

Thursday, 8 January 2026]

No 1—2026] THIRD SESSION, SEVENTH PARLIAMENT

PARLIAMENT

OF THE

REPUBLIC OF SOUTH AFRICA

**ANNOUNCEMENTS,
TABLINGS AND
COMMITTEE REPORTS**

THURSDAY, 8 JANUARY 2026

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ANNOUNCEMENTS

National Assembly and National Council of Provinces

The Speaker and the Chairperson

1. Assent by President in respect of Bills

- (1) **Revenue Laws Amendment Bill** [B5–2025] – Act No. 6 of 2025 (assented to and signed by President on 19 December 2025) (*Wysigingswet op Inkomstewette*) (*Afrikaans*).

2. Classification of Bills by Joint Tagging Mechanism (JTM)

- (1) The JTM in terms of Joint Rule 202(6) classified the following Bill as a section 77 Bill:
 - (a) **Special Appropriation Bill** [B22–2025] (National Assembly – sec 77).

COMMITTEE REPORTS

National Assembly

1. REPORT OF THE STANDING COMMITTEE ON APPROPRIATIONS ON THE 2025 MEDIUM TERM BUDGET POLICY STATEMENT, DATED 18 DECEMBER 2025

Having heard and considered submissions and comments from identified stakeholders on the 2025 Medium Term Budget Policy Statement, the Standing Committee on Appropriations reports as follows:

1. Introduction

The Minister of Finance tabled the 2025 Medium Term Budget Policy Statement (MTBPS) on 12 November 2025. The MTBPS was tabled in terms of section 6 (1) of the Money Bills Amendment Procedure and Related Matters Act, No. 9 of 2009 (the Act) as amended by Act No. 13 of 2018 (the Act). The MTPBS is a government policy document that communicates to Parliament and to the nation the economic context in which next year's national budget will be presented, along with government fiscal objectives and spending priorities over the medium term (three-year expenditure period). As required by section 4 (4) (b and c) of the Act, after the tabling of the MTPBS by the Minister of Finance, the Division of Revenue Amendment Bill and the Adjustments Appropriation Bill were referred to the Committee on 12 November 2025 for considerations and report to the National Assembly (NA). Amongst its responsibilities, as per section 6 (8) of the Act, the Committee is required to consider and report on the following:

- the spending priorities of national government for the next three years;
- the proposed division of revenue between the spheres of government and between arms of government within a sphere for the next three years; and
- the proposed substantial adjustments to conditional grants to provinces and local government, if any.

To deepen democracy, promote good governance, enhance public participation and involvement, the Committee invited the Financial and Fiscal Commission and Parliamentary Budget Office for submissions and comments on the tabled 2025 MTPBS. In addition to the invited stakeholders, the Committee published an advertisement in national and local

newspapers from 25 November 2025 to 27 November 2025 inviting the public to make submissions and comments on the 2025 MTPBS. Furthermore, an advertisement calling for submissions on the MTBPS was also published on Parliament's website and social media platforms from 25 November 2025 to 27 November 2025. In addition to these legal requirements, the Committee wrote letters inviting stakeholders who regularly participate in the Committee public hearings to make submissions, inputs and comments on the 2025 MTBPS on 19 November 2025. To that end, the Committee held public hearings on the 2025 MTBPS with interested stakeholders via a Zoom Virtual Platform on 08 December 2025. However, it was only the Congress of South African Trade Union (COSATU) that submitted information that was relevant to the MTBPS, and information received from the other organisations that made submission was specifically relevant to the Adjustments Appropriation Bill and the Special Appropriation Bill, and not to the MTBPS and those submissions will be reflected on the relevant Bill. In addition, during the public hearings on the 2025 Division of Revenue Amendment Bill [B28 – 2025] held via a Zoom Virtual Platform on 28 November 2025, the Congress of South African Trade Union (COSATU), Section27 and Youth Capital made submissions that were not only relevant to the Bill but also relevant to the MTBPS and these submissions are recorded accordingly in this report.

2. Economic overview and context

The 2025 *Medium Term Budget Policy Statement* (MTBPS) shows that government is on track to achieve the fiscal targets set out in 2023 to restore the health of public finances. Government is pressing ahead with the implementation of structural reforms through operation Vulindlela and subsequent launch of Operation Vulindlela II, which continues the steady work of reforming the key network industries in energy, freight logistics and water, and reforming the visa system to attract tourism, skills and investment. Government remains on course to meet the fiscal targets set out in the 2025 Budget. Debt will stabilise this year at 77.9 per cent of GDP while the primary budget surplus will grow from R68.5 billion in 2025/26 to R224 billion in 2028/29 financial year. The primary budget surplus is expected to improve from 0.5 per cent in 2023/24 to 2.5 per cent in 2028/29, allowing government to stabilise and then reduce debt and debt service costs. The main budget deficit is expected to narrow from 4.6 per cent in 2022/23 to 2.7 per cent in 2028/29.

The South African economy is forecasted to grow by 1.2 per cent in 2025, down from the 2025 Budget Review forecast of 1.4 per cent and is projected to grow by an annual average of 1.8 per cent over the next three years, supported by a revival in new infrastructure allocations (*see Table 1 below*). This revision reflects weaker growth outcomes in the first half of the year, a subdued external environment and low levels of consumer and business confidence. Investments in the South African economy is expected to strengthen over the medium term as measures to lift infrastructure spending take effect and structural reform implementation gains traction. Global growth is expected to slow by less than previously projected. The October 2025 World Economic Outlook produced by the International Monetary Fund (IMF) projects that global growth will decline from 3.3 per cent in 2024 to 3.2 per cent in 2025, up from a 3 per cent forecast in its July 2025 projection and to 3.1 per cent in 2026. However, the outlook remains weaker than a year ago as a result of tariff shocks and geopolitical uncertainty.

Over the medium term, the South African government's growth strategy will be anchored by the following pillars:

- **Maintaining macroeconomic stability:** a stable, transparent and predictable macroeconomic framework remains fundamental for better growth outcomes. Greater certainty and less volatility including through low and stable inflation and sustainable fiscal policy create a conducive environment for businesses and households to save, spend, invest and grow, contributing to a sustainably higher economic growth path. Government is delivering on its targets to return public finances to good health by stabilising debt, reducing borrowing costs and freeing up resources for investment in growth and development. The decision of the Minister of Finance on a new inflation target to anchor monetary policy will help stabilise inflation at lower levels. This will protect the purchasing power and reduce borrowing costs across the economy, supporting higher rates of investment and growth.
- **Implementing structural reforms:** through Operation Vulindlela, government continues its work to alleviate constraints in energy, transport and logistics, water and visas. This joint initiative of the Presidency and the National Treasury has expanded to address other longstanding constraints to growth and enhance efforts to build a more capable state. These are complemented by steps to professionalise the public service, reform procurement and strengthen the anti-money laundering regime. Progress is visible in electricity supply and visa reform, and there are signs of forward improvements in freight logistics. The

Transmission Company of South Africa is finalising market rules to govern the wholesale electricity market, which is necessary to promote competition and efficient pricing. Government is preparing to initiate the procurement of the first phase of the private sector transmission project. However, delays in procuring and connecting additional generation capacity due to grid availability and connection constraints persist. A Rail Infrastructure Manager was established as a separate division of Transnet in April 2025 and has opened slots on the freight rail network to 11 private rail companies. The New Transport Economic Regulator, intended to oversee a more competitive sector, will be operating in 2026/27.

- **Building state capability:** a capable state that delivers a reasonable and reliable standard of public services will foster the necessary environment for more growth and jobs. In March 2025, Cabinet approved Operation Vulindlela reforms to address dysfunction in local government, enhance provision of urban housing and transport, and develop a public digital infrastructure. Digital identity and payments systems are being developed to improve government efficiency and strengthen financial inclusion. Reforms to metro trading services for water, sanitation and electricity will ensure that reinvest revenues from these services in the maintenance and infrastructure required to improve service delivery and financial sustainability. Efficiency of the state and reform of TARS will have to do the hard work of ensuring that government eradicates sectors that are not adding material value relative to those who improve efficiency.
- **Supporting growth-enhancing public infrastructure investment:** South Africa urgently needs to modernise and better maintain its public infrastructure to reduce the costs of doing business, improve the reliability of services and attract private investment to growth the economy.

Table 1: Economic growth in selected countries

Region/country	2023	2024	2025	2026
Percentage	Actual		Forecast	
World	3,5	3,3	3,2	3,1
Advanced economies	1,7	1,8	1,6	1,6
United States	2,9	2,8	2,0	2,1
Euro area	0,4	0,9	1,2	1,1
United Kingdom	0,4	1,1	1,3	1,3
Japan	1,2	0,1	1,1	0,6
Emerging and developing countries	4,7	4,3	4,2	4,0

Brazil	3,2	3,4	2,4	1,9
Russia	4,1	4,3	0,6	1,0
India	9,2	6,5	6,6	6,2
China	5,4	5,0	4,8	4,2
Sub-Saharan Africa	3,7	4,1	4,1	4,4
Nigeria	3,3	4,1	3,9	4,2
South Africa ¹	0,8	0,5	1,2	1,5
World trade volumes	1,0	3,5	3,6	2,3

Sources: National Treasury 2025 MTBPS and IMF October 2025 World Economic Outlook

It was against this background that the Committee decided to invite and have engagements with identified stakeholders on the 2024 Medium Term Budget Policy Statement.

3. Adopting a 3 per cent inflation target

The Minister of Finance is responsible for setting monetary policy in consultation with the Governor of the South African Reserve Bank. To that end, the Minister of Finance in consultation with the Governor of the South African Reserve Bank decided to lower the inflation target from the 3-6 band to 3 per cent, with a tolerance band of 1 percentage point. To ensure smooth adjustment for households and businesses, the Reserve Bank is expected to guide inflation and inflation expectations gradually towards the 3 per cent over the next two years. The Minister of Finance and the Governor of the South African Reserve Bank will closely coordinate policy settings to maximise the economic benefits of the target and enhance fiscal and monetary policy alignments.

Government submits that lowering the inflation target to 3 per cent has important, multi stage implications for public finance. In the short to medium term, targeting lower inflation will result in lower nominal GDP, which in turn results in reduced revenue projections less favourable debt-to-GDP ratio. However, Government submits that the long-term benefits outweigh these shorter-term concerns as lower inflation will support higher levels of real economic growth, making South Africa's inflation to be in line with its trading partners and peer economies, and thereby making the economy more competitive. Furthermore, household spending and private investments will rise due mainly to higher real disposable income and lower borrowing costs.

In the meantime, government submits that, the negative impact of the fall in revenue on the budget balance is counteracted by the reduction in debt service costs, allowing the fiscal balance to continue to improve over the forecast period.

4. Medium term fiscal strategy

Government is staying the fiscal course and will achieve its targets, despite the weak economic environment. Debt-to-GDP ratio stabilises in the current year and declines over the medium term, reducing borrowing costs, helping to create an environment for greater private sector investments and making public resources available for infrastructure projects. The Minister of Finance has set a new target for monetary policy that will entrench lower inflation. The benefits of enhance macroeconomic policy management are already evident in lower bond yields and stronger exchange rates. Lower inflation has short-to-medium term effects that put pressure on the fiscal metrics; however, these concerns are more offset by significant long-term benefits in the form of lower living costs and higher growth.

Fiscal balances for 2025/26 are projected to be better than expected in the 2025 Budget. A R19.6 billion revenue overrun and lower-than-expected borrowing costs will help to accommodate a proposed R15.8 billion in non-interest spending, while the main budget deficits decrease by R8.2 billion.

The fiscal framework accommodates lower inflation over the medium-term. Non-interest expenditure will be reduced by R6.2 billion in 2026/27 and R14.2 billion in 2027/28, largely in response to the lower inflation environment and the impact of the inflation linked items such as the conditional and social grants. Debt-service costs are also expected to decline as the reduced sovereign risk premium shows up in the bond yields. These are partially offset by lower revenues as a result of lower nominal GDP growths over the next two years. The main budget deficit will narrow compare with the 2025 Budget projections. Over the medium-term, government's fiscal priorities are to:

- Anchor fiscal policy by stabilising debt in 2025/26 and growing the main budget primary surplus for the rest of the decade, helping to reduce debt-service costs.

- Direct a growing share of public spending to towards capital investment, complemented by infrastructure reforms to attract private sector investment and speed up delivery.
- Improve the efficiency and effectiveness of public spending by implementing the Targeted and Responsible Savings (TARS) initiative.

5. In-year non-interest spending adjustments

Relative to the 2025 Budget estimates, a proposed revisions to main non-interest expenditure results in a net increase of R15.8 billion (see table 2 below). This is due to upwards adjustments that include additions to the contingency reserve to accommodate expenditure that was announced by the Minister of Finance in the 2025 Budget but not yet appropriated. The contingency reserve is increased to R13.5 billion for two freight rail rehabilitation projects in Transnet, the capitalisation of the credit guarantee vehicle, the rebuilding of Parliament, Sentech dual illumination costs and the 2026 municipal elections. Total upward adjustments are partially offset by projected underspending, provisional allocations not appropriated and declared unspent funds.

Table 2: Revision to non-interest expenditure 2025/26

R million	2025/26
Non-interest expenditure (2025 Budget)	1 884 384
Upward expenditure adjustments	47 617
Special appropriation for health	755
Net additions to contingency reserve	8 519
Expenditure announced in the 2025 Budget	5 377
Rollovers	5 227
Expenditure of an exceptional nature ¹	2 472
Additions to the provincial equitable share ²	14 415
Unforeseen and unavoidable expenditure	1 602
Self-financing expenditure	4 133
Other allocations in the AENE ³	5 118
Downward expenditure adjustments	-31 794
Provisional allocations not appropriated	-16 951
National government projected underspending	-5 130
Local government repayment to the National Revenue Fund	-1 000
Declared unspent funds	-8 714
Revised non-interest expenditure (2025 MTBPS)	1 900 207
Change in non-interest expenditure from 2025 Budget	15 23

1. Section 6(1)(b) of 2025 Appropriation Act. Excludes R21 million added to the provincial equitable share
2. Includes expenditure announced in the 2025 Budget and allocations for the impact of population change
3. 2025 Adjusted Estimates of National Expenditure

Sources: National Treasury 2025 MTBPS

6. Spending priorities by function group

Consolidated government expenditure is expected to grow at an annual average of 3.6 per cent, rising from R2.59 trillion in 2025/26 to R2.8 trillion in 2028/29. The social wage constitutes about 60 per cent of non-interest expenditure, while capital spending increases for infrastructure to support economic growth and service delivery. To deliver on fiscal targets, reduce waste and fund new spending priorities, public spending needs to deliver greater value for money. Government has embarked on a multi-year reform to make budgeting more efficient and effective. Projects and programmes that yield poor outcomes or duplicate other efforts will be phased out or scaled down to achieve significant efficiencies over the over the medium-term. Over the MTEF period ahead the fastest growing category of expenditure by economic classification is payment for capital assets. The contingency reserve is revised upwards by R5 billion to R13.5 billion, mostly to provide for various infrastructure projects such as freight rail rehabilitation and for the 2026 municipal elections (see table 3 below).

