament did not approve an additional amount to cover it, it became a charge against the funds allocated for the next or future financial years under the relevant vote.

IRR Legal submitted that the Constitution and the PFMA demanded exhaustive fiscal transparency and strictly forbade the implicit withdrawal of funds and that hiding BEE premiums as goods and services directly violated National Treasury's Section 6(1)(g) duty to enforce transparency. In addition, according to Clause 3 an amount may be used only for the purpose indicated unless the amount or purpose is amended by, or in terms of, an Act of Parliament. The phrase "is amended" was strictly prospective and fundamentally different in law to the phrase "is required by" making it a sequencing mechanism designed to accommodate future budgetary legislation. IRR Legal argued that reading Clause 3 retrospectively and saying it applied to all past laws yielded a legally absurd result and if pre-existing legislation could silently amend the purpose of current appropriations, the Appropriation Act would be rendered meaningless.

IRR Legal stated that passing the Bill in its current form would engineer an unconstitutional audit crisis and asked the NCOP to urgently apply its mind to the following remedies:

- The Committee must amend the Bill to prepare a separate, transparent allocation for BEE premiums under the correct classification of subsidies, or via a separate Act of Parliament as per Section 213(2)(b) of the Constitution. To establish a factual baseline for this appropriation, the Committee must formally request that National Treasury disclose the exact, consolidated cost of BEE premiums (and any other preference premiums) paid across all organs of state in the preceding financial year.
- The Bill, or an accompanying Treasury Instruction, must be amended to explicitly include the legal definitions of Base Price, Preference Premium, and BEE Premium to prevent the ongoing misclassification of unrequited subsidies as requited goods and services.
- Failing the above, a policy note must be appended advising all departments that exemptions must be requested under Section 3 of the PPPFA. If departments pay unrequited BEE premiums out of funds allocated for requited goods and services, they will be acting outside the specified purpose of Schedule 2, thereby committing unauthorised expenditure under the PFMA.

4.6 Healthy Living Alliance

The Healthy Living Alliance (HEALA) reported an epidemiological shift from communicable diseases towards non-communicable diseases (NCDs) in South Africa between 2015 and 2017. According to the World Health Organisation's (WHO) NCD Progress Monitor 2025, 37 percent of deaths in the country were from NCDs and 23 percent of the population were at risk of premature death due to NCDs in 2021. There had been a notable dietary shift over the last few decades in South Africa, with consumers having transitioned from eating traditional nutrition dense foods to ultra-processed foods which were high in fat, sugar, and salt and were heavily marketed. HEALA submitted that that globally and in South Africa, the consumption of sugar-sweetened beverages (SSBs) had increased because of their availability, affordability, acceptability and heavy marketing. This was a major contributor to obesity. Currently, more than 4 million people were living with diabetes, and more than half of the adult population were overweight with 1 in 3 women, 1 in 5 men and 1 in 8 children being obese or overweight. In 2019, approximately 5.6 million people were living with diabetes, and this number was estimated to reach 8.75 million by 2040. NCDs were crippling the country's economy with 0.7 percent of the country's GDP and 15 percent of the Department of Health's budget being spent on healthcare costs associated with NCDs. It was estimated that type-2 diabetes would cost the country R35.1 billion by 2030.

The Health Promotion Levy (HPL) had been implemented in 2018 in response to the rising number of people in the country living with NCDs. Although its main goal was to reduce the risk of developing NCDs, another benefit was revenue generation, and it was estimated to have generated R13 billion to date. HEALA argued that, had the HPL been implemented at a rate of 20 percent and included 100 percent fruit juices, the revenue generated and healthcare cost savings would be much higher. It was estimated that 156 640 cases of type-2 diabetes and 10 800 deaths due to diabetes would be averted over 20 years had 100 percent fruit juices been included with the implementation of the HPL, which would reduce healthcare expenditure by R7.5 billion and save the country R300 million in diabetes related costs over the same period. HEALA further reported that populations from low socioeconomic backgrounds were at higher risk of being exposed to NCD risk factors and developing NCDs and to have increased morbidity and mortality because of limited access to healthcare services. The increase of Ultra-Processed Foods (UPFs) consumption did not only result in overweight and obesity (overnutrition) but in stunting and wasting too.

