

Wes-Kaapse Provinsiale Parlement Western Cape Provincial Parliament IPalamente yePhondo IeNtshona Koloni

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 Datum Umhla
 24 April 2023

 Verwysing Reference
 WCPP 11/1/3
 RAADSTEUN PLENARY SUPPORT INKXASO YOKUHLALA KWENDLU

NEGOTIATING MANDATE

То:	Hon D G Mahlangu, MP Chairperson: SC on Appropriations
Name of Bill:	Division of Revenue Bill
Number of Bill:	[B 2 - 2023]
Date of deliberation:	24 April 2023
Vote of Legislature:	The Budget Committee reports that it confers on the Western Cape's Permanent Delegate in the NCOP the authority to not support the Bill. The reasons for non-support is in the report attached.
Signature	Date: 24 April 2023

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Ref Number: WCPP 11/4/3

(Negotiating Mandate stage) Report of the Budget Committee on the Division of Revenue Bill [B 2-2023] (NCOP), dated 24 April 2023, as follows:

The Budget Committee, having considered the subject of the Division of Revenue Bill [B 2-2023] (NCOP) referred to it in accordance with Standing Rule 217, confers on the Western Cape's delegation in the NCOP the authority to not support the Bill.

The reason for the Committee not supporting the Bill, is summarised as follows:

The 2023 Division of Revenue Bill is one of those bills that cannot be viewed and considered in isolation of other proposed legislation, and it also cannot be considered without considering preceding legislation and what the bill signifies for the future. National government has allocated 41.5% of national raised funds to provincial governments (up 1.2 percentage points from 2022 Adjustment Budget) with 10% being maintained for local governments (National Treasury, 2023a:71).

The Western Cape will receive:

- **R 58.886 billion** as its equitable share, which represents a 0.89% increase from the last adjustment budget. This equates to 10.38% of the total provincial equitable share for the 2023/2024 financial year.
- **R14.474 billion** in conditional grants, an increase of 3.27% increase from the last adjustment budget. This represents 11.35% of the conditional grants allocated to provinces (National Treasury, 2023b:13).

That is a **net total of R73.36 billion.**

There was an increase of **Provincial Equitable Share** from the 2022/23 Adjustment Budget to 2023/24 of R6.723 billion (1.19%). In the medium term provinces are estimated to see an increase in Provincial Equitable Share of R19.997 billion from 2023/24 to 2024/25, before an increase in 2025/26 of R26.771 billion year-on-year (National Treasury, 2023b:32). Currently the Western Cape, with the third largest provincial population size in South Africa, is receiving the fifth biggest (or smallest) share of the Provincial Equitable Share allocation.

Local governments in the Western Cape will receive:

R7.343 billion as its local government equitable share, which is an increase of 10.16% from the 2022/23 adjustment budget allocation. In the medium-term, local government is expected to see increases of 9.4% in 2023/24 and 9.57% in 2024/25, year-on-year. Western Cape municipalities receive 7.61% of the total local government equitable share (National Treasury, 2023b:42).

Provincial Grant Allocations for the Western Cape are as follows:

National	Name of	Type of	2022/2	Adjustm	2022/2	2023/2	%	Increa
Dept	Allocation	Allocati	3	ent	3	4	Increa	se/
(Vote)		on	Allocati	2022/23	Revise	Allocati	se/	Decrea
			on		d	on	Decree	se
					estima		Decrea	
							se	

					te			
							R	'000
Basic Education (Vote 16)	Education Infrastructu re Grant	General conditio nal allocatio n to province s	1 236 077	115 468	1 351 539	1 290 062	-4,55	-61 477
	Early Childhood Developme nt Grant (Previously part of Social Developme nt Vote 19)	Conditio nal allocatio n	95 866	-	95 866	100 076	4,39	4 210
	HIV and AIDs (Life Skills Education) Grant	Conditio nal allocatio n	17 822	-	17 822	18 071	1,40	249
	Learners with Profound Intellectual Disabilities Grant	Conditio nal allocatio n	33 451	7 4 1	40 892	34 080	-16,66	6 812
	Maths, Science and Technology Grant	Conditio nal allocatio n	37 814	8 2 4 2	46 056	37 135	-19,37	-8 921
	National School Nutrition Programme Grant	Conditio nal allocatio n	451 289	-	451 289	496 802	10,09	45 513
Health	National Tertiary	General conditio	3 401	-	3 401	3 332	-2,03	-69