Table 3: Consolidated expenditure by function¹

	2024/25	2025/26	2026/27	2027/28	2028/29	Average annual growth 2025/26 – 2028/29
R billion	Outcome	Revised	Medium-term estimates			
Learning and culture	478,7	506,8	526,5	550,4	568,7	3,9%
Basic education	324,7	347,9	360,6	376,1	388,4	3,7%
Post-school education and training	141,8	146,4	153,7	161,8	167,4	4,6%
Arts, culture, sport and recreation	12,2	12,5	12,2	12,5	12,8	1,0%
Health	277,6	298,9	308,6	322,4	335,5	3,9%
Peace and security	253,8	269,1	273,2	282,3	291,6	2,7%
Defence and state security	57,8	60,6	59,2	61,5	63,4	1,5%
Police services	126,4	133,7	139,5	145,0	149,4	3,8%
Law courts and prisons	56,2	58,3	60,7	63,3	65,3	3,8%
Home affairs	13,3	16,5	13,8	12,5	13,5	-6,5%
Community development	266,9	289,0	292,4	296,9	310,4	2,4%
Economic development	249,8	274,4	293,1	303,8	317,5	5,0%
Industrialisation and exports	36,6	44,1	43,5	45,4	46,7	1,9%
Agriculture and rural development	36,2	31,0	31,6	33,1	34,1	3,2%

Labour affairs and works programmes	12,0	12,7	13,1	13,4	13,8	2,7%
Economic regulation and infrastructure	145,1	164,9	181,7	188,4	199,2	6,5%
Innovation, science and technology	19,9	21,7	23,3	23,5	23,8	3,1%
General public services	77,3	88,0	84,5	87,6	89,8	0,7%
Executive and legislative organs	18,4	22,9	20,5	21,3	21,8	-1,6%
Public administration and fiscal affairs	50,5	55,7	54,7	56,6	58,0	1,3%
External affairs	8,4	9,3	9,3	9,6	9,9	2,2%
Social development	398,4	425,0	437,6	451,2	464,3	3,0%
Social protection	299,6	318,9	331,0	341,8	352,9	3,4%
Social security funds	91,5	98,1	98,0	99,9	101,5	1,2%
Public-sector pensions	7,4	8,0	8,6	9,5	9,9	7,2%
Payments for financial assets	11,1	16,2	9,3	8,1	16,0	
Allocated by function	2 013,6	2 167,4	2 225,2	2 302,7	2 393,7	3,4%
Debt-service costs	385,8	421,5	436,0	455,9	471,8	3,8%
Contingency reserve	–	–	5,0	11,1	17,0	
Consolidated expenditure	2 399,4	2 588,9	2 666,2	2 769,8	2 882,5	3,6%

Consisting of national and provincial departments, social security funds and public entities

Source: National Treasury (2025) Medium Term Budget Policy Statement

- Learning and culture:** learning and culture includes basic and higher education as well as sport, arts and culture. Compensation of employees accounts for 56.3 per cent of expenditure over the medium term, mainly for teachers in provincial education departments. The Education Labour Relations Council is undertaking a physical verification of teacher and learner numbers across all provinces to address concerns about the employment of ghost teachers. Savings derived from this exercise and other measures will be used by provinces to address funding pressures in the sector. The post school sector continues to underperform in terms of throughput rate despite increased expenditure. Government will review the community education and training sector as well as the skills development landscape to determine how to improve outcomes.
- Health:** over the medium term, the health function will maintain its focus on delivering effective services by strengthening operational efficiency. Key measures include better management of commuted overtime, gradually replacing overtime hours with appointments where feasible, and applying the rural allowances more strategically.

- **Peace and security:** funding will be reprioritised over the 2026 MTEF period to address cost pressures and achieve efficiency in combating crime and maintain territorial integrity. This include implementing early retirement, starting with the Department of Defence. Critical post swill be filled and along with the modernisation programme, will enhance effectiveness of the criminal justice system. The Department of Correctional Services will prioritise funds to take over the two public-private partnerships prisons, Mangaung and Kutama Sinthumule.
- **Community Development:** the medium-term priority for this function remains providing water and sanitation, electricity and waste management services to over 11.2 million households. As part of government's budget reform initiatives, conditional grants to metropolitan municipalities will be reorganised. Over the medium-term, R19.3 billion for infrastructure associated with metro trading services will move from the *urban settlements development grant* to the performance based *urban development financing grant*. The aim is to enhance funding to scale up infrastructure delivery and improve the reliability of services in metropolitan municipalities by incentivising better performance.
- **Economic Development:** the function implements programmes for economic growth and job creation, focusing on agriculture, tourism, industrialisation, export promotion, small business development, science and innovation, economic regulation and infrastructure. Over the medium-term, expenditure in this function grows by 5 per cent, the fastest of any function group and mainly for road infrastructure.
- **General public services:** the function supports the establishment of a capable state for transformative development. Cabinet has approved the national communication strategic framework for national and provincial government, led by the Government Communication and information System to ensure coordinated, consistent and effective messaging by government departments. The Department of Cooperative Governance will prioritise funds in 2026/27 towards the transfers to households for the payment of a once-off gratuity for outgoing councillors.
- **Social development:** over the medium-term the function will continue to help reduce poverty, ensure the sustainability of welfare services and combat gender-based

violence. The South African Social Security Agency will intensify efforts to combat fraud and corruption while protecting legitimate beneficiaries. Social protection spending, mainly on social grants is projected to grow at 3.4 per cent over the medium term, reflecting improved income verification, and reduced errors and fraud. The *Covid-19 social relief of distress grant* will be extended for another year, to March 2027, while proposals are finalised to link the working-age population to skills development and employment programmes.

7. Division of Revenue

Provinces provide basic education and healthcare services, road infrastructure, human settlements, social development and agriculture. Municipalities are responsible for basic services such as water, sanitation, electricity reticulation, roads and community services. Over the medium term, government proposes allocating 47.9 per cent of available noninterest spending to national government, 42.4 per cent to provinces and 9.7 per cent to local government (*see Table 4 below*).

Provinces and municipalities face spending pressures from the rising costs of basic and social services, alongside revenue pressures due to lower economic growth. Municipalities are particularly affected by higher borrowing costs, while provinces are affected by lower intergovernmental transfers, which are their main revenue source. These challenges underscore the need for greater spending efficiency and strong financial management. Furthermore, municipalities are equally impacted by lack of payment of services from households and insufficient on sale of bulk services like electricity and water

Provisional allocations announced in the 2025 Budget for the 2025 MTEF period total R20.8 billion in health. This consists of R2.7 billion to employ doctors, R9.9 billion to cover accruals for medical services and R8.2 billion to retain health professionals. Over the same period, provisional allocation to the for education total R19.5 billion, covering R9.5 billion for compensation costs in provincial education departments and R10 billion to expand access to early childhood development.

In response to the withdrawal of the US President' Emergency Plan for AIDS Relief (PEPFAR) funding, R590 million is added in 2025/26 to support provincial health services and sustain priority HIV/TB interventions. Over the MTEF period, provinces are required to demonstrate credible plans to transition from the PEPFAR funding. Over the medium-term, R2.1 billion is added to the regional bulk infrastructure grant fund wastewater treatment works project in Polokwane, funded through the Budget Facility for Infrastructure (BFI).

Table 4: Division of revenue framework

	2022/23	2023/24	2024/25	2025/26	2026/27	2027/28	2028/29
R billion	Outcome			Revised	Medium-term estimates		
Division of available funds							
National departments	855,9	826,9	860,5	923,4	903,2	932,6	973,5
<i>of which:</i>							
<i>Provincial indirect grants</i>	3,5	4,1	3,7	4,6	3,0	2,6	2,7
<i>Local indirect grants</i>	7,2	8,2	7,1	7,9	7,8	8,1	8,4
Provinces	694,1	706,3	730,6	787,0	798,3	830,2	856,0
Equitable share	570,9	585,1	600,5	647,6	659,5	688,1	709,5

Conditional grants	123,3	121,2	130,2	139,4	138,7	142,1	146,5
Local government	150,7	157,7	167,7	180,6	183,4	188,5	194,1
Equitable share	83,9	92,3	99,5	106,1	110,1	114,5	118,0
General fuel levy sharing with metropolitan municipalities	15,3	15,4	16,1	16,8	17,5	18,2	18,8
Conditional grants	51,4	50,0	52,1	57,7	55,7	55,8	57,3
Provisional allocations not appropriated ¹	–	–	–	1,8	60,1	61,4	71,8
Projected underspending	–	–	–	-6,1	–	–	–
Non-interest allocations	1	1	1	1	1	2	2
Debt-service costs	700,7	690,8	758,8	886,7	944,9	012,8	095,3
Contingency reserve	308,5	356,1	385,8	421,5	436,0	455,9	471,8
	–	–	–	13,5	5,0	11,1	17,0
Main budget expenditure	2	2	2	2	2	2	2
	009,2	046,9	144,6	321,7	385,9	479,9	584,2
<i>Percentage shares</i>							
National departments	50,3%	48,9%	48,9%	48,8%	47,9%	47,8%	48,1%
Provinces	40,8%	41,8%	41,5%	41,6%	42,4%	42,5%	42,3%
Local government	8,9%	9,3%	9,5%	9,6%	9,7%	9,7%	9,6%

1. Include provisional allocations for COVID-19 social relief of distress grant and compensation costs in provincial health and education departments.

Source: National Treasury (2025) Medium Term Budget Policy Statement

8. Public-Sector Infrastructure

Lifting the level of investment in public infrastructure is a key element of government's strategy to raise economic growth and is essential to improve service delivery. Infrastructure investment has a strong direct and indirect effects on growth, boosting demand for inputs and workers in the short term and expanding the economy's capacity over the long term. However, government acknowledges that it cannot do it alone. Private participation is essential to address limited public sector funding and weak state capacity. Reforms are underway to mobilise private-sector finances and technical expertise at scale. In parallel, there are initiatives to strengthen government's ability to deliver infrastructure more efficiently and improve spending outcome. These actions will address the persistent underspending of infrastructure budgets and enhance value for money.

Government continues to implement regulatory reforms to create a conducive environment for public-private partnerships (PPPs) by improving the PPP framework, strengthening institutional arrangements and enhancing monitoring and reporting.

Amendments to Treasury Regulations 16 took effect in June 2025, streamlining approval processes for smaller projects and clarifying institutional roles. In October 2025, guidelines relating to unsolicited bids and fiscal commitments and contingent liabilities were published and took effect. These provide a clear, structured pathway for the private sector to submit innovative project ideas, including provision for recoverable development fees. They also provide a framework to identify, manage and report on fiscal commitments and contingent liabilities in anticipation of the expansion of the PPP market.

The 2026 Budget will for the first time show borrowing for infrastructure, including for on-budget capital funding, as a separate category of broader government borrowing. This borrowing has been expanded to include dedicated infrastructure bonds, bilateral loans and concessional funding from development finance institutions. Government is considering new long-term finance mechanism to mobilise institutional and retail investor funding in infrastructure investment as a standalone asset class. A consultation paper discussing the design of the long-term instruments will be published in early 2026 to solicit stakeholder views on the reforms and other mechanisms to enhance private infrastructure investment.

9. Fiscal Risks

In engaging with government's proposed spending over the MTEF, the Committee notes the medium- and long-term risks to public finances and outlook as reported in the 2025 fiscal risk statement. These risks include macroeconomic risks, expenditure risks, contingent liabilities and financial conditions of state-owned companies and demographic trends. Public finances remain exposed to various domestic and external risks. The fiscal strategy set out in the 2025 MTBPS enables government to gradually strengthen fiscal buffers to mitigate the risks. Sustained fiscal discipline across the public sector, alongside faster economic growth is essential to effectively manage and reduce these vulnerabilities.

10. Submissions on the 2025 MTBPS

This section provides an overview and summary of all the submissions from invited and interested stakeholders on the 2025 MTBPS.

10.1. Financial and Fiscal Commission

The FFC prefaced its submission by taking the Committee through periodic developments that had had a bearing on the growth of the economy. In doing so, it provided a summative overview on impact of the 2008 financial crisis. This crisis saw South Africa's real GDP that was supported by the production factors until the downward spiral after the 2011 deceleration of the Total Factor Productivity (TFP) and Capital Investments. These factors were propelled by the narrowing and the decline of institutional governance and its associated inefficiencies. Furthermore, the FFC submission touched on the historical growth, decline and the temporary reversal of the economic growth in 2018 together with the impact of the COVID 19 which translated into an economic downturn. However, the recovery that was observed in 2022, post COVID 19 came as a relief, and it indicated that the TFP and employment showed a downward trend towards zero. This was accompanied by low levels of economic growth and the near zero capital contributions to economic growth.

The FFC further provided the Committee with an overview of the current fiscal position of the country and underscored slow economic growth. It indicated that this sluggish growth has the potential to impact negatively on the delivery of services and contribute to the rising debt-service costs. In the wake of this sluggish growth, the FFC made submission that more should be done to restore South Africa's financial credibility to avoid exacerbation of the fiscal pressures.

The FFC welcomed the removal of South Africa from the Financial Action Task Force (FATF) Grey List and indicated that this step does not necessarily restore immediate offshoots because the fiscal projections do not show any prospects of balancing the main budget. This, the FFC asserted, shows the possibility of material solvency risks and an entrenched debt cycle in the South African economy. To curb the devastating impact of the possible fiscal pressures, the FFC proposed that Parliament must use its legislative authority to strengthen its oversight role by inter alia, rigorously monitoring government expenditure to guard against spending inefficiencies. To this end, it explained that it should be cautious of bailing out the State-Owned

Entities that experience financial distress. Some of the additional measures to restore fiscal sustainability that the FFC suggested should be monitored.

Furthermore, the FFC took the Committee through the macro-economic outlook for the medium-term together with the recovery prospects during its submission. It touched on the projected expansion of the global growth of 2.7 per cent in the fourth quarter of 2025/26 post inflation stabilisation. It also indicated that there had been an expansion of domestic economic activity during the second quarter of 2025, compared to the first quarter. In its submission, the FFC noted with appreciation, the decrease in official unemployment by 1.3 percentage point, declining from 33.2 per cent in the second quarter of 2025 to 31.9 per cent in the third quarter of 2025. Furthermore, the FFC submitted that despite its appreciation of the decrease in unemployment levels, the Western Cape recorded the lowest unemployment rate at 19.7 per cent compared to the overall unemployment rate. It also indicated that the Eastern Cape's unemployment rate is currently at 41.2 per cent as at the end of the second quarter of 2025. The Commission submitted that the youth is generally vulnerable in respect of unemployment.

The FFC made submission on the estimated real GDP growth for 2025 at 0.4 per cent. According to the Commission, this demonstrated a marginal downward revision from its previous med-term forecast that averaged 1.1 per cent in the 2025 Budget Submission. It submitted to the Committee that this GDP estimate is in line with that of the National Treasury in respect of the upper-bond projection of 1.9 per cent real GDP growth on average, over the medium-term. However, the FFC contended that the projection is based on the unrealistic assumptions that do not account for the macro-fiscal risks both on the domestic and the global front.

Regarding the In-Year Revenue Adjustments for the 2025/26 financial year, the FFC made submission that the collection was R11.3 billion higher than expected. It further submitted that this higher-than-expected collection depicts a degree of resilience in household consumption, which was in turn, leveraged by lower inflation. The FFC submitted that maintaining the progressivity of the Personal Income Tax (PIT) is key to the South African tax system and it will make a positive dent decreasing inequalities in the South African society.

The Commission made the following recommendations to the Committee:

- That structural reforms must be introduced for the reversal of the country's low growth trajectory. These structural reforms must include the removal of the labour-market

bottlenecks, improvement in public spending to bring about fiscal prudence and to align expenditure with the actual inflation and revenue. Importantly, the Commission proposed that there should be aggressive investment in infrastructure development to strengthen the long-term economic performance.

- That there must be active and coordinated efforts aimed at initiatives to reduce debt-service costs through renegotiating the debt terms as well as the interest rates. This, the FFC explained, will enhance the country's solvency.
- That Parliament must introduce rigorous oversight mechanisms, as it is emboldened by the Constitution to ensure that the budget framework advances effective financial management and safeguard fiscal autonomy.