HEALA submitted that economic growth and revenue generation were essential to support poverty alleviation measures such as the National School Nutrition Programme (NSNP), the Child Support Grant (CSG) and a universal basic income grant which could mitigate food insecurity. It was estimated that more than 10 million people in the country lived below the food poverty line (FPL) of R855. At R370 the Social Relief of Distress (SRD) Grant was 44 percent of the FPL and the CSG at 65 percent, at R560. There needed to be an increase in existing social support measures and implementation of a maternal support grant; requiring greater revenue generation that a strengthened HPL could provide. Strengthening it would also mean fewer amputations, less burden on our health system due to NCDs, less premature loss of life prematurely and more homes with food on the table.

HEALA demanded that National Treasury –

- Increase the rate of the HPL to at least 20 percent;
- Include an annual inflation increase to the HPL to increase its effectiveness; and
- Urgently release the position paper regarding the expansion of the HPL to include 100 percent fruit juices and a reduction in the threshold.

4.7 Budget Justice Coalition

The Budget Justice Coalition (BJC) noted that the 2026 Budget assumed stronger national intervention in failing systems, more active support to provinces and municipalities and improved delivery through oversight and technical support. However, it argued that national departments already had extensive powers to intervene but did not do so effectively and that these departments were not seeing meaningful real budget growth, with some budgets declining. The BJC contended that active intervention required engineers, planners, financial specialists, project managers and a sustained presence, yet many departments had high vacancy rates, particularly in these highly specialised areas.

The BJC further raised concerns regarding the capacity of Statistics South Africa (Stats SA) to deliver on its mandate. Without strong statistical capacity, both budgeting and oversight became less evidence-based, as illustrated by the 2026/27 Division of Revenue Bill still using some data from the 2011 Census and the Time Use Survey that was last undertaken in 2010. Although Stats SA performed well against targets, it continued to struggle with funding challenges and a vacancy rate of 21 percent, which was increasing, and declining staffing in key programmes.

The BJC made the following recommendations:

- Assess whether national departments responsible for oversight, support and intervention functions are adequately resourced to fulfil the expanded role envisioned in government's current implementation strategy.
- Require departments to demonstrate how retained budgets, staffing levels and operational resources support their ability to monitor performance, provide technical assistance, intervene where necessary and improve service delivery outcomes.
- Scrutinise critical vacancies, staffing constraints and institutional capacity challenges within departments responsible for key social and economic priorities.
- Ensure that Stats SA is adequately resourced to fulfil its constitutional mandate and meet the growing demand for reliable, timely and disaggregated data.
- Support investment in statistical infrastructure, specialist skills and data collection programmes that strengthen planning, budgeting, monitoring and accountability.
- Prioritise funding for strategic statistical products, including the 2027 Time Use Survey, and explore mechanisms to improve the frequency and quality of demographic, labour market and socio-economic data used in public decision-making.

- Assess whether the Bill adequately supports government's stated commitments to reducing unemployment, particularly among young people, and advancing economic inclusion.
- Require National Treasury and relevant departments to report on the employment and economic inclusion impacts of major budget decisions.
- Strengthen oversight of Public Employment Programmes (PEPs) and assess whether current allocations are commensurate with the scale of unemployment and demonstrated demand for opportunities.
- Encourage greater policy coherence and coordination across employment-related interventions to ensure that public resources contribute to sustainable pathways into economic participation.
- Recognise Public Employment Programmes (PEPs) as a strategic component of South Africa's employment architecture and not merely as temporary or discretionary expenditure.
- Explore mechanisms for greater funding certainty and multi-year planning for proven public employment interventions, including the Expanded Public Works Programme, Community Work Programme, Social Employment Fund, Basic Education Employment Initiative and National Youth Service.
- Ensure that decisions regarding the continuation, expansion or reduction of PEPs are informed by evidence of their social, economic and developmental impact.