(Vote 18)	Services Grant	nal allocatio	057		057	007		050
		n to province s						
	District Health Programme s Grant	Conditio nal allocatio n	2 268 2 94	-	2 268 294	2 049 145	-9,66	-219 149
	Health Facility Revitalisati on Grant	Conditio nal allocatio n	796 59 0	56 500	853 090	883 298	3,54	30 208
	Human Resources and Training Grant	Conditio nal allocatio n	899 44 2	-	899 442	887 123	-1,37	-12 319
	National Health Insurance Grant	National ly assigned function to province s	43 605	-8 641	34 964	36 225	3,61	1 261
Transport (Vote 40)	Provincial Roads Maintenan ce Grant	General conditio nal allocatio n to province s	960 309	-	960 309	1 425 471	48,44	465 162
	Public Transport Operations Grant	National ly assigned function to province s	1 127 813	-	1 127 8 13	1 177 519	4,41	49 706
Agricultur e, Land Reform and Rural	Comprehen sive Agricultural Support	Conditio nal allocatio n	122 087	-	122 087	121 653	-0,36	-434

Developm ent	Programme Grant							
(Vote 29)	Ilima/Letse ma Projects Grant	Conditio nal allocatio n	58 993	-	58 993	59 979	1,67	986
	Land Care Programme Grant: Poverty Relief and Infrastructu re Developme nt	Conditio nal allocatio n	5 532	-	5 532	5 680	2,68	148
Human Settlemen ts (Vote 33)	Human Settlement s Developme nt	Conditio nal allocatio n	1 628 418	-	1 628 418	1 701 511	4,49	73 093
	Informal Settlement s Upgrading Partnership Grant: Provinces	Conditio nal allocatio n	484 638	5 1 9 6	489 834	505 998	3.3	21 360
Public Works and Infrastruct ure (Vote 13)	Expanded Public Works Programme Integrated Grant for Provinces	Conditio nal allocatio n	30 139	-	30 139	20 798	-30,99	-9 341
	Social Sector Expanded Public Works Programme Incentive Grant for Provinces	Conditio nal allocatio n	35 745	-	35 745	35 652	-0,26	-93

Sports,	Community	Conditio	190	-	190	193	1,70	3 229
Arts and	Library	nal	102		102	331		
Culture	Services	allocatio						
(Vote 37)	Grant	n						
	Mass	Conditio	91 221	-	91 221	62	-31,47	-28
	Participatio	nal				516		705
	n and Sport	allocatio						
	Developme	n						
	nt Grant							

Specific Purpose Allocations to Municipalities:

Name of Grant	Categ ory	Municipalit Y	2022/2 3 Allocati on	Adjustm ent 2022/20 23	2022/2 3 Adjuste d Allocati on	2023/2 4 Allocati on	% Increa se/ Decrea se	Increa se/ Decrea se
					R '00	00		
Infrastruct ure Skills Developm	A	City of Cape Town	11 446	-	11 446	9 000	-21,37	-2 446
ent Grant	В	George	6 000	-	6 000	6 500	8,33	500
Local Governme nt	A	City of Cape Town	1 000	-	1 000	1 000	-	-
Financial	В	Matzikama	1 771	-	1 771	1 771	-	-
Managem ent Grant	В	Cederberg	2 132	-	2 132	2 132	-	-
	В	Bergrivier	1 550	-	1 550	1 550	-	-
	В	Saldanha Bay	1 550	-	1 550	1 550	-	-
	В	Swartland	1 550	-	1 550	1 550	-	-
	С	West Coast District Municipality	1 000	-	1 000	1 000	-	-
	В	Witzenberg	1 550	-	1 550	1 550	-	-
	В	Drakenstein	1 550	-	1 550	1 550	-	-
	В	Stellenbosc h	1 550	-	1 550	1 550	-	-