10.2. Parliamentary Budget Office

The Parliamentary Budget Office (PBO) presented its analysis of the 2025 Medium Budget Policy Statement (MTBPS) to the Committee on 18 November 2025. The PBO submitted that debt stabilisation has become a constantly shifting target, repeatedly postponed as growth underperforms and fiscal assumptions prove overly optimistic. Each revision to the debt outlook reflects the structural weakness of the economy and the limitations of relying on expenditure cuts rather than growth driven fiscal sustainability.

The PBO further submitted that the MTBPS equates fiscal credibility with investor confidence and deficit reduction rather than the state's ability to promote inclusive growth and service delivery. It submitted that a credible fiscal framework must balance financial stability with democratic legitimacy, ensuring that policies do not deepen inequality, weaken public services, or fuel social unrest. The PBO raised concerns that fiscal consolidation combined with tight monetary policy amplifies economic downturns and unemployment, undermine fiscal resilience. It submitted that the fiscal framework prioritises attaining a primary surplus irrespective of social and economic impacts, reducing fiscal discipline to a technical target rather than a developmental instrument. The PBO submitted that the fiscal framework does not indicate how it aligns with the developmental objectives outline in the Medium-Term Development Plan (MTDP). It submitted that the fundamental role of fiscal policy is to mobilise resources for long term economic and social development.

The PBO presented modelling results indicating that the 2025 MTBPS does not generate the scale of economic expansion required to achieve the MTDP's target of GDP growth above 3 per cent. The PBO's projections for real economic growth range from 1.1 per cent to 1.8 per cent over the period 2025-2028, significantly below the MTDP target. The PBO submitted that aggregate demand and public investment remain insufficient to drive structural transformation, while the economy continues to be marked by extreme market concentration, entrenched wealth inequality, deindustrialisation and deepening financialisation. The PBO submitted that the MTDP's goal of inclusive growth requires a shift away from fiscal consolidation towards strategic investments in infrastructure, public services, skills and industrial policy.

The PBO submitted its unemployment, poverty and inequality projections for the MTEF period, are showing only marginal improvement. According to the PBO's forecasts, unemployment will decline from 32.3 per cent in 2025 to 29.4 per cent in 2028, which remains far above the National Development Plan target of 6 per cent by 2030. Poverty levels are projected to remain at 42.4 per cent in 2028, against the NDP target of 0 per cent. Inequality, measured by the Gini index, is expected to remain at 69.1 per cent in 2028, which is above the NDP target of 60 per cent. The PBO submitted that poverty and inequality remain stubbornly high, and while unemployment declines slightly, the pace is far too slow to shift South Africa's broader social and economic trajectory. It further submitted that social assistance spending as a share of GDP, projected at 3.9 per cent in 2028, remain inadequate to support the developmental and redistributive ambitions of the MTDP. The PBO submitted that its forecasts highlight a disconnect caused by inadequate budget allocations to address unemployment, poverty and inequality and the developmental priorities set out in the MTDP and NDP.

The PBO raised concerns regarding the proposed reduction in the inflation target from 3-6 per cent to 3 per cent (with a 1 per cent tolerance band). The PBO submitted that National Treasury's claim that lowering the inflation target will reduce the inflation risk premium and bring down borrowing costs ignores the real forces that drive South Africa's sovereign yields. The PBO submitted that bond yields are shaped far more by perceptions of structural risk, which stem from factors such as political uncertainty, weak economic growth, the performance of state-owned enterprises, and the overall credibility of fiscal institutions, rather than from inflation expectations alone. It submitted that investors already price inflation accurately into long term rates, and the persistent yield premium reflects deep concerns about the country's growth path and structural vulnerabilities, not short-term movements in CPI.

The PBO submitted that South Africa's bond market is heavily influenced by speculative trading behaviour and the rigid prescriptions of credit rating agencies and global financial institutions, which tend to push developing countries toward austerity regardless of local development needs. It submitted that bond yields cannot be treated as neutral or objective indicators of fiscal health, as they are often distorted by short term arbitrage, market herd behaviour and entrenched power imbalances in global finance. The PBO submitted that the lower inflation target will have three significant negative impacts on the fiscal framework:

- **Lower nominal GDP growth:** the PBO submitted that lower inflation mechanically reduces nominal GDP growth, which is a key denominator in all fiscal ratios, including debt to GDP, and tax-to-GDP. The PBO submitted that the MTBPS itself acknowledges this will constrain revenue generation, thereby worsening fiscal space for social and developmental spending. In effect, slower nominal GDP growth reduces the buoyancy of the tax base and makes fiscal targets harder to achieve without further cuts to expenditure.
- **Revenue reduction:** the PBO submitted that because tax receipts depend on the pace of nominal income, wages, and profits, a low-inflation environment suppresses VAT, PAYE, and corporate income tax growth. It submitted that combined with expenditure restraint under fiscal consolidation, this results in a double contraction of aggregate demand, lowering revenues and weakening automatic stabilisers such as social protection and public investment.
- **Higher debt ratios:** the PBO submitted that while the stated goal of the new framework is to stabilise debt, the combination of low nominal growth and high real interest rates can initially worsen the debt-to-GDP ratio. This occurs because nominal GDP (the denominator) grows more slowly, even as debt-service costs (the numerator) remain high. The PBO submitted that the appearance of fiscal sustainability on paper may mask deteriorating fiscal dynamics, it's a paradox which is acknowledged but understated in the MTBPS.

The PBO submitted that the National Treasury's sensitivity analysis in Annexure A of the MTBPS shows that the debt portfolio remains highly sensitive to movements in key macroeconomic variables under the South African Reserve Bank's mandate, namely interest

rates, inflation, and the exchange rate. The analysis shows that a 1 percentage point increase in inflation and interest rates, together with a R1 depreciation of the rand against the dollar, results in a R55 billion increase in gross loan debt and a R9 billion increase in debt-service costs. The PBO submitted that borrowing costs have decreased while demand for domestic bonds remains high. It submitted that can actively manage borrowing costs through several strategies, including using strong bond auction demand to push yields down by rejecting excessively high bids, reopening auctions at lower rates, and strengthening in-house pricing capacity so the government actively sets rather than passively accepts yields.

The PBO further submitted that lowering the structural risk premium through active secondary-market management, such as buybacks, switches, and smoothing maturities, and by shifting issuance toward domestic and continental investors can reduce dependence on global frontier-market pricing biases. The PBO submitted that countries like Brazil, India, Indonesia, Malaysia, Rwanda and Chile have been able to successfully implement such strategies. The PBO submitted that the real beneficiaries and losers of a lower inflation target must be understood by examining the mechanism of high real interest rates and its effect on different groups over time. In the short-to-medium term during the disinflation phase, the PBO submitted that the real losers include debtors (households, businesses and government) and the unemployed and jobseekers, while the real winners are creditors and holders of financial assets.

The PBO submitted that there are large disparities in proportions spent on categories between the poorest income group and the richest income group. The poorest income group (Decile 1) spends over 73.2 per cent of their entire budget on essential (non-negotiable) items, which include food (34.6 per cent), housing, water and electricity (32.1 per cent), as well as transport (6.5 per cent). In contrast, the richest income group (Decile 10) spends more on discretionary items, with 13.4 per cent of their expenditure going to insurance and financial services.

The PBO submitted that several frontline departments have raised concerns that lower personnel have impacted their ability to deliver service, including police, health, education, and defence. The PBO submitted that the Growth and Inclusion Strategy (GAIN), introduced by the Presidency, aims to accelerate the implementation of existing economic reform commitments, with a core focus on the priorities of Operation Vulindlela II. An implementation plan has been developed by the Presidency including priority actions with due dates for logistics, visa system, electricity, water, human settlements, and infrastructure reform.

The PBO submitted that the Targeted and Responsible Savings (TARS) mechanism, introduced by National Treasury, seeks to improve spending efficiency by reallocating funds from underperforming programmes toward key government priorities, including public infrastructure, however the PBO submitted that implementation plan has not been developed by the National Treasury, but a programme assessment matrix has been introduced.

The PBO submitted that the 2025 Budget Review presented an estimate of gross tax revenue of

R1 985.6 billion for the 2025/26 financial year. As of 30 September 2025, SARS had collected R924.7 billion (46.6 per cent) in taxes. In the 2025 MTBPS, the projection for gross tax in 2025/26 has been revised up to R2 005.3 billion. The R19.7 billion upward revision is attributed to: Domestic VAT, corporate and dividend tax and fuel levy collections. The PBO submitted that government states it will monitor revenue performance to determine whether the R20 billion in additional tax increases for the 2026 Budget, as earlier proposed, can be withdrawn. However, the PBO submitted that gross tax revenue collection is projected to fall short of the 2025 Budget estimates by R15.7 billion in 2026/27 and 2027/28.

The PBO submitted that capital spending is set to rise by 7.3 per cent over the MTEF, but persistent underspending and delivery bottlenecks risk weakening the developmental impact of this investment. The government aims for public sector investment in infrastructure to exceed R1 trillion over the 2025 MTEF. The PBO submitted that the restructured Budget Facility for Infrastructure includes four annual bid windows to screen projects, and the new Infrastructure Finance and Implementation Support Agency aim to accelerate project preparation and delivery. The PBO further submitted that OECD and IMF studies show that successful implementation of infrastructure projects require adequate institutional capacity and that rule changes alone are not enough.

The PBO submitted that Provincial Equitable Share (PES) for 2025/26 increases by R14.42 billion, of which R3.04 billion is for provincial education departments to cover compensation of employees, R6.71 billion for provincial health departments to cover compensation of employees and expenditure on goods and services, and R4.64 billion to accommodate population changes that affect provincial equitable share allocations. The PBO submitted that

the average annual increase over the 2026 MTEF is 3.1 percent, down from the estimated 4.8 per cent over the previous MTEF.

The PBO submitted that the *Social Relief of Distress (SRD) Grant's* real value has decreased significantly since 2020. When adjusted for inflation using 2020 as the base year, the grant's value will fall from R350 in 2020/21 to R287 in 2026/27 in real terms.

The PBO Submitted that the government's exposure to major State-Owned Enterprises (SOEs) remains a significant fiscal risk to the state. The National Treasury's new frameworks on Fiscal Commitments and Contingent Liabilities (FCCL) and Unsolicited Proposals aim to manage risk proactively and curb ad-hoc bailouts.

The PBO submitted specific concerns regarding several SOEs:

- **Eskom:** operational performance has improved, but the entity remains at risk, due to escalating municipal debts.
- **Transnet:** government granted a R145.8 billion guarantee in 2025/26 to meet liquidity needs, finance debt redemptions and fund capital investment.
- **Road Accident fund:** by 2027/28, liabilities will reach R422.6 billion while levy revenue rises to only R67.6 billion. Expenditure is growing faster to R89.7 billion, widening the funding gap.
- **Denel:** remains fiscally fragile and reliant on state support with no working capital, even though R3.4 billion has been recapitalised to date.
- **Land Bank:** debt declined from R40.4 billion to R9.4 billion as of 31 March 2025. No direct fiscal risk as any potential losses can be absorbed on its balance sheet.

The PBO submitted that the White Paper on Local government review aims to create a modern, professional, and accountable local government system in South Africa by addressing systemic shortcomings. The Local Government Fiscal Framework reform involves restructuring the financial framework for municipalities to improve their financial sustainability and service delivery capabilities.

The PBO submitted that Eskom's proposed takeover of municipal electricity distribution raises serious fiscal, legal, and constitutional risks, as electricity reticulation is a municipal executive function under Schedule 4B, requiring due process under the Municipal Systems Act before any power is transferred. The PBO submitted that the Metro Trading Services Programme allocated R19.3 billion over the 2026 MTEF to professionalise metro utilities for water, sanitation, and electricity. Persistent underperformance will trigger the indirect delivery model of the *Municipal Infrastructure Grant* (MIG) via national agencies such as MISA and DBSA. *Urban Settlement and Disaster Recovery Grants* continue to support infrastructure repair and resilience.

10.3. Congress of South African Trade Unions

The Congress of South African Trade Unions (COSATU) noted the Medium-Term Budget Policy Statement (MTBPS) tabled at Parliament by the Minister for Finance. Whilst appreciating the critical and impressive turnaround in many key parts of the state, in particular Eskom, Transnet, Metro Rail and the South African Revenue Service (SARS), the Federation submitted that it remain deeply concerned that the MTBPS' proposed adjustments are not bold enough to take the economy from the 1 per cent growth it has been stuck at for two decades, nor to give hope to 12 million unemployed South Africans.

On the Fiscal Framework, the Federation submitted that it welcomes the recent positive achievements, including South Africa's exiting from the Financial Action Task Force (FATF)'s grey listing as well as the creation of 248 000 new jobs over the third quarter of 2025 and the projected increase in economic growth over the Medium-Term Expenditure Framework to 1.8 per cent. However, the Federation submitted that it was still concerned that Treasury remains excessively focused on reducing expenditure, debt and deficits as well as achieving a narrow surplus at the expense of badly needed economic growth and job creation.

The Federation further noted the proposed reduction in the inflation target from 4.5 per cent to 3 per cent, submitting that inflation is the enemy of workers who can least afford rising costs of living. Furthermore, COSATU submitted that it was deeply concerned that this will see the Reserve Bank continue to deny badly needed repo rate relief to millions of highly indebted working- and middle-class families and an economy desperately in need of stimulus. The Federation argued that more must be done to address the root causes of domestic inflation,

namely the ever-volatile international oil price, and its resulting impact upon South Africa's fuel price regime as well as Eskom's unsustainable dependence upon increasingly unaffordable above inflation electricity price hikes. According to the Federation, these are matters that government must do far more to tackle to reduce inflation because squeezing workers further is not an economic path. To this end, COSATU made the following proposals:

- That the National Treasury continue to provide regular updates on its work to meet FATF requirements and remain off its grey list.
- That the SARB mandate be engaged upon to ensure appropriate balance between protecting the Rand and keeping inflation low whilst simultaneously supporting economic growth, job creation and reducing debt burden upon workers, in particular SARB needs to be engaged on reducing the repo rate to ease the debt burden upon workers and stimulate economic growth.
- Government should revive long promised review of the fuel price regime to see what relief can be given to commuters and the economy.

On public services, the Federation welcome the additional allocation of R590 million for health to cover the shortfall in funding from the United States' Agency for International Aid, R4 billion for school repairs as well as over the MTEF, R21 billion for public healthcare, R20 billion for schooling including early childhood education. However, the Federation submitted that it was deeply distressed by below inflation adjustments for law enforcement and cuts for Home Affairs over the MTEF. This, according to the Federation is something that these frontline public services cannot afford in the face of entrenched levels of crime.

In relation to ghost employees within the public service, COSATU submitted that it was encouraged by the progress made in identifying a potential 9 000 ghost employees in the public services. according to COSATU, it was critical that those who have stolen from the state are made to pay the price. Whilst suggesting that saving gained from this process must be channelled towards hiring of doctors, nurses, teachers, police and other badly needed frontline staff. COSATU submitted that it was critical that government move with speed to finalise the rollout of the Public Procurement Act and accruing to the Federation, this was a key tool in the war against state capture and corruption and a boost for locally produced goods. To this end, COSATU made the following proposals:

- That Parliament must continue to nudge the National Treasury to shift away from blunt austerity budget cuts to frontline services in favour of investing and capacitating them to fulfil their constitutional and legal mandates. Furthermore, extend ghost posts audits to public sector entities, SOEs and municipalities and utilise savings to fill critical vacancies.
- That government provide reports on how far it has moved to filling frontline vacancies, in particular health, police and education.
- Expedite roll out of Public Procurement Act and strengthen its scope to include local government and to provide incentives for whistleblowers

On SOE's COSATU welcome the additional allocation to cover further investments in Transnet Freight Rail and R2 billion for electricity transmission investments. Whilst applauding the tireless efforts of the workers at Eskom to defeat loadshedding, the Federation submitted that more support is required to ensure all consumers pay their bills to enable electricity to once again become affordable. In the meantime, COSATU submitted that immediate relief is needed for industrial and other companies threatened with closure because of the tariff hikes. Whilst the Federation was encouraged by the turnaround of Transnet and in particular Metro Rail, remain deeply worried by the lack of progress to stabilise and rebuild other State-Owned Enterprises, in particular the South African Broadcasting Corporation, the Post Office and Postbank. To this end, the Federation made the following proposals:

- That support must be given to Eskom to move all customers to prepaid billing and measures to tackle other financial leakages, in particular municipal and other debt, cable theft, vandalism and corruption to end its unsustainable dependency upon above inflation electricity price hikes.
- That government expedite interventions to fix the Road Accident Fund, including retailing the RAF and RABS Bills to place it on a sustainable footing.
- That government accelerate measures to restores Transnet and Metro Rail to full productivity to help shield food and rail commuters from inflation.
- That government expedite interventions to place Denel, SABC, SAPO and Postbank on a sustainable recovery path.