4.8 Congress of South African Trade Unions (COSATU)

The Congress of South African Trade Unions (COSATU) commended the substantial progress made with stabilising and rebuilding key state-owned enterprises (SOEs), but contended that more must be done to enable Eskom to reduce the price of electricity and return Transnet and Metrorail to full capacity to unlock mining, manufacturing and agricultural jobs, and to provide efficient public transport for urban workers. COSATU expressed dismay at the lack of real turnaround plans to set Denel, the South African Broadcasting Corporation (SABC), the South African Post Office (SAPO) and Postbank on the path to recovery. It also called on government to expedite the Road Accident Fund (RAF) Bill and other interventions to fix the RAF and ensure its funds went to the intended beneficiaries.

While noting the 5.8 percent increase in funding for economic development, COSATU was deeply concerned about the funding allocated to the small business, industrial and export sectors. It further expressed dismay over the fact that there was still no inflationary adjustment to the Social Relief of Distress (SRD) Grant or the National Student Financial Aid Scheme (NSFAS) threshold. COSATU expressed disappointment that the Presidential Employment Stimulus had not been increased, and had in fact been halved, despite the 2026 State of the Nation Address' (SONA) commitments.

COSATU noted that the 2026 SONA had committed government to a plan to tackle unacceptably high levels of crime and corruption, but no new meaningful allocations had been provided for the Police, the National Prosecuting Authority, the Hawks or the judiciary to ensure they had the personnel, skills or infrastructure capacity to win this war. While additional allocations for the Border Management Authority (BMA) and the South African National Defence Force (SANDF) were important boosts, it did not ensure that military personnel received the support they required, including three meals a day.

COSATU made the following recommendations:

- Treasury should provide additional funds to the Department of Employment and Labour to appoint the 10 000 new labour inspectors.
- Frontline vacancies, such as doctors, nurses, paramedics, teachers and police, should be filled and executives and senior management should be reduced.
- The ghost post audit should be extended to all departments, entities, municipalities and SOEs.
- Urgent interventions are needed to stabilise increasingly dysfunctional municipalities, including tackling revenue and expenditure obligations; development of a new funding model and enlisting Eskom, SANRAL and the Department of Water and Sanitation to ensure the delivery of basic services and capacitation of struggling municipalities.
- Continue to support Eskom, Metrorail, the SABC and other SOEs; honour the debt relief package for the SAPO and implement intervention plans for the Postbank, Denel and the RAF.
- Engagements are needed with the Public Investment Cooperation (PIC), the Development Bank of Southern Africa (DBSA) and the Industrial Development Corporation (IDC) to boost economic infrastructure.

- Urgent engagements are needed at the National Economic Development and Labour Council (NEDLAC) on small, medium, and micro enterprise (SMME), industrialisation and export financial stimulus and relief package.
- Extended Fuel Levy relief to further cushion workers and the economy from the massive hikes in the fuel prices due to the war in the Middle East.
- Tighter parliamentary oversight is needed over the infrastructure programme rollout as well as more active law enforcement to stem construction mafia and cable theft.
- The Unemployment Insurance Fund's (UIF's) Temporary Employment Relief Scheme (TERS) should be fixed.
- Parliament should adjust the SRD Grant for inflation in 2026 and to the food poverty line over the Medium Term Expenditure Framework (MTEF) period.
- Parliament should adjust the NSFAS threshold for inflation in 2026 and recover value lost to non-adjustment for inflation since its introduction over the MTEF.
- Tighter parliamentary oversight is needed of Public Employment Programmes (PEPs) implementation as well as engagements with the PIC, Sector Education and Training Authorities (SETAs) and National Skills Fund (NSF) to take over a share of the PEPs and urgent engagements at NEDLAC on ramped up PEPs.