E	В	Breede	1 550	-	1 550	1 550	-	-
		Valley						
E	В	Langeberg	1 550	-	1 550	1 550	-	-
(С	Cape Winelands District Municipality	1 000	-	1 000	1 000	-	-
E	В	Theewaters kloof	1 650	-	1 650	1 700	3,03	50
E	В	Overstand	1 550	-	1 550	1 550	-	-
E	В	Cape Agulhas	1 550	-	1 550	1 550	-	-
E	В	Swellendam	1 720	-	1 720	1 770	2,91	50
(С	Overberg District Municipality	1 000	-	1 000	1 000	-	-
E	В	Kannaland	2 932	-	2 932	2 932	-	-
E	В	Hessequa	1 550	-	1 550	1 550	-	-
E	В	Mossel Bay	1 550	-	1 550	1 566	1,03	16
E	В	George	1 721	-	1 721	1 771	2,91	50
E	В	Oudtshoorn	2 800	-	2 800	2 802	0,07	2
E	В	Bitou	1 721	-	1 721	1 771	2,91	50
E	В	Knysna	1 721	-	1 721	1 771	2,91	50
(С	Garden Route District Municipality	1 000	-	1 000	1 000	-	-
E	В	Laingsburg	1 750	-	1 750	1 800	2,86	50
E	В	Prince Albert	1 650	-	1 650	1 700	3,03	50
E	В	Beaufort West	2 085	-	2 085	2 185	4,80	100
	С	Central Karoo District Municipality	1 000	-	1 000	1 000	-	-

Expanded	А	City of Cape	42 406	-	42 406	62	47,59	20 182
Public		Town				588		
Works Programm	В	Matzikama	1 569	-	1 569	3 028	92,99	1 459
e Integrated	В	Cederberg	1 359	-	1 359	1 658	22,00	299
Grant for	В	Bergrivier	1 662	-	1 662	2 873	72,86	1 211
Municipali ties	В	Saldanha Bay	2 907	-	2 907	2 125	-26,90	-782
	В	Swartland	1 873	-	1 873	1 830	-2,30	-43
	С	West Coast District Municipality	1 194	-	1 194	1 242	4,02	48
	В	Witzenberg	2 237	-	2 237	3 439	53,73	1 202
	В	Drakenstein	4 139	-	4 139	4 363	5,41	224
	В	Stellenbosc h	4 928	-	4 928	4 786	-2,88	-142
	В	Breede Valley	3 301	-	3 301	5 072	53,65	1 771
	В	Langeberg	2 647	-	2 647	3 362	27,01	715
	С	Cape Winelands District Municipality	1 369	-	1 369	2 405	75,68	1 036
	В	Theewaters kloof	2 077	-	2 077	1 684	-18,92	-393
	В	Overstand	2 593	-	2 593	3 565	37,49	972
	В	Cape Agulhas	1 773	-	1 773	2 181	23,01	408
	В	Swellendam	1 497	-	1 497	1 541	2,94	44
	C	Overberg District Municipality	1 123	-	1 123	1 192	6,14	69
	В	Kannaland	1 031	-	1 031	1 220	18,33	189
	В	Hessequa	1 164	-	1 164	1 174	0,86	10
	В	Mossel Bay	1 935	-	1 935	4 589	137,16	2 654
	В	George	1 990	-	1 990	4 420	122,11	2 430

	В	Oudtshoorn	1 310	-	1 310	1 672	27,63	362
	В	Bitou	1 155	-	1 155	1 879	62,68	724
	В	Knysna	1 044	-	1 044	1 264	21,07	220
	С	Garden Route District Municipality	2 440	-	2 440	2 180	-10,66	-260
	В	Laingsburg	1 074	-	1 074	1 173	9,22	99
	В	Prince Albert	1 237	-	1 237	1 098	-11,24	-139
	В	Beaufort West	1 136	-	1 136	1 372	20,77	236
	С	Central Karoo District Municipality	1 321	-	1 321	2 451	85,54	1 130
Programm e and Project Preparatio n Support Grant	A	City of Cape Town	65 970	-	65 970	68 877	4,41	2 907

Infrastructure Grant Allocations to Municipalities:

Name of Grant	Categ ory	Municipalit Y	2022/23 Allocatio n	Adjustm ent 2022/20 23	2022/2 3 Adjuste d Allocati on	2023/2 4 Allocat ion	% Increa se/ Decre ase	Increa se/ Decre ase
					R '000)		
Municipal Disaster Recovery Grant	С	Cape Winelands District Municipalit Y	-	10 310	10 310	-	-	-10 310
	С	Overberg District Municipalit	-	15 493	15 493	-	-	-15 493