On revenue collection, the Federation welcome the increased allocation of R31 billion to the fiscus from Gold and Foreign Exchange Reserves. COSATU submitted that further engagements are needed on continuous support for the fiscus from these reserves in a manner that is strategic and sustainable.

COSATU applauded the work done by the employees of SARS with revenue collection improving by 9.3 per cent to the value of R19.7 billion, arguing that further resources must be allocated to SARS with a clear target to raise tax compliance to 75 per cent over the MTEF. In addition, COSATU submitted that further tax increases upon the working and middle classes must be abandoned and instead tax loopholes exploited by the wealthy as well as the dangerous rise in tax avoidance by illegal imports and illicit goods must be tackled. To that end, the Federation made the following recommendations:

- That government must continue the engagements between Treasury and the SARB for ongoing support for the fiscus from GFRECA in a sustainable and strategic manner.
- That government substantially boost SARS' allocations to enable it to reach a 75 per cent tax compliance target over MTEF, including targeting tax and customs evasion by high wealth individuals, illicit goods and undeclared imports.
- That any tax increases upon the working and middle classes in 2026 and the MTEF be rejected. This should include a commitment to adjust PIT brackets for CPI.
- That SARS should be required to provide quarterly updates to Parliament on its efforts to improve tax compliance.

In conclusion, COSATU submitted that there are positive achievements in the MTBPS including progressive victories that the Federation has been fighting for. However, the Federation raised its concerns that government was not moving with the sufficient speed, nor allocating the substantial resources required to enable the state to provide the quality public and municipal services that the working class and economy depend upon, nor that a tepid economy needs to reach the 3 per cent growth rate necessary to slash unemployment, poverty and inequality. COSATU committed to continue to engage with government and Parliament to adopt a much more bold and aggressive approach as we prepare for the 2026/27 Budget in February.

10.4. SECTION27

SECTION27 noted the tabling of the 2025 Medium-Term Budget Policy Statement (MTBPS) and submitted that this was at a time when the consequences of prolonged austerity are visible across schools, clinics and households. According to the organisation, the MTBPS offered little in the way of a meaningful shift from the status quo that has hollowed out essential public services and undermined constitutional rights for millions of learners and healthcare users. According to Section27, instead, it reinforced a fiscal path defined by slow growth, constrained resources and limited ambition for rebuilding the public sector. In a context of failing service delivery, Section 27 submitted that the MTBPS reflects a reactive state rather than one taking proactive steps to strengthen its capacity to uplift communities.

Section27 submitted that the decision to adopt a narrower inflation target of 3 per cent has been presented as a commitment to price stability. However, according to the organisation, this shift carries predictable consequences for ordinary people. Achieving the lower target is likely to require tighter macroeconomic conditions over the medium term. Slower nominal growth will reduce tax revenue and limit the resources available to invest in education, health and social protection. National Treasury's own estimates show that non-interest expenditure will decline by R6.2 billion in 2026/27 and R14.2 billion in 2027/28 as a direct result of the revised target. These reductions according to the organisation, come at a time when public services are already overburdened. Without people-centred tools such as human rights impact assessments and fully capacitated gender-responsive budgeting systems, monetary policy decisions of this nature risk becoming the new driver of austerity in the years ahead.

On TARS, the organisation submitted that this programme continues to reduce or shift funds from areas of high social need. While the government frames these adjustments as efforts to improve efficiency, in practice, they transfer the cost of government failures onto communities. Many of the affected programmes do not underperform because they lack purpose, but because departments lack staffing, technical support, planning capacity and oversight. Instead of building that capacity, TARS withdraws resources from programmes that millions rely on. The organisation submitted that a truly functional TARS programme would focus on reducing duplication, strengthening financial management and improving value-for-money by investing in the systems required to build

a capable state and it should not be used to cut social programmes simply because the system fails to support these programmes.

Furthermore, Section27 argued Parliament to require that the decision to revise the inflation target be subjected to a formal gendered and distributional impact assessment, consistent with the state's constitutional obligations to advance equality. The organisation submitted that gender-responsive budgeting cannot be treated as separate from macroeconomic policy. Any decision that shapes the overall fiscal framework must be assessed for its effects on gendered inequality, particularly in access to healthcare, education and economic opportunity, and for its impact on the women who sustain these sectors through both paid and unpaid care work. Section27 submitted that a macroeconomic stance that limits public investment in the care economy ultimately entrenches the unpaid and underpaid labour of Black women. A rights-realising budget must instead strengthen the public health and education systems, protect the workforce that sustains them and ensure that women do not continue to carry the cost of austerity through their labour.

10.5. Youth Capital

Youth Capital submitted that the 2025 MTBPS outlines a macro-fiscal path centred on fiscal consolidation, expenditure restraint and efforts to lower debt-service costs. According to Youth Capital, key elements of their conclusion include:

- **Subdued growth:** according to the organisation, South Africa's economic growth outlook remains weak, far below the National Development Plan goals and is inadequate to absorb new labour market entrants.
- **Real declines in non-interest expenditure:** A real annual contraction is effectively a withdrawal of the state from labour-absorbing investments, with the National Treasury signalling its vision of a 'firm but quiet growth' for the investment markets. According to Youth Capital, the MTBPS does not place people, particularly young people, at the centre of its vision.

- **Lack of investment in Public Employment Programmes:** according to the organisation, notwithstanding the evidence coming from the Presidential Employment Stimulus (such as the impact on enhanced foundation phase literacy through the Basic Education Employment Initiative, Social Employment Fund and Presidential Employment Stimulus Programme), the Stimulus doesn't have funding earmarked for the medium-term expenditure framework. Moreover, investment in Community Work Programmes remains the same, and investment in EPWP has declined over the medium term. The organisation submitted that there is a big disconnect between the Growth and Inclusion Strategy (GAIN), a framework to revive growth and create jobs in South Africa September 2025, which includes the institutionalisation of the Presidential Employment Stimulus and the role assigned to public employment programmes vis-a-vis the budget allocations.
- **Improved revenue but constrained spending:** Youth Capital submitted that revenue collections have exceeded expectations, but allocations are not being redirected towards strategies that support unemployed youth to carve a path in the economy.
- **Rising social pressures:** the organisation submitted that even though the MTBPS acknowledges weak labour absorption, slow reform implementation, and the need to "do more with less, it however does not propose youth-specific solutions nor any mechanisms to avoid the social fallout.

In summary, Youth Capital submitted that it was of the view that the MTBPS reflects a macro-fiscal stance that prioritises consolidation over investment and dramatically limits the state's ability to support youth transitions, stabilise and scale public-employment programmes, or invest in skills and inclusive growth. Furthermore, Youth Capital submitted that the 2025 MTBPS confirms an economic path that on its own, will not absorb young people into stable employment. In conclusion, Youth Capital warned Parliament that youth unemployment and NEET have reached levels that pose a direct threat to social cohesion, inclusive development and intergenerational justice.

11. Committee observations and findings on the 2025 MTBPS

The Standing Committee on Appropriations, having considered the 2025 Medium Term Budget Policy Statement, and having engaged with the various stakeholders, makes the following findings and observations:

- 11.1.** The Committee notes the delays in this year tabling of MTBS as a cumulative effective of the Budget delays earlier in the year. It is common cause that there are strict timelines as prescribed by the Money Bills and Related Matters Act, and equally these times require amending if committee is to dispense of its duties timeously and effectively. Secondly, the Committee is of the view that there are potential weaknesses in public participation, due to delay in tabling of budget and as such the law-making process is impacted. The committee thereof urges the Minister of Finance and the National Treasury to engage earlier in process of creating the new budget cycle. Furthermore, a new level of transparency must be undertaken in tabling reports on TARS in order to ensure that parliament is well informed on the potential cuts and assessments done by the National Treasury.
- 11.2.** The Committee notes and welcomes that government remains on course to meet the fiscal targets set out in the 2025 Budget, with debt stabilising this year at 77.9 per cent of GDP while the primary budget surplus will grow from R68.5 billion in 2025/26 to R224 billion in 2028/29 financial year.
- 11.3.** The Committee notes and commends the Minister of Finance and the National Treasury for getting South Africa out of the financial task force grey-listing. Furthermore, the Committee notes the recent improvements in the employment numbers as reflected in the third quarter of 2025, however, the Committee would like to argue on government to invest more on job creation initiatives and accelerate structural reforms for the purpose of GDP growth over the 2025 MTEF, to ensure that more South Africans get jobs and reduce the levels of poverty and inequality.
- 11.4.** The Committee notes and welcomes that consolidated government expenditure is expected to grow at an annual average of 3.6 per cent, rising from R2.59 trillion in 2025/26 to R2.8 trillion in 2028/29. The social wage constitutes about 60 per cent of non-interest expenditure, while capital spending increases for infrastructure to support economic growth and service delivery.

- 11.5.** The Committee notes that over the medium term, government proposes allocating 47.9 per cent of available noninterest spending to national government, 42.4 per cent to provinces and 9.7 per cent to local government.
- 11.6.** The Committee notes that the South African economy is forecasted to grow by 1.2 per cent in 2025, down from the 2025 Budget Review forecast of 1.4 per cent and is projected to grow by an annual average of 1.8 per cent over the next three years, supported by a revival in new infrastructure allocations. The Committee supports the view that public infrastructure investment is a crucial driver, through both its direct and indirect role on economic growth by boosting demand for inputs and labour in the short term and in expanding the capacity of the economy to grow in the long term. Given the current high levels of unemployment in South Africa, the Committee support government initiatives that will drive up the employment rate and potentially reduce the poverty levels in South Africa.
- 11.7.** The Committee notes and welcomes Government's realisation and acknowledgment that South Africa urgently needs to modernise and better maintain its public infrastructure to reduce the costs of doing business, improve the reliability of services and attract private investment to growth the economy. The Committee is of the view that if successful, the positive spinoffs will help South Africa to come closer the required economic growth figures to have a serious impact on unemployment, poverty and inequality. An Audit must be done especially in municipalities to ensure infrastructure is accounted for in the event of disasters. Furthermore, the disaster relief fund must be aligned with asset registry and ensure that when disaster strikes government has an ability to account for assets and budget for replacement.
- 11.8.** The Committee notes and welcomes the structural reforms proposed by government through Operation Vulindlela, by allowing government to continue its work to alleviate constraints in energy, transport and logistics, water and visas. Furthermore, the Committee notes and welcomes the establishment and the operationalisation of the Rail Infrastructure Manager as a separate division of Transnet in April 2025, which has now opened slots on the freight rail network to 11 private rail companies. The Committee strongly supports the commitments by

government to work in collaboration with the private sector on issues of common purpose and mutual interest. Further the Committee notes and welcomes the proposed operationalisation of the New Transport Economic Regulator, intended to oversee a more competitive sector beginning in 2026/27.

- 11.9.** The Committee notes and welcomes the decision by Cabinet to approve Operation Vulindlela reforms to address dysfunction in local government, enhance provision of urban housing and transport, and develop a public digital infrastructure. Given the current financial, operational and governance challenges faced by many municipalities, the Committee welcomes this intervention by government, and it is of the view that this is long overdue given the dysfunctional nature of many municipalities in South Africa.
- 11.10.** The Committee notes the Minister of Finance in consultation with the Governor of the South African Reserve Bank decided to lower the inflation target from the 3-6 band to 3 per cent, with a tolerance band of 1 percentage point, for all the advanced reasons. However, the Committee notes the concerns raised by the Parliamentary Budget Office on this government decisions and would like to engage further with the Minister of Finance on all the concerns raised by the PBO as well as the FFC.
- 11.11.** The Committee notes and would like to emphasise that it will be a crucial imperative that government focused on growth enhancing initiatives that deliver growth at 3 per cent to keep up with population growth. Whilst fiscal stability is an important component, growth initiatives cannot be understated. Fiscal risk for SA is to be stuck in low growth and low inflation, stagflation. The Committee affirms the view that whilst the lowering of inflation target may be effective more must be done to change the national perception on state of corruption as the impact of such has the effect of increasing negative perception and reduction on investment. South Africa is being beaten by fellow African economies and performing at a lower rate. There must be an interrogation as to why SA is underperforming relative to its peer countries and economies.
- 11.12.** The Committee notes and welcomes that relative to the 2025 Budget estimates, a proposed revisions to main non-interest expenditure results in a net increase of

R15.8 billion due to upwards adjustments that include additions to the contingency reserve to accommodate expenditure that was announced by the Minister of Finance in the 2025 Budget but not yet appropriated. Furthermore, the Committee notes and welcomes that contingency reserve is increased to R13.5 billion for two freight rail rehabilitation projects in Transnet, the capitalisation of the credit guarantee vehicle, the rebuilding of Parliament, Sentech dual illumination costs and the 2026 municipal elections.

11.13. The Committee notes with concerns on the declared unspent funds amounting to R8.7 billion. The Committee has always emphasised on the need to spend Parliament's appropriated funds within the approved timeframes and framework. Given the constrained public finances and the difficult choices that Parliament had to make in allocating these limited resources with competing priorities and needs of the citizens, the Committee would like to implore on Government to ensure that Parliament's appropriated funds are spend efficiently, within the allocated programmes of government and within the budgeted period.

11.14. The Committee notes and welcomes that the Education Labour Relations Council is undertaking a physical verification of teacher and learner numbers across all provinces to address concerns about the employment of ghost teachers. With savings derived from this exercise and other measures to be used by provinces to address funding pressures in the sector. Whilst the Committee welcomes and supports this important exercise by Government, the Committee is also of the view that all relevant Government institutions from National, Provincial and Local must undertake this exercise not to ensure that ghost workers are removed from Government payroll and realising savings from these illegal ghost workers, but also to ensure proper and accurate quantification of the size of the state employees for accurate planning and budgeting. Furthermore, the Committee is of the view that this process must have timeframes to allow Parliament to exercise its oversight role on this process and its ultimate outcomes.

11.15. The Committee notes with concerns that the post school sector continues to underperform in terms of throughput rate despite increased expenditure. Whilst the Committee notes and appreciates Government's intention to review the

community education and training sector as well as the skills development landscape to determine how to improve outcomes, the Committee is of the view that this exercise should be extended to all the SETAS for the same purposes but also to determine their relevance, efficiency and effectiveness. Furthermore, the Committee is of the view that this process must have timeframes to allow Parliament to exercise its oversight role on this process and its ultimate outcomes.

11.16. The Committee notes and welcomes the Department of Correctional Services will prioritise funds to take over the two public-private partnerships prisons, Mangaung and Kutama Sinthumule. Given the public knowledge about challenges and irregularities within these facilities, the committee would like to implore Government to provide the necessary and required support to the Department of Correctional Services to speedily takeover the management and daily operations of these two correctional facilities.