4.9 Pan-African Institute for Fiscal and Policy Studies (PA-IFS)

The Pan-African Institute for Fiscal and Policy Studies (PA-IFS) advocated for conditional capital drawdowns, administrative cost of employment (COE) caps, and mandating sovereign industrial crowding-in to ensure developmental returns for the fiscus. It used a proprietary analytical tool that measured strategic alignment, implementation capacity, allocative efficiency and a macro-fiscal multiplier, that is, capacity to generate additional economic activity, essentially measuring public value whereby a 10 was the highest score, meaning that an entity was efficient, capable and delivered public value. The PA-IFS chose a select number of Votes and the findings showed that the National Treasury (7.95), followed by Health (6.85), Higher Education and Training (6.65) and Home Affairs (6.05) were the top performers; when compared to Transport (5.75), Police (5.50), Rural Development and Land Reform (5.05), Cooperative Governance and Traditional Affairs (COGTA) (4.60) and Defence (4.5). The analysis also included SOEs, such as Denel (3.95) and South African Airways (SAA) (3.10), which the PA-IFS regarded as fiscal sinkholes. Given these scores, the PA-IFS advocated for the Bill to be adopted with structural conditionalities.

The PA-IFS made the following recommendations:

- Enable National Treasury to transition from a passive budget allocator to an active enforcer by withholding quarterly capital drawdowns from underperforming entities that fail baseline audit standards.
- Review lump-sum capital transfers to the Department of Transport and the Passenger Rail Agency of South Africa (PRASA) in favour of gated quarterly releases that are unlocked only upon verified physical infrastructure milestones, completely blocking the virement of capital into operational costs.
- Statutorily protect the frontline human resource budget by making it difficult for provincial health departments to move funds away from clinical staff to finance administrative overheads or pay off medico-legal claims.
- Impose a strict statutory cap on non-operational head-office and provincial administrative police personnel spending, aggressively redirecting those funds into visible policing technology and specialised crime intelligence.
- Consider ring-fencing a set percentage of the Defence modernisation budget to be spent exclusively within domestic supply chains and state industrial channels to end reliance on imports.
- Request the Department of Home Affairs to impose rigid local-content rules on major technological and border management upgrade contracts, forcing the use of domestic software engineering firms to catalyse the local digital sector.
- Ensure there are conditions for Technical and Vocational Education and Training (TVET) College infrastructure funding on structural economic demands by forcing joint curriculum planning with state logistics and defence pipelines to secure instant graduate absorption.
- Condition land reform and restitution funding on strict synchronisation with trade and industry policies, ensuring rural infrastructure budgets are only released when tied directly to active, youth-run agro-processing hubs.

4.10 Mr N Traore

Mr Traore raised concerns regarding corruption, service delivery failures, the rising cost of living and the burden on middle-income taxpayers; and recommended that the funds withdrawn from the National Revenue Fund through this Bill should be used to improve the lives of ordinary tax-paying citizens who were struggling to keep their heads above water.

5. Findings and observations

Having deliberated and considered all the submissions made by the above stakeholders on the *Appropriation Bill* [B4 - 2026], the Select Committee on Appropriations made the following findings and observations:

5.1 Infrastructure delivery, under-expenditure and project performance

The Committee remains concerned that, despite significant infrastructure allocations and various reforms aimed at strengthening project planning and implementation, infrastructure delivery continues to be undermined by project delays, expenditure inefficiencies, poor workmanship, cost overruns and weak implementation capacity across national, provincial and local government institutions.

5.2 Statistics South Africa, data integrity and fiscal planning

The Committee remains concerned about the quality and reliability of demographic and socio-economic data used to inform fiscal planning and equitable share allocations. The Committee further notes that Statistics South Africa received an additional R208 million over the 2026 MTEF period to strengthen institutional and statistical capacity. However, challenges relating to critical vacancies and the production of credible and timely data persist. The Committee is concerned that these weaknesses may undermine evidence-based planning, fiscal decision-making and the equitable allocation of resources across all spheres of government.