		У						
	С	Garden Route District Municipalit Y	-	264 161	264 161	-	-	-264 161
Municipal Infrastruct	В	Matzikama	23 817	-	23 817	24 716	3,77	899
ure Grant	В	Cederberg	17 309	-	17 309	17 896	3,39	587
	В	Bergrivier	16 017	-	16 017	16 543	3,28	526
	В	Saldanha Bay	21 634	-	21 634	29 287	35,37	7 653
	В	Swartland	33 810	-	33 810	24 708	-26,92	-9 102
	В	Witzenberg	25 091	-	25 091	26 051	3,83	960
	В	Breede Valley	44 987	-	44 987	40 609	-9,73	-4 378
	В	Langeberg	24 597	-	24 597	25 533	3,81	936
	В	Theewaters kloof	29 728	-	29 728	30 909	3,97	1 181
	В	Overstand	24 628	-	24 628	25 565	3,80	937
	В	Cape Agulhas	11 929	-	11 929	12 260	2,77	331
	В	Swellenda m	13 005	-	13 005	13 387	2,94	382
	В	Kannaland	11 083	-	11 083	11 373	2,62	290
	В	Hessequa	24 982	-	24 982	15 459	-38,12	-9 523
	В	Mossel Bay	27 046	-	27 046	28 098	3,89	1 052
	В	George	45 508	-	45 508		-	-45

							100,00	508
	В	Oudtshoor	33 325	-	33 325	25	-24,24	-8 077
	В	n Bitou	22 508	-	22 508	248 23	3,71	836
	В	Knysna	39 114		39 114	344 29	-25,30	-9 896
		Kirysha				218	23,30	5 050
	В	Laingsburg	6 870	-	6 870	14 959	117,74	8 089
	В	Prince Albert	7 956	-	7 956	8 097	1,77	141
	В	Beaufort West	15 353	-	15 353	15 849	3,23	496
Energy Efficiency and	A	City of Cape Town	9 000	-	9 000	9 000	-	-
Demand Side	В	Saldanha Bay	-	-	-	4 000	-	4 000
Managem ent Grant	В	Breede Valley	4 000	-	4 000	4 000	-	-
	В	Theewaters kloof	-	-	-	4 000	-	4 000
	В	Overstrand	- 5 0 0 0	-	5 000	4 200	-16,00	-800
	В	Hessequa	4 000	-	4 000	4 000	0,00	-
	В	Mossel Bay	- 2 5 0 0	-	2 500	-	- 100,00	-2 500
	С	Garden Route District Municipalit Y	- 5 0 0 0	-	5000	4 000	-20,00	-1 000
Integrated National	В	Matzikama	-	-	-	8 325	-	8 325
Electrificati on	В	Cederberg	24 000	-	24 000	37 997	58,32	13 997

Programm	В	Saldanha	-	-	-	14	-	14 324
e		Вау				324		
(Municipal) Grant	В	Swartland	17 600	-	17 600	23 658	34,42	6 058
	В	Witzenberg	-	-	-	3 900	-	3 900
	В	Drakenstei n	10 000	-	10 000	10 000	-	-
	В	Stellenbosc h	28 350	-	28 350	22 750	-19,75	-5 600
	В	Breede Valley	15 000	-	15 000	20 238	34,92	5 238
	В	Langeberg	-	-	-	460	-	460
	В	Overstand	21 331	-	21 331	24 380	14,29	3 049
	В	Cape Agulhas	4 348	-	4 348	-	- 100,00	-4 348
	В	Hessequa	2 893	-	2 893	3 700	27,89	807
	В	Mossel Bay	13 061	-	13 061	12 007	-8,07	-1 054
	В	George	38 036	-	38 036	6 346	-83,32	-31 690
	В	Bitou	8 718	-	8 718	3 774	-56,71	-4 944
	В	Knysna	10 730	-	10 730	43 754	307,77	33 024
	В	Prince Albert	-	-	-	490	-	490
	В	Beaufort West	11 000	-	11 000	-	- 100,00	-11 000
Rural Roads Asset Managem	С	West Coast District Municipalit Y	2 707	-	2 707	2 718	0,41	11
ent Systems Grant	С	Cape Winelands District Municipalit Y	28 777	-	28 777	2 888	-89,96	-25 889