11.17. The Committee notes and welcomes the proposed allocation over the medium-term of R19.3 billion for infrastructure associated with metro trading services will move from the *urban settlements development grant* to the performance based *urban development financing grant*, with the aim of enhancing funding to scale up infrastructure delivery and improve the reliability of services in metropolitan municipalities by incentivising better performance. The Committee appreciates both the direct and indirect role and growth benefits of infrastructure investment both in the short and long-term. However the Committee would like to reiterate on the recommendation of the FFC that, to strengthen financial sustainability, operational efficiency and accountability, this reform should be accompanied by clear performance targets, transparent reporting, and targeted capacity support, and that both the National Treasury and the Department of Cooperative Governance and Traditional Affairs should closely monitor implementation, assess the impact of the performance-based component on infrastructure management, and extend successful lessons to large secondary cities where appropriate.

11.18. The Committee notes and welcomes that the *Covid-19 social relief of distress grant* will be extended for another year, to March 2027, while proposals are

finalised to link the working-age population to skills development and employment programmes.

- 11.19.** The Committee notes and welcomes that over the 2025 MTEF, provisional allocations announced in the 2025 Budget total R20.8 billion in health, constating of consists R2.7 billion to employ doctors, R9.9 billion to cover accruals for medical services and R8.2 billion to retain health professionals. Furthermore, the Committee notes and welcomes that over the same period, provisional allocation to the for education total R19.5 billion, covering R9.5 billion for compensation costs in provincial education departments and R10 billion to expand access to early childhood development.
- 11.20.** The Committee notes and welcomes that in response to the withdrawal of the US President' Emergency Plan for AIDS Relief (PEPFAR) funding, Government proposes to add R590 million in 2025/26 to support provincial health services and sustain priority HIV/TB interventions, while Provinces are required to demonstrate credible plans to transition from the PEPFAR funding over the MTEF period. However, the Committee is concerned about the proposed R590 million, given the size and the reach of the PEPFAR funding, this is inadequate. The Committee is of the view that this government proposal is insufficient, and Government acknowledges that Provinces are facing financial pressures due to their limited revenue generating capacity and wide array public goods and services that they are constitutionally obligated to offer. The Committee would like to implore on Government to carefully consider allocating sufficient funding to mitigate the withdrawal of the PEPFAR funding, or this will give a rise to massive reversal on the gains made on the fight against HIV and AIDS. Furthermore, the Committee would like to warn Government that due to the knows disparities, financial and developmental status of all the nine (9) South African Provinces, if Provinces are to be required to provide their plans, those who will lack the necessary funding to bankroll those plans will see a massive rise in HIV and AIDS prevalence, a scenario that Parliament would never want to see, engage with or encourage.

11.21. The Committee notes that the tabling of the 2025 MTBPS is not explicit on G20 expenditure and revisions. Yet in post communication, the committee notes that adjustments have been made to accommodate a higher expenditure on such events. It is as such that committee must be consulted earlier on adjustments in order to preserve the integrity of the stated amounts in the earlier budgets and the subsequent ballooning of budget. The Committee has serious reservations about these allocations towards the G20 summit.

12. Recommendations

The Standing Committee on Appropriations having considered the 2025 Medium Term Budget Policy Statement, recommends as follows:

- 12.1.** That the Minister of Finance ensures that National Treasury monitors and ensure that all the METF funding proposed in this MTBPS are allocated and spent in a manner as envisaged in the Constitution, including the proposed structural reforms, appreciating the levels of unemployment, poverty and inequality within the South African context.
- 12.2.** That the Minister of Finance ensures that the National Treasury ensure that all relevant Government institutions from National, Provincial and Local government undertake the employee verification process to eliminate the prevalence of ghost workers within the State to ensure accurate quantification of the size of government employees for proper and accurate budgeting. This process must be accompanied by clear timeframes to allow Parliament to exercise its oversight role on this process and its ultimate outcomes.
- 12.3.** That the Minister of Finance must ensure that while Government considers the review of the community education and training sector as well as the skills development landscape to determine how to improve outcomes, this process must be extended to all the SETAS for the same purposes, but also to determine their relevance, efficiency and effectiveness, with clear timeframes to allow Parliament to exercise its oversight role on this process and its ultimate outcomes.

- 12.4.** That the Minister of Finance and the Minister of Correctional Services ensures that National Treasury and the Department of Correctional Services speedily reprioritise the required funding to allow the Department of Correctional Services to take over the two public-private partnerships prisons, Mangaung and Kutama Sinthumule correction facilities. The Committee is of the view that funding related challenges should not be a justification to delay this process. Furthermore, Government must always move and be seen to be moving with the required speed on issues of public interest.
- 12.5.** That the Minister of Finance and the Minister of Cooperative Governance ensure that National Treasury and the Department of Cooperative Governance monitors and ensure that the proposed reforms and the transfer of funds from the *urban settlements development grant* to the performance based *urban development financing grant* is accompanied by clear performance targets, transparent reporting, and targeted capacity support. Both the National Treasury and the Department of Cooperative Governance and Traditional Affairs should closely monitor implementation, assess the impact of the performance-based component on infrastructure management, and extend successful lessons to large secondary cities where appropriate.
- 12.6.** That the Minister of Finance and the Minister of Health ensure that National Treasury and the Department of Health provide a comprehensive report and a government position paper to Parliament indicating the overall implications (both financial and health) of the withdrawal of the PEPFAR Funding. Furthermore, National Treasury and the Department of Health must comprehensively report to Parliament as to why PEPFAR cannot be adequately funded from the fiscus, as opposed to relegating that responsibility to Provinces whom by own government's acknowledgement are struggling to fund all their constitutional obligations due to their remitted revenue base. This compressive report must also reflect on overall implications of relegating this responsibility to each Province, given their varying degrees of financial and developmental dynamics.

12.7. That the Minister of Cooperative Governance and Traditional Affairs in consultation with National Treasury develop a proactive Disaster mitigation strategy and budget for all spheres of government.

13. Conclusion

The Committee would like to express its appreciation of the submissions made by all the organisations that made contributions to this Parliamentary Budget process in response to the advertisements. Parliament appreciates all of you and all your valuable contributions. All your contributions allow Parliament to fulfil its Constitutional obligations. Over and above that, Parliament commits to continue advance your proposals with the Executive Organ of the State in the interest of all South Africans. We appreciate and value you.

The responses to the recommendations as set out in section 12 above must be sent to Parliament as well as the Committee by the relevant Executive Authorities within 60 days of the adoption of this report by the National Assembly.

Report to be considered.

2. REPORT OF THE STANDING COMMITTEE ON APPROPRIATIONS ON THE ADJUSTMENTS APPROPRIATION BILL [B27 – 2025], DATED 18 DECEMBER 2025

The Standing Committee on Appropriations having considered the *Adjustments Appropriation Bill [B27 - 2025]* (National Assembly – section 77), referred to in terms of section 12 (15) of the Money Bills and Related Matters Act, 2009 (Act No. 9 of 2009) (as amended), reports as follows:

1. Introduction

The Minister of Finance tabled the 2025 Adjustments Appropriation Bill (henceforth referred to as the Bill) in Parliament on 12 December 2025 during the presentation of the 2025 Medium Term Budget Policy Statement (MTBPS). The Bill was tabled in Parliament in terms of section 12(1) and (2) of the Money Bills Amendment Procedure and Related Matters Act as amended by the Money Bills Amendment Procedure and Related Matters Amendment Act, 2018 (Act No. 13 of 2018). Section 12(1) of the Money Bills and Related Matters Act requires the Minister of Finance to table a national adjustments budget as envisaged in section 30 of the Public Finance Management Act, 1999 (Act No. 1 of 1999) (hereafter referred as the PFMA). Section 12(2) of the Money Bills and Related Matters Act requires that “an adjustments appropriation Bill must be tabled with a national adjustments budget”. The Bill was referred to the Committee on 12 December 2025 for consideration and report in terms of section 12(15) of the Money Bills and Related Matters Act.

In addition to National Treasury briefing the Committee on the Bill in its entirety on 26 November 2025, the Financial and Fiscal Commission and Parliamentary Budget Office were also invited to comment on the Bill. To facilitate public participation and involvement, an advertisement was made in the national and local newspapers from 25 November 2025 to 27 November 2025, inviting the public to make submissions and comments on the Bill. Furthermore, an advertisement calling for submissions on the Bill was also published on Parliament’s website and social media platforms from 25 November 2025 to 27 November 2025. In addition to these legal requirements, the

Committee wrote letters inviting stakeholders who regularly participate in the Committee public hearings to make submissions and comments on the Bill on 19 November 2025. To that end, the Committee held public hearings on the Bill with interested stakeholders via a Zoom Virtual Platform on 08 December 2025. The Congress of South African Trade Unions (COSATU) made oral submissions to the Committee, while a written submission was received from Equal Education.

Section 43 (1) of the Public Finance Management Act of 1999 (PFMA) allows Accounting Officers to utilise savings in the amount appropriated under a main division (programme) within a vote to defray excess expenditure under another main division within the same vote unless the relevant treasury directs otherwise. However, section 43 (2) states that the amount of savings under a main division of a vote that may be utilised in terms of subsection (1) may not exceed 8 per cent of the amount appropriated under that main division. Furthermore, section 43 (4) does not authorise (a) the utilisation of savings on an amount specifically and exclusively appropriated for purpose mentioned under a main division within a vote, (b) the utilisation of savings on an amount appropriated for transfer to another institution, and (c) utilisation of savings on an amount appropriated for capital expenditure in order to defray current expenditure.

This report focuses on the proposed adjustments to the Appropriations Act, 2025 (No. 3 of 2025) and the matters raised during the engagements with the invited stakeholders and the organisations that made submissions in response to the Committee advertisements.

2. Summary of proposed adjustments for the 2025/26 financial year.

Proposed total adjustment to vote appropriations amounts to an increase of R10.097 083 billion, of which:

- A proposed additional appropriation of R5 377.336 million in expenditure announced by the Minister of Finance during the tabling of the 2025 annual budget.
- A proposed additional allocation of R1 601.672 million in unforeseeable and unavoidable economic and financial events in vote allocations.
- A proposed additional amount of R5 226.856 million in rollovers.
- A proposed additional amount of R4 132.505 million in self-financing expenditure.

- A proposed a reduction of R8 713.625 million in vote allocation as declared unspent funds.
- A proposed additional amount of R2 472.399 million in expenditure of exceptional nature.

Proposed adjustments to the estimates of direct charges against the National Revenue Fund amount to R14.715 943 billion more than anticipated at the time of the main budget, of which:

- A proposed additional amount of R34.017 million for members' remunerations.
- A proposed reduction of R4 816.962 million in debt-service costs (less than anticipated).
- A proposed additional amount of R14 414.852 million in provincial equitable share.
- A proposed additional amount of R4 749.412 million for National Revenue Fund Payments.
- A proposed additional amount of R148.380 million in public sector-related pension, post-retirement medical and other benefits in terms of statutory and collective agreement obligations.
- A proposed additional amount of R118.590 million for guarantees, indemnities and securities: Payment to the South African Reserve Bank.
- A proposed reduction of R27.394 million for the skills levy and sector education and training authorities (less than anticipated).
- A proposed additional amount of R95.048 million for judges' salaries.

These proposed adjustments are offset against contingencies and comprise R18.718 billion in provisional allocations not appropriated and the R5 billion contingency reserve set aside in the 2025 Budget. The revised budget framework also makes provision for an estimated R5.13 billion in projected underspending at the national government level and R1 billion in local government repayments to the National Revenue Fund.

Within contingencies, the balance against the provisional allocations not appropriated of R1.761 billion remains available, including for early retirement costs. In addition, the contingency reserve amount increases by R13.519 billion to provide for other spending

pressures. Amounts in the contingencies will be allocated, if necessary, before the end of 2025/26.

The proposed total adjustments expenditure estimate for 2025/26 increases by R10.252 billion, from a budgeted R2 310.730 billion to a revised R2 320.981 billion. When adding the special appropriation amount of R754.527 million, this takes the 2025/26 total estimated expenditure to R2 321.736 billion. The Tables below highlights the proposed total adjustment to vote appropriations amounting to an increase of R R10.097 083 billion.

Table 1: Appropriation of funds for expenditure announced by the Minister of Finance during the tabling of the 2025 annual budget

Vote and description of expenditure	R thousand
5 Home Affairs Digitisation and human resources capacity building	470 000
8 National Treasury Allocation to the <i>urban development financing grant</i> for the metro trading services reform	2 067 440
14 Statistics South Africa Strengthening capabilities	84 000
16 Basic Education R2.010 billion for the <i>early childhood development grant</i> and R16 million for the eCares system, of which R4.729 million is for goods and services, R10.381 million is for compensation of employees and R890 000 is for payments for capital assets	2 026 000
18 Health <i>Health facility revitalisation grant</i> (Western Cape): Belhar Regional Hospital (R22.466 million) and Klipfontein Regional Hospital (R31.371 million)	53 837
23 Defence Early retirement costs (financial incentives and medical continuation)	439 078
27 Office of the Chief Justice Strengthening capabilities	104 952
31 Employment and Labour Hosting and rollout of the National Dialogue, including payment to the National Economic Development and Labour Council for the first convention, and operating costs for the secretariat	132 029
Provincial government	14 393 030
8 National Treasury Provincial equitable share	14 393 030

R3.043 530 billion for provincial education departments to cover compensation of employees, R6.705 500 billion for provincial health departments to cover compensation of employees and expenditure on goods and services, and R4.644 billion to accommodate population changes that affect provincial equitable share allocations	
Total	19 770 366

Source: *Adjusted Estimates of National Expenditure (National Treasury, 2025)*

Table 2: Declared unspent funds and underspending

Vote and description of expenditure	R thousand
19 Social Development Lower than projected spending on social assistance grants and other transfers	(1 000 000)
33 Human Settlements Reallocation of funds, of which R863 000 is from the <i>human settlements development grant</i> and R197 000 is from the <i>informal settlements upgrading partnership grant</i> (provinces)	(1 060)
40 Transport Reduction in accumulated unspent grant funds for the South African National Road Agency Limited non-toll road network	(4 416 565)
41 Water and Sanitation Delay in the raw water component of the uMkhomazi water project	(3 296 000)
Total declared unspent funds	(8 713 625)
National government projected underspending	(5 129 752)
Local government repayment to the National Revenue Fund	(1 000 000)
Total	(14 843 377)

Source: *Adjusted Estimates of National Expenditure (National Treasury, 2025)*

Table 3: Unforeseen and unavoidable expenditure

Vote and description of expenditure	R thousand
3 Cooperative Governance Funding for the <i>municipal disaster recovery grant</i> for the reconstruction and rehabilitation of municipal infrastructure damaged by floods in Eastern Cape	496 186
16 Basic Education Funding for the <i>education infrastructure grant</i> for the rehabilitation of schools damaged by floods (R100 million for Eastern Cape and R354 million for KwaZulu-Natal)	454 000
18 Health Funding for the <i>health facility revitalisation grant</i> for the reconstruction and rehabilitation of infrastructure damaged by floods in Eastern Cape	40 000
25 Justice and Constitutional Development Funding for the operations of the Madlanga Commission of Inquiry	147 898
33 Human Settlements Additional funding to replenish the <i>emergency housing grant</i> to enable the department to provide emergency housing relief that cannot be accommodated in the 2025/26 main appropriation.	313 588
40 Transport <i>Provincial roads maintenance grant</i> : Roads maintenance component for the reconstruction and rehabilitation of infrastructure damaged by floods in Eastern Cape	150 000
Total	1 601 672