5.3 Accountability for transfers, conditional grants and service delivery outcomes

The Committee remains concerned that a significant proportion of national expenditure is transferred to provinces, municipalities and public entities through conditional grants, equitable share allocations and other transfer mechanisms without a commensurate improvement in service delivery outcomes. The Committee further notes persistent weaknesses in accountability, expenditure oversight and performance reporting which continue to undermine the effectiveness of public expenditure.

5.4 Quality of conditional grant performance information

The Committee remains concerned about the absence of credible, complete and standardised service delivery information for several conditional grants, particularly within the Human Settlements sector. The Committee notes that weaknesses in performance information limit Parliament's ability to assess expenditure efficiency, service delivery outcomes and the impact of grant-funded programmes.

5.5 Balance between consumption and developmental expenditure

The Committee remains concerned that public expenditure continues to be heavily weighted towards consumption expenditure and social transfers, while productive investment and economic infrastructure remain constrained. While recognising the importance of social expenditure, the Committee is concerned about the long-term implications of this expenditure pattern for economic growth, employment creation and fiscal sustainability.

5.6 State capacity, vacancy rates and skills shortages

The Committee remains concerned that persistent vacancy rates, recruitment delays and shortages of critical technical and professional skills continue to undermine government's ability to effectively implement programmes and deliver services across all spheres of government. The Committee notes that institutional capacity constraints within departments and municipalities continue to weaken expenditure performance and limit the translation of budget allocations into tangible service delivery outcomes.

5.7 Municipal governance and financial sustainability

The Committee remains concerned about persistent governance failures, weak financial management, poor revenue collection and declining service delivery performance within several municipalities. The Committee is concerned that these weaknesses continue to undermine the effectiveness of intergovernmental transfers and place additional pressure on national government intervention mechanisms.

5.8 Compensation budgeting and payroll integrity

The Committee remains concerned about weaknesses in personnel budgeting, payroll management and employee verification systems within government institutions. The Committee is concerned that these weaknesses may compromise expenditure efficiency, fiscal discipline and the credibility of compensation budgets.

5.9 Governance and performance of public entities and transfer recipients

The Committee remains concerned about governance weaknesses, leadership instability and poor performance within institutions receiving significant transfers and subsidies from government. These weaknesses continue to undermine accountability, expenditure efficiency and service delivery outcomes.

5.10 Poverty, food insecurity and effectiveness of social expenditure

The Committee remains concerned about persistent levels of poverty, food insecurity and inequality despite significant social expenditure allocations. The Committee notes stakeholder concerns regarding the adequacy of social protection measures and the need to ensure that public expenditure contributes meaningfully to improving living conditions for vulnerable households.

6. Recommendations

The Select Committee on Appropriations, having considered submissions from various stakeholders on the *Appropriation Bill* [B4 - 2026], recommends as follows:

6.1 Infrastructure delivery, under-expenditure and project performance

The National Treasury, in consultation with the departments of Basic Education, Health, Human Settlements, Water and Sanitation, Transport and Cooperative Governance, should, within 90 days of the adoption of this Report by the House, submit a report to Parliament outlining the performance of major infrastructure grants, implementation bottlenecks identified, corrective measures undertaken and progress made in strengthening infrastructure planning, procurement readiness and project delivery.

6.2 Statistics South Africa, data integrity and fiscal planning

Statistics South Africa in consultation with the National Treasury should, within 120 days of the adoption of this Report by the House, submit a report to Parliament detailing the utilisation of the additional R208 million allocated over the 2026 MTEF period, progress made in filling critical vacancies, measures implemented to strengthen statistical capacity, and interventions undertaken to improve the quality, reliability and timeliness of demographic and socio-economic data used for fiscal planning and equitable share allocations.

6.3 Accountability for transfers, conditional grants and service delivery outcomes

The National Treasury should, within 120 days of the adoption of this Report by the House, submit a report to Parliament outlining measures undertaken to strengthen the accountability framework applicable to conditional grants and transfers, improve expenditure oversight and performance reporting, and strengthen consequence management for persistent underperformance by recipient institutions.