	С	Overberg	2 835	-	2 835	2 846	0,39	11
		District Municipalit Y						
	С	Garden Route District Municipalit Y	2 594	-	2 594	2 754	6,17	160
	С	Central Karoo District Municipalit Y	2 055	-	2 055	2 063	0,39	8
Regional Bulk Infrastruct	В	Matzikama	10 000	-	10 000	-	- 100,00	-10 000
ure Grant	В	Witzenberg	19 239	-	19 239	-	- 100,00	-19 239
	В	Drakenstei n	-	-	-	305 310	New allocat ion	305 310
	В	George	240 648	-	240 648	375 138	55,89	134 490
Water Services Infrastruct	В	Matzikama	9 196	-	9 196	11 000	19,62	1 804
ure Grant	В	Cederberg		-	-	5 00 0	-	5 000
	В	Bergrivier	3 150	-	3 150	10 000	217,46	6 850
	В	Witzenberg	15 701	-	15 701	-	- 100,00	-15 701
	В	Drakenstei n		-	-	16 000	-	16 000
	В	Breede Valley	5 1 0 7	-	5 107	-	- 100,00	-5 107
	В	Theewaters kloof		-	-	10 700	-	10 700

	В	Overstand	27 439	-	27 439	5 000	-81,78	-22 439
	В	Cape Agulhas	17 000	-	17 000	5 000	-70,59	-12 000
	В	Swellenda m	6 437	-	6 437	5 893	-8,45	-544
	В	Kannaland	-	-	-	5 000	-	5 000
	В	Hessequa				8 300	-	8 300
	В	George	-	-	-	3 820	-	3 820
	В	Oudtshoor n	-	-	-	10 000	New allocat ion	10 000
	В	Bitou	9 079	-	- 9 0 7 9	-	- 100,00	-9 079
	В	Knysna	-	-	-	3 400	-	3 400
	В	Laingsburg	17 360	-	17 360	34 133	96,62	16 773
	В	Prince Albert	6 552	-	6 552	10 000	52,63	3 448
	В	Beaufort West	28 439	-	28 439	-	- 100,00	-28 439
Integrated Urban	В	Drakenstei n	61 989	-	61 989	58 616	-5,44	-3 373
Developm ent Grant	В	Stellenbosc h	65 747	-	65 747	59 410	-9,64	-6 337
	В	George	-	-	-	67 450	New allocat ion	67 450
Informal Settlement s Upgrading Partnershi p Grant: Municipali ties	A	City of Cape Town	549 012	-	549 012	573 210	4,41	24 198

Urban	А	City of Cape	965 544	_	965 544	1 008	4,41	42 556
Settlement	<u>^</u>	Town	505 544	_	505 544	1008	7,71	72 550
		TOWIT				100		
S								
Developm								
ent Grant								
Neighbour	А	City of Cape	175 699	-	175 699	250	42,80	75 191
hood		Town				890		
Developm								
ent .	В	Drakenstei	-	-	-	10	New	10 000
Partnershi		n				000	allocat	
p Grant							ion	
(Capital)	_							
(Capital)	В	Langeberg	5 000	-	5 000	9 272	85,44	4 272
	В	George				5 000	New	5 000
							allocat	
							ion	
	В	Knysna	5 000	-	5 000	15	200,00	10 000
	_	,				000	_00,00	
						000		
Public	А	City of Cape	1 314	-	1 314	1 777	35,27	463
Transport		Town	261		261	845		584
Network								
Grant	В	George	191 410	-	191 410	144	-24,34	-46
						823		587

Allocations-in-kind to Municipalities:

Name of Grant	Categ ory	Municipalit Y	2022/2 3 Allocati on	Adjus tment 2022/ 2023	2022/23 Adjusted Allocation	2023/2 4 Allocati on	% Increa se/ Decre ase	Increase/ Decrease
					R	' 000		
Municipal Systems Improvem ent Grant	С	Garden Route District Municipalit Y	1405	-	1405	1 000	-28,83	-405
Integrated National Electrificat	A	City of Cape Town	133 461	-	133 461	62 349	-53,28	-71112
ion	В	Matzikama	4 4	-	4 493	-	-	-4493