Source: *Adjusted Estimates of National Expenditure (National Treasury, 2025)*

Table 4: Self-financing expenditure

Vote and description of expenditure	R thousand
4 Government Communication and Information System Expenditure for departmental activities, which is defrayed by revenue generated through sublease agreement between the department and the Border Management Authority	1 990
5 Home Affairs Expenditure incurred by issuing official documents, which is defrayed by revenue generated from issuing the documents	2 500 000
6 International Relations and Cooperation Expenditure related to construction, refurbishment and acquisition projects in India, Botswana, Denmark, Angola, Ethiopia and Belgium, which is defrayed by revenue generated from the sales of properties in Namibia, Switzerland and Portugal	118 955
22 Correctional Services Expenditure for offender gratuities, which is funded from revenue generated from the hiring out of offender labour	1 252
23 Defence Expenditure for defence activities, of which R1.426 230 billion is defrayed from reimbursements from the United Nations, and R23.178 million from the sale of equipment and spares procured through the special defence account	1 449 408
32 Forestry, Fisheries and the Environment Expenditure for the environmental management inspectorate in the execution of their enforcement duties, which is funded from court orders made at the finalisation of criminal proceedings	4 000
39 Trade, Industry and Competition R56.9 million for unitary payment regarding the public-private partnership for shared campus accommodation, which is funded from unitary payments received from public entities	56 900
Total	4 132 505

Source: *Adjusted Estimates of National Expenditure (National Treasury, 2025)*

Table 5: Rollovers

Vote and description of expenditure	R thousand
3 Cooperative Governance R19.3 million for goods and services for Microsoft software licences, R602 000 for the digitisation of business application system study, R2.415 million for the municipal prototypes pilot and validation, R1.297 million for training on the local government municipal staff regulations and guidelines, R3.1 million towards an electronic records management system for the OR Tambo district municipality, R6.615 million for an electronic performance management system for the Waterberg district municipality, and R9.450 million for Deighton Total Infrastructure Management System software licences	42 779
4 Government Communication and Information System R2.137 million in payments for capital assets such as servers for Tshedimosetso House, LAN infrastructure for provincial offices and mobile screens, and R4.937 million for various campaigns and promotional items	7 074
9 Planning, Monitoring and Evaluation R1.5 million towards payments for capital assets for the FortiGate Next-Generation Firewall, R500 000 for branding and promotional items for the G20 development working group ministerial meeting and R3 million towards goods and services for the development of the Operation Phakisa electronic monitoring and reporting Tool	5 000
10 Electricity and Energy	6 162

	R4.994 million payment towards venues and facilities for the G20 second energy transitions working group meetings at Cape Town International Convention Centre and Sun City. R1.168 million for integrated national electrification programme non-grid electrification projects and oversight, monitoring and evaluation	
11	Public Service and Administration Transfer payment to the Centre for Public Service Innovation for office accommodation	869
13	Public Works and Infrastructure Payment towards goods and services for project preparation for various projects in government	24 693
18	Health Payments for capital assets, which include R13.714 million for the construction of Limpopo Central Hospital, R9.157 million for the replacement of Borwa Clinic, R9.682 million for the replacement of Clocolan Clinic and R7.957 million for the translation and production of voice broadcasting messages on noncommunicable diseases risk factors, prevention and management	40 510
19	Social Development Social assistance transfers: Social relief of distress	2 169 485
21	Civilian Secretariat for the Police Service Purchase of laptops	354
25	Justice and Constitutional Development Payment towards outstanding invoices for goods and services rendered to the integrated justice system programme	14 733
30	Communications and Digital Technologies Payment towards goods and services for services rendered by Broadband Infracore, Sentech and the State Information Technology Agency for phases 1 and 2 of the South Africa Connect rollout	1 004 787
32	Forestry, Fisheries and the Environment R5.836 million towards payments for capital assets for motor vehicles; R6.311 million towards transfers and subsidies for the South African National Biodiversity Institute; R205 000 for the development of a feasibility study; R1.330 million towards interest and rent on land for storage space for used tyres; and R45.612 million towards goods and services such as those rendered by micro collectors, project managers, depot operators and processors, computer services, the facilitation and implementation of the change management strategy, feasibility studies and business plans, as well as payment of outstanding invoices for goods and services	59 294
33	Human Settlements R511.1 million towards payments for capital assets for the construction of temporary residential units through the Emergency Housing Fund and R48.9 million towards goods and services for the multimedia marketing campaign run by the South African Broadcasting Corporation	560 000
34	Mineral and Petroleum Resources Purchase of laptops	963
35	Science, Technology and Innovation Payment towards transfers and subsidies that include R9.9 million for space science research (economic competitiveness and support package) and R324.1 million for space science research (space infrastructure hub)	334 000
40	Transport R173 000 for furniture, computers and office equipment; R303 million for the <i>public transport network grant</i> (conditional allocation to local government); R2.314 million to review and amend regulations in line with the Railway Safety Act (2024); and R6.162 million to cover expenditure on goods and services for the national devolution strategy	308 649
42	Land Reform and Rural Development Payment of an outstanding court order regarding restitution claims in KwaZulu-Natal	647 504
Total		5 226 856

Source: *Adjusted Estimates of National Expenditure (National Treasury, 2025)*

Table 6: Shifting of funds between votes

Vote and description of expenditure	R thousand
40 Transport Shifted R15.719 million to the Presidency, R396.847 million to Parliament, R10.039 to Home Affairs, R100 million to International Relations and Cooperation, R15.796 million to the Public Service Commission, and R45.034 million to Justice and Constitutional Development.	(583 435)
1 Presidency R10.050 million and R5.669 million shifted from the Department of Transport to cover a budget shortfall on the G20 Social Summit and G20 Leaders Summit respectively.	15 719
2 Parliament Funds shifted from the Department of Transport of which R381.020 million will be utilised for the restoration and rebuilding of Parliament Building and R15.827 million for the Dome Construction: Alternative building.	396 847
5 Home Affairs Funds shifted from the Department of Transport for transfers to the Border Management Authority to cover expenditure related to the G20 Leaders' Summit	10 039
6 International Relations and Cooperation Funds shifted from the Department of Transport to cover a budget shortfall on the G20 Leaders' Summit	100 000
12 Public Service Commission Funds shifted from the Department of Transport to cover a budget shortfall on compensation of employees	15 796
25 Justice and Constitutional Development Funds shifted from the Department of Transport for the Khampepe Commission of Inquiry	45 034

Source: *Adjusted Estimates of National Expenditure (National Treasury, 2025)*

Table 7: Expenditure of exceptional nature

Vote and description of expenditure	R thousand
3 Cooperative Governance Funding to reconstruct and rehabilitate infrastructure damaged by disasters in 2024/25. These funds are allocated to the <i>municipal disaster recovery grant</i>	955 955
16 Basic Education Funds allocated to the <i>education infrastructure grant</i> to reconstruct and rehabilitate infrastructure damaged by disasters in 2024/25	289 089
18 Health Funds allocated to the <i>health facility revitalisation grant</i> to reconstruct and rehabilitate infrastructure damaged by disasters in 2024/25	229 000
29 Agriculture	336 736

Funds allocated to the <i>comprehensive agricultural support programme grant</i> (infrastructure) to reconstruct and rehabilitate infrastructure damaged by disasters in 2024/25	
40 Transport	661 559
Funds allocated to the <i>provincial roads maintenance grant</i> to reconstruct and rehabilitate infrastructure damaged by disasters in 2024/25	
Provincial government	20 762
8 National Treasury	
Provincial equitable share	20 762
Funding for KwaZulu-Natal to reconstruct and rehabilitate infrastructure damaged by disasters in 2024/25	
Total	2 493 101

Source: *Adjusted Estimates of National Expenditure (National Treasury, 2025)*

In the 2025 Adjusted Estimates of National Expenditure, there are proposed virements and shifts within the votes that needs to be approved by Parliament, namely:

- **Public Services Commission (Vote 12):** a proposed amount of R3.5 million is shifted from compensation of employees within the Integrity and Anti-corruption programme (programme 4) to fund salaries in various programmes of the department (Administration: R2.6 million, Leadership and Management Practices: R400 000, and the Provincial Coordination: R500 000).
- **Statistics South Africa (Vote 14):** a proposed amount of R49.4 million is shifted from compensation of employees, goods and services and machinery and equipment within the Population and Social Statistics (programme 3) to fund salaries and wages, leave gratuity, office furniture, laptops and tablets in various programmes of the department (Administration: R30 Million, Population and Social Statistics: R15.2 million, Statistical Support and Informatics: R1.5 million, and Statistical Operations and Provincial Coordination: R2.6 million).
- **Department of Basic Education (Vote 16):** a proposed amount of R42.5 million is shifted from goods and services (business and advisory services) within the Planning, Information and Assessment (programme 4) to goods and services within the programme to fund infrastructure condition assessment.

- **Department of Health (vote 18):** a proposed amount of R65 million is shifted from goods and services (building and other fixed structures) within Hospital Systems (programme 4) to goods and services within the programme to fund goods and services in the *health facility revitalisation component of the national health insurance indirect grant*.
- **Independent Police Investigative Directorate (vote 24):** a proposed amount of R3 million is shifted from goods and services (communications, computer services, travel and subsistence, and catering) within legal compliance, Information and Stakeholder Management (programme 3) for goods and services within Administration (programme 1) to fund computer services and communication.
- **Department of Military Veterans (vote 26):** a proposed amount of R43.5 million is shifted from heritage assets, households, and good and services, within Empowerment and Stakeholder Management (programme 3) for the payment of pension benefits (R35 million) within Database and Socioeconomic Support (programme 3), payment of operating leases (R8.5 million) in Administration (programme 1).
- **Department of Police (vote 26):** a proposed amount of R50 million is shifted from goods and services (fleet services) within Detective Services (programme 3) for the procurement of goods and services (computer services) within the programme. Furthermore, a proposed amount of R1 million is shifted from compensation of employees (funded vacant posts) within Visible Policing for donations to non-profit organisations within the programme.
- **Department of Communications and Digital Technologies (vote 30):** a proposed amount of R326 000 from goods and services within Administration (programme 1) is shifted to foreign governments and international organisations within ICT International Relations and Affairs (programme 2) as a Sponsorship for the World Summit on Information Society. Furthermore, a proposed amount of R1.9 million is shifted from goods and services within Administration (programme 1) to foreign governments and international organisations within ICT International Relations and Affairs (programme 2) as a Sponsorship for the World Summit on Information Society.

- **Department of Forestry, Fisheries and the Environment (vote 32):** a proposed amount of R46 million, R3 million, R16 million, R40 million, R21 million and R72 million is shifted from goods and services (agency support and outsourced services) within the Environment Programmes (programme 6) to various programmes within the department. These programmes include Administration: R49 million, Regulatory Compliance and Monitoring: R16 million, Oceans and Coasts: R40 million, Climate Change and Air Quality: R21 million, and Biodiversity and Conservation: R72 million).
- **Department of Trade, Industry and Competition (vote 39):** a proposed amount of R22.5 million is shifted from public corporations and private enterprises (various institutions: industrial development zones within Investment and Spatial Industrial Development (programme 3) for goods and services (venues and facilities) within Administration (programme 1).
- **Department of Water and Sanitation (vote 41):** a proposed amount of R7.5 million is shifted from good and services (communication, computer services, fleet services) within Water Services Management (programme 3) to departmental agencies and accounts (Inkomati-Usuthu Catchment Management Agency and Limpopo-Olifants Catchment Management Agency) within the Water Resources Management (programme 2).
- **Department of Land Reform and Rural Development (vote 42):** a proposed amount of R891 000 is shifted from public corporations and private enterprises (transfers and subsidies: public corporations) within Administration towards departmental agencies and accounts for the Agricultural Sector Education and Training Authority. Furthermore, a proposed amount of R271 million, R1.2 million, R14.8 million and R22.7 million is shifted from goods and services (infrastructure planning services) within Rural Development (programme 4) to fund various services of the department within the Land Reform and Restitution (programme 3: R271 million) and within Rural Development (programme 4: R38.7 million).

3. Comments and hearings on the Bill with identified stakeholders

The section below provides an overview of the comments that were made on the Bill by the invited stakeholders.

3.1. Financial and Fiscal Commission

The FFC started its submission on the 2025 Adjustments Appropriations by providing the Committee with a summary of adjustments proposals for the 2025/26 financial year. In doing so, it indicated that there was a total additional allocation of R10.1 billion and the adjusted appropriation for the 2025/26 is rising by under 1 per cent below when compared to the 1.5 per cent growth of total adjustments in the 2024 MTBPS. The FFC also highlighted that there was an amount of R 4.1 billion in self-financing expenditure and the amount of R1.6 billion of unavoidable and unforeseeable expenditure for the current financial year. Regarding rollovers, the FFC mentioned that they amounted to R5.2 billion in the in the current financial year. The rollovers were because of the systematic implementation challenges that included delays in the procurement and poor project management across government departments.

The FFC reflected the proposed adjustments that were affected in the various Votes. In doing so, it made submissions on several departments with a significant upward adjustment, including:

- The Communications and Digital Technologies: budget adjustment of 39.5 per cent (R1 billion) for 2025/26 was entirely due to a R1 billion rollover for the South Africa Connect broadband project, highlighting significant capacity and execution challenges within the department's ability to implement this critical infrastructure project in a timely manner.
- The Home Affairs: adjusted upwards by 27 per cent (R3 billion) for 2025/26, largely driven by R2.5 billion in self-financing from service fees indicating strong internal funding capacity that requires careful oversight to maintain service accessibility.

On significant downward adjustments to vote allocation, the Commission made the following observations:

- The Water and Sanitation: the vote received downward adjustment of 12.4 per cent for 2025/26, reflecting R3.3 billion in unspent funds withdrawn due to severe delays in the critical uMkhomazi Water Project, which directly undermines bulk water security for KwaZulu-Natal.
- The Transport: the vote was reduced by 4.1 per cent due to SANRAL's large cash balances, while R3.162 million was rolled over for the national rail devolution strategy, which the Commission recommended avoid further delays and be implemented in a phased approach.

On other adjustments to vote allocation, the FFC made the following observations:

- Basic Education: the vote received a 7.8 per cent (R2.8 billion) upward adjustment which mainly funds the early childhood development grant expansion and R454 million for flood-damaged schools, underscoring the need for climate budget resilience.
- The Social Development: the vote's 0.4 per cent upward adjustment funds R2.2 billion for outstanding COVID-19 SRD grant payments, and the grant's extension to March 2027 (without a 2025 budget provision) highlights the Commission's view on the urgent need for a finalised, sustainable income support system, while the new anti-fraud drive to eliminate “double-dipping” aligns with the Commission's 2024 MTBPS recommendation for the Department to implement rigorous oversight and robust systems to enhance grant administration efficiency.
- Health: the vote receives a 1.7 per cent increase of R1.1 billion, which includes R40 million in unforeseeable and unavoidable expenditure for infrastructure repairs after natural disasters in the Eastern Cape in June 2025, demonstrating the need for investments into climate-resilient infrastructure.
- The Agriculture, Land Reform and Rural Development: the votes saw a combined 5.6 per cent upward revision for disaster infrastructure funding that occurred in 2024 and in March 2025 and a R647.5 million rollover to settle a KwaZulu-Natal court order on restitution claims.
- Science, Technology and Innovation: the vote's 3.7 per cent increase is largely due to a R324.1 million rollover for space science, specifically for developing satellite infrastructure and earth observation systems.

- Employment and Labour: the vote's 3.2 per cent increase includes R132 million to the National Economic Development and Labour Council for a national dialogue, an expenditure the Commission questions given more pressing social needs such as healthcare, education and infrastructure for job creation.
- Mineral Resources and Energy: the votes combined see a minor 0.1 per cent increase, driven by small rollovers for G20 meeting venue payments and laptop purchases.
- Office of the Chief Justice: the Office of the Chief Justice vote receives a 6.9 per cent upward adjustment of R104.952 million to strengthen its capabilities, a vital investment for the administrative efficiency of the highest courts and the delivery of justice.
- The Defence: the vote's 3.3 per cent increase of R1.9 billion funds an early retirement programme and reinvests revenue from peacekeeping missions into border security, internal stability operations, and equipment upgrades. The Commission specifically supports this intent to enhance border security, given current challenges with illegal immigration and cross-border crime.
- The Justice and Constitutional Development: the vote's 0.9 per cent increase includes R148 million for the Madlanga Commission of Inquiry, and the Commission emphasises that the full and timely implementation of its recommendations is essential to restore public confidence in the criminal justice system.