6.4 Quality of conditional grant performance information

The National Treasury, in consultation with the departments of Human Settlements, Cooperative Governance, Water and Sanitation, Health and Basic Education, should, within 90 days of the adoption of this Report by the House, submit a report to Parliament outlining measures implemented to improve the quality, consistency and standardisation of conditional grant performance information and to strengthen the alignment between expenditure reporting and measurable service delivery outcomes.

6.5 Balance between consumption and developmental expenditure

The National Treasury, in consultation with the Financial and Fiscal Commission, should submit a report to Parliament during the 2027 budget process outlining measures being considered to improve the balance between consumption expenditure and productive investment and strengthen infrastructure-led growth and economic development.

6.6 State capacity, vacancy rates and skills shortages

The Department of Public Service and Administration, in consultation with the National Treasury, the Department of Cooperative Governance and provincial governments should, within 120 days of the adoption of this Report by the House, submit a report to Parliament detailing progress made in filling critical frontline vacancies, strengthening employee verification systems, improving recruitment processes and standardising personnel data systems across provincial governments, municipalities and public entities.

6.7 Municipal governance and financial sustainability

The Department of Cooperative Governance, in consultation with the National Treasury and provincial treasuries should, within 120 days of the adoption of this Report by the House, submit a report to Parliament detailing progress made in strengthening municipal financial recovery interventions, improving municipal revenue management systems, finalising the review of the Local Government Fiscal Framework, and supporting municipalities experiencing persistent financial and service delivery challenges.

6.8 Compensation budgeting and payroll integrity

The National Treasury, in consultation with the Department of Public Service and Administration and provincial treasuries should, within 120 days of the adoption of this Report by the House, submit a report to Parliament detailing measures undertaken to strengthen payroll verification systems, improve personnel data integrity and enhance compensation budgeting processes.

6.9 Governance and performance of public entities and transfer recipients

The National Treasury should, within 120 days of the adoption of this Report by the House, submit a report to Parliament outlining measures being undertaken to strengthen governance, accountability and performance monitoring within institutions receiving transfers and subsidies.

6.10 Poverty, food insecurity and effectiveness of social expenditure

The National Treasury in consultation with the Department of Social Development should, within 120 days of the adoption of this Report by the House, submit a report to Parliament outlining measures being considered to improve the effectiveness, targeting and impact of social expenditure programmes aimed at reducing poverty, food insecurity and inequality.

7. Conclusion

Overall, the Committee notes that the Bill is tabled at a time of significant expenditure pressures, competing national priorities and increasing demands on public resources. While the Bill authorises government expenditure for the 2026/27 financial year, the Committee remains concerned that weaknesses in implementation capacity, infrastructure delivery, accountability and performance reporting continue to undermine the achievement of intended service delivery outcomes. Many of these challenges are not solely attributable to the availability of resources, but rather to the effectiveness, efficiency and accountability with which resources are managed and utilised across all spheres of government.

As part of its oversight mandate, the Committee will strengthen the monitoring of transfers to provinces and municipalities, with particular emphasis on conditional grants, equitable share allocations and service delivery outcomes. The Committee will also monitor compliance with conditions attached to transfers and subsidies to minimise implementation delays and administrative weaknesses. Ultimately, strengthening institutional capacity, improving expenditure performance and enhancing accountability remain essential to ensuring that public resources contribute meaningfully to improved service delivery, inclusive economic growth and the well-being of all South Africans.

8. Committee decision

The Select Committee on Appropriations, having considered the ***Appropriation Bill*** **[B4 – 2026],** referred to it for concurrence, and classified by the Joint Tagging Mechanism as a section 77 Bill, reports that it has agreed to the Bill without any proposed amendments.

The Umkhonto we Sizwe Party (MKP) reserved its right with respect to paragraph 8.

Report to be considered.