On the 2025 Adjustments Appropriation Bill, the Commission made the following recommendations:

- The Commission recommends that the government's infrastructure prioritisation during the 2026 MTEF period be complemented by robust project management across the entire project lifecycle. Furthermore, it recommends establishing a dedicated, ring-fenced budget for the ongoing repairs and maintenance of completed assets to safeguard the state's investments.
- The Commission recommends that the Minister of Finance proactively build fiscal buffers into the budget to mitigate climate-related shocks. This should involve integrating cost-benefit analyses for climate adaptation into planning to strengthen spending productivity and ensure the efficient, sustainable development of infrastructure.
- The Commission supports the initiative to eliminate "double-dipping" and fraud within the social grant system. To ensure its success, it is recommended that the Minister of Social Development put in place key measures, including implementing regular third-party data

audits, strengthening the Department's internal audit and compliance functions, and delivering mandatory staff training on fraud detection and ethical conduct.

- The Commission recommends that the Portfolio Committee on Higher Education and Training, in collaboration with the Department, organised labour, employers, and professional bodies, conduct a comprehensive review of the Sector Education and Training Authorities (SETAs). The primary objective should be to consolidate mandates by identifying and eliminating functional overlaps and duplication, thereby enabling more effective management of surplus funds and building a more integrated and future-proofed skills development system.

3.2. Parliamentary Budget Office

On the main adjustments to the 2025/26 Budget, the FFC made the following submissions and observations:

- Debt-service costs decreased by (R4.8 billion).
- Declared unspent funds that amount to (R8.7 billion) by the Human Settlements, Transport, Water and Sanitation and Social Development Departments.
- Rollovers of R5.23 billion reflect unspent funds from the previous year.
- Expenditure of an exceptional nature: R2.5 billion, a new category allowing urgent spending under section 6 of the Appropriation Act (2025) that cannot be delayed and is of public importance to cover costs related to the 2024/25 disasters.
- Provincial equitable share increased by R14.4 billion.
- Contingency reserve increased by R13.5 billion.
- The Special Appropriation Bill (26 September 2025) allocates R754.5 million to the Department of Health to offset funding losses following the withdrawal of U.S. donor support.
- The Department of Justice and Constitutional Development is allocated a further R192.9 million for the Madlanga Commission of Inquiry.

- An additional amount of R131.3 million is allocated to cover costs related to South Africa's hosting of the G20 summit.

On the adjusted appropriation per economic classification and category, the PBO made the following observations and submissions:

Excluding the R1.6 billion for unforeseeable and unavoidable expenditure and the R2.5 billion for expenditure of an exceptional nature, compensation of employees in national departments are adjusted downwards by R1.5 billion, while goods and services increase by R6.4 billion. On expenditure by function, the PBO submitted that the biggest amendment in 2025/26 is to the economic development function group and is due to the declared unspent funds in Transport for the reduction in accumulated unspent grant funds for the South African National Road Agency Limited non-toll road network and the Water and Sanitation due to a delay in the raw water component of the uMkhomazi water project.

4. Public submissions on the Bill

The section below provides summaries of the inputs made by organisations and individuals in response to the advertisement calling for submissions from the public on the Bill.

4.1. Congress of South African Trade Unions

The Federation welcomed the Adjustments Appropriation Bill as a series of interventions to improve frontline public and economic infrastructure as well as to address municipal service delivery and to boost public employment programmes. Whilst appreciating the critical and impressive turnaround in many key parts of the state, in particular Eskom, Transnet, Metro Raila and the South African Revenue Service, COSATU submitted that it remained concerned that the Adjustments Appropriation Bill were not bold enough to take the economy from the 1 per cent growth it had been stuck at for two decades, nor give hope to 12 million unemployed.

On the Adjustment Appropriation Bill, COSATU expressed support for several proposed adjustments, including R2.7 billion for Basic Education covering Early Childhood

Development and infrastructure, R2.9 billion for Home Affairs administration and civic services, and R2.1 billion for Social Relief of Distress grants. The organisation welcomed R861 million for Land Reform and Restitution, R1.8 billion for Defence, R824 million for Informal Settlements upgrading, and R1.4 billion for the local Government Disaster Recovery Grant. COSATU further supported the R2 billion for Urban Development Financing Grant, R396 million for rebuilding Parliament, and R556 million for South African Police Service administration

The Federation raised some concerns on the 2025 Adjustment Appropriation Bill. COSATU expressed concern that despite some positive adjustments, the Budget and the Adjustments Appropriation Bill were not bold enough to move the economy from the 1 per cent growth rate it had maintained for two decades, nor does it provide hope to 12 million unemployed South Africans. The Federation raised specific concerns about R40 million in cuts to the Employment and Labour Inspectorate Programme whilst millions of workers' rights were routinely violated by employers. COSATU submitted that no additional adjustments to reinforce the Commission of Conciliation, Mediation and Arbitration (CCMA) which was battling to cope with a surge of cases. Furthermore, COSATU submitted that the Department of Trade, Industry and Competition received an allocation of R56 million for administration despite many companies struggling with the high electricity cost and increased United States tariffs on South African exports that threatened closures and retrenchments. The Federation noted that no additional allocations were provided to meet Minister's August announcement of a DTIC support package. Furthermore, COSATU raised concerns about the R4 billion in cuts to road maintenance and upgrading through the South African National Roads Agency SOC LTD (SANRAL), and the absence of additional support for Transnet and Metro Rail which it described as key to unlocking economic growth. COSATU further raised concerns about the R3.3 billion cut for the Umkhomazi Water Project with no indication of revised timelines. COSATU remained deeply concerned about the state of the Post Office and the lack of a coherent turnaround plan despite R991 million allocated for Communications and Digital Technologies infrastructure development.

4.2. Equal Education

Equal Education (EE) submitted its inputs on the Adjustment Appropriation Bill focusing on basic education and post school education and training sectors. The organisations key concerns and recommendations included:

Basic Education: EE welcomed certain additions, including the R2 billion increase to the Early Childhood Development (ECD) subsidy, R743 million addition to the *Education Infrastructure Grant* (EIG), and R42 million for infrastructure condition assessments. However, EE raised concerns about several allocations, the R300 million cut to the *School Infrastructure Backlogs Grant* (SIBG) was concerning, particularly as National Treasury officials indicated that this was a merger into the EIG, yet budget documents show it was reallocated to the Workbooks Project rather than backlog eradication. The organisation also questioned the appropriateness of R20 million shifted from audit costs and office supplies to fund G20-related travel, and R2.2 million for new vehicles for the Deputy Minister.

EE highlighted critical fiscal pressures, noting that education-specific inflation (BEPI) is driven primarily by personnel costs (which account for around 80 per cent of provincial education departments' spending outside of conditional grants), which will result in a real cut and will force provinces to reduce critical line items, deepen accruals, and undermine the right to basic education. However, EE submitted that these additions are offset by substantial reductions elsewhere, resulting in a net increase of only R4.6 billion.

The organisation expressed concern about the uneven distribution of the R14.4 billion Provincial Equitable Share addition, with 5 provinces receiving R0 (Eastern Cape, Limpopo, Mpumalanga, Northern Cape and western Cape), and KwaZulu-Natal receiving only R1 million net increase. EE also raised concerns about the National School Nutrition Programme, noting that education departments struggle to provide adequate food and often draw on equitable share provisions, with many learners reporting insufficient food that does not meet requirements. On Higher Education and Training, EE addressed funding challenges facing the National Student Financial Aid Scheme (NSFAS), noting a R13 billion shortfall for the 2025/26 due to more than 140 000 university students qualifying for funding beyond projections. The organisation welcomed increased NSFAS allocations but noted they lag behind inflation and demand growth. Regarding TVET and CET sectors, EE noted that no additional budget for TVET expansion has been allocated since 2013, and that the university-centric model persist with University Education programmes receiving 60.1 per cent of DHETs budget versus 15.4 per cent for TVET and 2.2 per cent for CET. The organisation argued that

historical underfunding impedes these colleges' ability to diversify programmes and called for subtracting funding increases, noting the National Development Plan target of 2.5 million enrolled TVET students by 2023 remains unmet.

On missing middle students, EE acknowledged the Comprehensive Student Funding Model allocation of R3.8 billion over three years but called for funding to build NSFAS capacity to administer the loan scheme and for Phase 2 allocations to cover eligible students meeting the criteria.

The organisation addressed student accommodation challenges, welcoming the Student Housing Infrastructure Programme aimed at providing 300 000 new student housing units over a decade. Equal Education called for strict regulation of private sector involvement to prioritise affordability over profit, strengthened programme monitoring, and resolution of NSFAS' late or non-payment issues to private accommodation providers that risk student evictions.

5. Committee findings and observations

Having deliberated and considered all the submissions made by the above stakeholders on the Adjustments Appropriation Bill [B27 – 2025], the Standing Committee on Appropriations makes the following findings and observations:

- 5.1.** The Committee notes and welcomes the proposed adjustments to vote appropriation, increasing vote appropriations by R10.097 083 billion.
- 5.2.** The Committee notes and welcomes the proposed R2.1 million allocation in expenditure announced by the Minister of Finance during the tabling of the 2025 annual budget to the *urban development financing grant* for the metro trading services reforms with the aim of enhancing funding to scale up infrastructure delivery and improve the reliability of services in metropolitan municipalities by incentivising better performance. The Committee appreciates both the direct and indirect role and growth benefits of infrastructure investment both in the short and long-term. However the Committee would like to reiterate on the recommendation of the FFC that, to strengthen financial sustainability, operational efficiency and accountability, this reform should be accompanied by clear performance targets, transparent reporting, and targeted capacity support, and that both the National

Treasury and the Department of Cooperative Governance and Traditional Affairs should closely monitor implementation, assess the impact of the performance-based component on infrastructure management, and extend successful lessons to large secondary cities where appropriate.

- 5.3.** The Committee notes and welcomes the proposed additional R84 million allocated to Statistics South Africa to strengthen its capacity. Given the known challenges faces by StatsSA, the Committee would like to implore on the Minister in the Presidency responsible for Planning, Monitoring and Evaluations ensure that's additional funding allocated to the StatsSA for building the required capacity to allow the entity to produce the credible and reliable data, are utilised solely for that purpose.
- 5.4.** The Committee notes the proposed additional allocation of R132 million to the Department of Employment and Labour for the hosting and rollout of the National Dialogue, including payment to the National Economic Development and Labour Council for the first convention, and operating costs for the secretariat. Furthermore, the Committee notes that the FFC questions this expenditure given the more pressing social needs such as healthcare, education and infrastructure for job creation, currently facing South Africa. The Committee is strongly of the view that a detailed report on programme of the National Dialogue, its expected outcomes and its position and importance in the entire government value chain must be submitted to Parliiament for oversight purposes but to also allow Parliament to satisfy itself on both the rational and importance of this dialogue, within the context of a constrained fiscal environment.
- 5.5.** The Committee notes and welcomes the proposed additional allocation of R1.6 billion in unforeseen and unavoidable expenditures funding for the reconstruction and rehabilitation of infrastructure damaged by floods and related natural disasters. Furthermore, the Committee notes and welcomes the recommendation of the FFC that the Minister of Finance should proactively build fiscal buffers into the budget to mitigate climate-related shocks. This should involve integrating cost-benefit analyses for climate adaptation into planning to strengthen spending productivity and ensure the efficient, sustainable development of infrastructure.

- 5.6.** The Committee notes and welcomes the proposed R397 million in funds shifted from the Department of Transport of which R381.020 million will be utilised for the restoration and rebuilding of Parliament Building and R15.827 million for the Dome Construction: Alternative building. The Committee cannot over emphasise the importance of the reconstruction of the Parliamentary Building.
- 5.7.** The Committee notes the proposed shifting of funds, particularly from goods and services within the education, health and peace and security sectors. The Committee would like to urge on government to be cautious with these shifts of funds from Parliament's appropriated funds, these are crucial sectors that ordinarily renders government services to the poor majority, a proper monitoring of these funds is required to ensure that frontline services is not compromised.
- 5.8.** The Committee notes the proposed shifting of funds, particularly towards covering the costs of the G20 events. The Committee is strongly of the view that such events should be better planned and any allocation of public funds towards these events must be accompanied by better planning; and funding allocation must never be done by the Executive without prior consultation with Parliament.

6. Recommendations

The Standing Committee on Appropriations, having deliberated and considered submissions from various stakeholders on the Adjustments Appropriation Bill [B27 – 2025], recommends as follows:

- 6.1.** That the Minister of Finance ensures that National Treasury monitors and ensure that Parliament's appropriated funds through this 2025 Adjustments Appropriation Bill are utilised in a manner as envisaged in the Constitution, the Bill, their intended purposes and in compliance with all laws and regulations government the country's public finances, within the context of a constrained fiscal environment, the high levels of unemployment, poverty and inequality that faces the majority of South Africans on a daily basis.

- 6.2.** That the Minister of Finance ensures that National Treasury properly plan, fund and monitor to ensure that, as government shifts the composition of spending towards infrastructure investments over the 2026 MTEF period, these infrastructure investments must be complemented by robust project management across the entire project lifecycle, establish a dedicated, ring-fenced budget for the ongoing repairs and maintenance of completed assets to safeguard the state's investments.
- 6.3.** That the Minister of Finance ensures that National Treasury begin to build the necessary modelling techniques in collaboration with the South African Weather and proactively build fiscal buffers into the budget to mitigate climate-related shocks. This should involve integrating cost-benefit analyses for climate adaptation into planning to strengthen spending productivity and ensure the efficient, sustainable development of infrastructure.
- 6.4.** That the Minister of Finance and the Minister in the Presidency responsible for Planning, Monitoring and Evaluations ensure that's additional funding allocated to the StatsSA for building the required capacity to allow the entity to produce the credible and reliable data, are utilised solely for that purpose. The Committee is strongly of the view that there should be stricter management of funds allocated to StatsSA; to avoid the possibility of this agency being compromised and its provision of official statistical data being questioned.
- 6.5.** That Parliament through the Portfolio Committee on Higher Education and Training, in collaboration with the Department of Higher Education and Training, organised labour, employers, and professional bodies, conduct a comprehensive review of the Sector Education and Training Authorities (SETAs). The primary objective should be to consolidate mandates by identifying and eliminating functional overlaps and duplication, thereby enabling more effective management of surplus funds and building a more integrated and future-proofed skills development system.
- 6.6.** That the Minister of Employment and Labour, ensures that the Department of Employment and Labour tables a detailed report to Parliament on the detailed plans, costs, expected outcomes and position and importance of the National Dialogue in the

entire government value chain for oversight purposes but to also to allow Parliament to satisfy itself on both the rational and importance of this dialogue, within the context of a constrained fiscal environment.

- 6.7. That the Minister of Finance ensures that National Treasury tables a report before Parliament on the costs of the G20 events. The Committee is strongly of the view that such events should be better planned and any allocation of public funds towards these events must be accompanied by better planning; and funding allocation must never be done by the Executive without prior consultation with Parliament.
- 6.8. That the Minister of Social Development ensures that the Department of Social Development tables a detailed report before Parliament on the status of the court processes currently faced by the Department around the administration of the SRD Grant.
- 6.9. That the Minister of Defence ensures that the Department of Defence tables a detailed report before Parliament on the proposed additional allocation of R439 million towards early retirement costs. The Committee wants the Department to brief Parliament on the extent to which this initiative has been successful, given the proposed allocation to Parliament by the Minister of Finance.

7. Committee Recommendation on the Bill

The Standing Committee on Appropriations, having considered the Adjustments Appropriation Bill [B27 – 2025], referred to it and classified by the Joint Tagging Mechanism (JTM) as a Section 77 Bill, recommends that the Bill be adopted, without amendments.

8. Conclusion

The Committee would like to express its appreciation of the submissions made by all the organisations that made contributions to this Parliamentary Budget process in response to the advertisements. Parliament appreciates all of you and all your valuable contributions. All your contributions allow Parliament to fulfil its Constitutional

obligations. Over and above that, Parliament commits to continue advance your proposals with the Executive Organ of the State in the interest of all South Africans. We appreciate and value you.

The responses to the recommendations as set out in section 6 above must be sent to Parliament as well as the Committee by the relevant Executive Authorities within 60 days of the adoption of this report by the National Assembly.

Report to be considered.

3. REPORT OF THE STANDING COMMITTEE ON APPROPRIATIONS ON THE SPECIAL APPROPRIATION BILL [B22 – 2025] (NATIONAL ASSEMBLY – SECTION 77), DATED 18 DECEMBER 2025

Having considered the Special Appropriation Bill [B22 – 2025], referred to in terms of Section 13 of the Money Bills Amendment Procedure and Related Matters Act No. 9 of 2009 (as amended by the Money Bills Amendments Procedure and Related Matters Amendment Act, No. 13 of 2018), the Standing Committee on Appropriations reports as follows:

1. Introduction

Section 213(2) of the Constitution of the Republic of South Africa provides that money may be withdrawn from the National Revenue Fund only in terms of an appropriation by an Act of Parliament. The 2025 Special Appropriation Bill (the Bill) proposes that additional funds be appropriated in the 2025/26 financial year for the requirements of the State, and to provide for matters connected therewith. The Bill proposed additional funding to Vote 18 (Departments of Health). In executing its mandate, the Standing Committee on Appropriations, hereinafter referred to as the Committee, is established in terms of section 4(3) of the Money Bills Amendment Procedure and Related Matters Act, 2009 (as amended in 2018), and herein referred to as the Money Bills Act.

The Bill was tabled by the Minister of Finance before Parliament on 26 September 2025. The Special Appropriation Bill was submitted in terms of Joint Rule 201 of the National Assembly and the National Council of Provinces. The Bill was introduced and referred to the Standing Committee on Appropriations as well as the Joint Tagging Mechanism for classification in terms of Rule 202. The Committee invited National Treasury to brief it on the Bill in its entirety on 26 November 2025. Furthermore, section 4 (4) (c) of the Act also requires the Committees on Appropriations of both Houses to consult with the Financial and Fiscal Commission (FFC). In addition to consulting with the FFC, the Committee also invited the Parliamentary Budget Office to comment on the Bill.

Section 13(2) of the Act also requires the Committees on Appropriations to hold public hearings on the Bill and for the Committee to report to the House on the comments and amendments to the Bill. In ensuring compliance with the requirements of the Act. The Committee wrote letters inviting stakeholders who were always participating in the Committee public hearing for their comments on the Bill on 19 November 2025. The submissions from interested stakeholders were open until 27 November 2025. Furthermore, the Committee published adverts in Parliament media platforms in all 11 official languages on 25 November 2025. Advertisements were also made on both regional and national media platforms on 26 November 2025. The Congress of South African Trade Unions (COSATU) made oral submissions to the Committee at the public hearing that was held via the Zoom Virtual Meeting Platform 08 December 2025. Written submissions were received from Equal Education and Youth Capital, however, only the submission from COSATU was relevant to this Bill.

This report focuses on the proposed amendments to the proposed adjustments to the Bill as tabled by the Minister of Finance and the matters raised during the Committee's engagements with the invited stakeholders that made submissions in response to the advertisements.

2. Provisions of the Bill

The Bill proposes that additional money to be withdrawn from the National Revenue Fund (NRF) for the requirement of the Vote of Health. The Bill proposes to appropriate an additional amount of money for the requirements of the vote of Health for the 2025/26 financial year to address the shortfall resulting from the withdrawal of international donor funding to the health sector; and to provide for matters connected therewith.

A proposed amount of R754.527 million is appropriated from the National Revenue Fund for expenditure authorised in terms of section 16(1) of the Public Finance Management Act, 1999 (Act No. 1 of 1999), for the 2025/26 financial year, and attributed to the vote of Health. The Appropriation Act, 2025 (Act No. 3 of 2025), applies to the appropriation envisaged, with the necessary changes.

3. Comments and hearings on the Bill with identified and interested stakeholders

The sections below provide an overview of the submissions made by the identified as well as interested stakeholders in response to the published advertisement on the Bill.

3.1 Financial and Fiscal Commission

The Commission welcomed the allocation of R754, 527 million through the Special Appropriation in the 2025/26 to compensate for the shortfall that was occasioned by the withdrawal of the international donor funding to the health sector. This is in reference to the President's Emergency Plan for AIDS Relief, commonly known as the PEPFAR. In its submission, the Commission disaggregated the funding in detailed explanation to the Committee. To this end, the Commission indicated that a total of R590.4 million of the total allocation is meant for the provinces in the form of a grant, to replace the lost PEPFAR support. The FFC contended that this move is tantamount to shifting responsibility to the already overstretched provincial systems. It further submitted that it would lead to service gaps and there is no clear direction as to whether the major NGOs will get the portion of the redirected funds.

Out of the allocation, a total of R132 million will be directed to the South African Medical Research Council to mitigate the free clinical research and to preserve the country's long-term health reserve capacity. The Commission submitted that the *National Health Insurance Indirect Grant* will receive R32.121 million to bolster the underlying health systems that were previously supported by the PEPFAR and to maintain overall stability in the health sector. The FFC expressed its reservations on the need for redirecting R754 million from the National Revenue Fund (NRF). Its contention was that this move will exacerbate the already strained fiscus. The FFC mentioned that it is even worse, considering that the US government had exempted the PEPFAR funding from spending cuts and approved a 6 months PEPFAR Bridge Plan totaling USD 115 million. Based on this, the Commission recommended that the Minister of Health, in collaboration with the Minister of Finance, develop a multi-year, domestically funded financing strategy for the country's HIV/AIDS response. Given fiscal constraints, this strategy should involve a thorough review of the national health budget to improve allocative efficiency and must actively explore public-

private partnerships (PPPs) to leverage private sector capital, innovation, and service delivery capabilities.

3.2 Parliamentary Budget Office

The PBO presented its analysis of the Special Appropriation Bill [B22-2025] as introduced by the Minister of Finance on 26 September 2025. The PBO submitted that the Bill allocates R754.5 million to the Vote of Health for the 2025/26 financial year.

The PBO submitted that the allocation comprises of R32.1 million for goods and services and R722.4 million for transfers and subsidies, distributed across three main programmes:

- **National Health Insurance:** An amount of R32.1 million have been allocated for the National Health Insurance Indirect Grant Health Systems Component
- **Communicable and Non-communicable Disease:** R590.4 million have been allocated for the District Health Programmes Grant and Comprehensive HIV/AIDS Component⁴
- **Health System Governance and Human Resources:** R132 million was allocated for the South African Medical Research Council: Operations

The PBO submitted that the R590.4 million for the comprehensive HIV/AIDS Component is distributed across provinces as follows:

- **Eastern Cape:** R94.4 million (16 per cent)
- **Free State:** R20.4 million (3 per cent)
- **Gauteng:** R94.4 million (16 per cent)
- **KwaZulu-Natal:** R95.1 million (16 per cent)
- **Limpopo:** R69 million (12 per cent)
- **Mpumalanga:** R118.2 million (20 per cent)
- **North West:** R7.7 million (1 per cent)
- **Northern Cape:** No allocation
- **Western Cape:** R90.9 million (15 per cent)

The PBO submitted that the Minister of Health has indicated that the Special Appropriation amounts are intended to cover the most pressing needs and further allocations might be considered. The PBO submitted that research at the 13th International AIDS Society Conference on HIV Science (IAS 2025) shows that there were substantial reductions in testing (down 8.5 per cent),

HIV diagnosis (down 31 per cent) and treatment initiation (down 30 per cent) in South Africa when comparing the first quarters of 2024 and 2025. The PBO submitted that the researchers argue that the declines in testing and diagnosis reflect the loss of healthcare workers, especially those providing more intensive counselling or carrying out index or community-based testing designed to reach those more vulnerable to HIV acquisition. The PBO submitted that is unclear from the bill whether there will be allocations made to NGOs that have been impacted by the funding cuts. The PBO submitted that there remain concerns around the longer-term reductions in donor funding for global health. The 2026 US administrations budget request includes significant reductions in funding for global health, including reductions for PEPFAR. The PBO submitted that the changes in global health funding demonstrate how crucial domestic investments are for public health systems. It further submitted that South Africa’s public health system faces significant challenges which need to be addressed alongside funding for HIV programs.

3.3 Congress of the South African Trade Unions

COSATU expressed support for the passage of the Special Appropriation Bill as a necessary intervention to address an urgent funding shortfall for the Department of Health that threatened the lives and livelihoods of thousands. COSATU submitted that the United States government’s funding of South African public healthcare programmes since 2003 had a massive impact, with R140 billion invested in South Africa’s health systems and millions of lives saved. The Federation noted that more than 20 000 community health workers were employed through public healthcare, including university and NGO run clinics, reaching more than 500 000 South Africans living with HIV/AIDs amongst other illnesses.

COSATU submitted that the impact and abruptness of the cut in funding was devastating. COSATU noted that in 2024 South Africa benefitted from PEPFAR, with R7.6 billion budgeted for 2025 before the cuts were announced. The organisation welcomed that half of the 2025 budget was deemed critical and lifesaving and thus extended, describing it as a welcome intervention helping thousands. COSATU submitted that the short notice of weeks meant there was little time to engage or make alternative arrangements. The organisation stated that the victims of this cut in funding were the

20 000 community health and other NGO workers employed to oversee the programmes as well as the 500 000 patients receiving lifesaving treatment at their facilities. COSATU further submitted that it meant that government, already facing severe fiscal constraints, had to find alternative funding from other programmes.

While supporting the Bill in principle, COSATU expressed disappointment that the amount appropriated is only R754.527 million versus funding cuts from the USAID equivalent to R4 billion plus. The organisation submitted that government took a narrow view of funding cut by simply looking at funding the Department of Health received directly and not a more holistic approach of the total funding cuts implemented, including those allocated to universities and NGOs which exceeded R4 billion.

COSATU expressed aggrievement that it took so long to provide alternative funding whilst 20 000 community health and other NGO workers felt the immediate impact of being retrenched and patients bore the brunt of losing access to life saving treatment.

COSATU welcomed two subsequent positive developments. Firstly was the continuation of funding through the US' National Institute for Health which provides significant support and jobs to our universities and research institutions. Second was the United States authorising further funding of R2 billion through the United States Centre for Disease Control for HIV/AIDS programmes for the first six months of 2026.

The organisation submitted that these developments had enabled critical work to continue in many instances, even if at a lesser level and impact, and provided hope that space may exist for further engagements between the United States and South African governments on a continued health partnership going forward. COSATU noted that these events had been subsequently put in deeper question with President Trump's announcement that all aid to South Africa will be stopped.

On recommendations to the Committee, the Federation made the following submission:

- COSATU submitted that it appreciated that these were delicate matters that must be handled with the necessary sensitivity whilst managing various contradictions. The organisation

submitted it must be born in mind that the purpose of such funding is to save the lives of thousands of working-class South Africans dependent upon such critical healthcare. COSATU further submitted it must also be born in mind that the persons overseeing such important public healthcare, include those working at university clinics and NGOs, were workers with families and responsibilities who have performed an important live saving public duty.

- COSATU called on Parliament to pass the Bill to ensure that the Department could continue to provide such critical public health services. The organisation called for the South African government to continue to engage with the US government on the possibilities of future and continued partnership with the National Institute for Health and the Centre for Diseases Control.
- COSATU submitted that it was equally fundamental that National Treasury and Parliament ensure that the Department has the necessary funding in the 2026/27 Budget and the Medium-Term Expenditure Framework to fully absorb such live saving programmes if all US funding ends. The Federation further submitted that if such funding could continue, it would welcome it, but it would be important that the Department utilise such funding for the building of healthcare facilities and infrastructure, purchasing of equipment and not to fund the salaries of healthcare workers.

4 Committee Findings and Observations

Having deliberated and considered all the submissions made by the above stakeholders on Special Appropriation Bill [B22 - 2025], the Standing Committee on Appropriations makes the following findings and observations:

- 4.1** The Committee notes and welcomes that in response to the withdrawal of the US President's Emergency Plan for AIDS Relief (PEPFAR) funding, Government proposes to add 754.527 million in 2025/26 to support provincial health services and sustain priority HIV/TB interventions, while Provinces are required to demonstrate credible plans to transition from the PEPFAR funding over the MTEF period. However, the Committee is concerned about the

proposed R590 million, given the size and the reach of the PEPFAR funding, this is inadequate. The Committee is of the view that this government proposal is insufficient, and Government acknowledges that Provinces are facing financial pressures due to their limited revenue generating capacity and wide array public goods and services that they are constitutionally obligated to offer. The Committee would like to implore on Government to carefully consider allocating sufficient funding to mitigate the withdrawal of the PEPFAR funding, or this will give a rise to massive reversal on the gains made on the fight against HIV and AIDS. Furthermore, the Committee would like to warn Government that due to the known disparities, financial and developmental status of all the nine (9) South African Provinces, if Provinces are to be required to provide their plans, those who will lack the necessary funding to bankroll those plans will see a massive rise in HIV and AIDS prevalence, a scenario that Parliament would never want to see, engage with or encourage.

4.2 The Committee notes and would like to emphasise that it is important that South African Government settle disputes regarding NHI. Universal health coverage is an agreed upon principle amongst all parties in South Africa, whereas questions of funding remain a challenge. In Engagement with the Minister of Health, it was common cause that funding for NHI had not been agreed to, secondly that there were significant legal challenges to the Bill. In that instance, a measure must be undertaken to respond to health care funding shortfalls, implications for health economics and ensuring that there is broadening of reach. This will need to be tabled in committee to ensure that there is limited scope for special appropriations, but healthcare funding be increased through the normal budget process.

5 Recommendations

The Standing Committee on Appropriations, having deliberated and considered all the submissions made by various stakeholders on Special Appropriation Bill [B22- 2025], recommends as follows:

5.1 That the Minister of Finance and the Minister of Health ensure that National Treasury and the Department of Health provide a comprehensive report and a government position paper to Parliament indicating the overall implications (both financial and health) of the

withdrawal of the PEPFAR Funding. Furthermore, National Treasury and the Department of Health must comprehensively report to Parliament as to why PEPFAR cannot be adequately funded from the fiscus, as opposed to relegating that responsibility to Provinces whom by own government's acknowledgement are struggling to fund all their constitutional obligations due to their remitted revenue base. This compressive report must also reflect on overall implications of relegating this responsibility to each Province, given their varying degrees of financial and developmental dynamics.

5.2 That the Minister of Finance and the Minister of Health ensure that National Treasury and the Department of Health ensures that a measure be undertaken to respond to health care funding shortfalls, implications for heath economics and ensuring that there is broadening of reach. This will need to be tabled in committee to ensure that there is limited scope for special appropriations, but healthcare funding be increased through the normal budget process

6 Committee Recommendation on the Bill

The Standing Committee on Appropriations recommends that the National Assembly adopts the Special Appropriation Bill [B22- 2025], without amendments.

7 Conclusion

The responses to the recommendations as set out in section 5 above by the relevant Executive Authorities must be sent to Parliament within 60 days of the adoption of this report by the National Assembly.

Report to be considered.