Programm e (Eskom)			9 3				100,00	
Grant	В	Cederberg	9 072	-	9 072	31 275	244,74	22203
	В	Saldanha Bay	7 476	-	7 476	7 503	0,36	27
	В	Swartland	17646	-	17646	5 168	-70,71	-12478
	В	Stellenbosc h	255	-	255	123	-51,76	-132
	В	Breede Valley	14 901	-	14 901	5 796	-61,10	-9105
	В	Theewaters kloof	6 674	-	6 674	1 883	-71,79	-4791
	В	George	5 355	-	5 355	-	- 100,00	-5355
	В	Oudtshoor n	-	-	-	166	New allocat ion	166
	В	Knysna	-	-	-	290	New allocat ion	290
Neighbour hood	А	City of Cape Town	5 000	-	5 000	2 500	-50,00	-2500
Developm ent Partnershi	В	Drakenstei n	100	-	100	-	- 100,00	-100
p Grant (Technical Assistance)	В	Langeberg	1 0 0	-	100	100	0,00	-
	В	George	2 5 0 -	-	2 5 0 0	1 300	-48,00	-1200
	В	Knysna	2 000	-	2 000	1 0 0	-95,00	-1 900
Regional Bulk Infrastruct ure Grant	В	Cederberg	15 197	-	15 197	15 153	-0,29	-44

Project Name	Category	Municipality	3/24 cation		Increase/Decrease
			·	R '000)
Upgrading of St Helena Bay Sport Field	В	Saldanha Bay	6 858		6 858
Construction of Bersig Sport Field	В	Laingsburg	8 000		8 000
Clanwilliam /Lambertsbaai Regional Water Supply and Desalination	В	Cederberg	15 153		15 153
Drakenstein Local Municipality - Sanitation Infrastructure Project	В	Drakenstein	305 310		305 310
Portable Water Security and Remedial Works	В	George	375 138		375 138

Municipal Infrastructure Grant and Regional Bulk Infrastructure Grant:

The 2023 Division of Revenue Bill (DORB) does not ensure that the Western Cape receives its fair share. The Western Cape receives the 5th largest, and smallest, share of the Provincial Equitable Share (PES) among all provinces. A government that has received 100% unqualified audit reports for all its departments, as the Western Cape Government has for 2021/22, should be rewarded for their fiscal discipline with additional funding. Instead, the province is being punished with a R1.9 billion baseline cut in funding over the MTEF. This second-round impact is on top of a R500 million first-round impact, while the third-round impact against the baseline will only become clear during the 2023 Medium-term Budget Policy Statement.

The PES formula, despite repeated calls from this committee, still leaves several key areas as unfunded. Special needs learners are not considered for the Education PES calculation, and there are no provisions for gender-based violence or safety. Also absent are criteria for good governance, which leads to incompetent governments being rewarded with additional funding, while provinces that have proven their ability to deliver quality services receive less funding.

Overall, the Western Cape's conditional grant allocations over the MTEF will increase by 1.9% (Western Cape Provincial Treasury, 2023b:121). Inflation reached 7.1% year-on-year in March 2023, up from 7.0% year-on-year in February 2023. This means that any increased allocation received, that is below these figures, is in fact a budget cut.

Due to provincial equitable share data input, the Western Cape will see a R1.5 billion decrease in primary healthcare funding over the Medium-term Expenditure Framework (MTEF) (Western Cape Provincial Treasury, 2023b:118). The Western Cape has also been left far behind in the allocation of conditional grants related to health, with the province ranking 6th out of all provinces in terms of their District Health Grant allocation, and 8th for the National Health Insurance Grant allocation (National Treasury, 2023b:47). Homecare for patients is notably not included in the PES formula, meaning that especially care for the elderly and disabled does not factor into health allocations for provinces.

Another area of concern in this bill is the substantial reductions that the province will see in grants for Education. The Maths, Science and Technology Grant (19.37%), the Learners with Profound Intellectual Disabilities Grant (16.66%) and the Education Infrastructure Grant (4.55%) all see less money coming to the Western Cape year-on-year (Western Cape Provincial Treasury, 2023a:177).

Despite around 88 000 of the 112 000 first time students in the Western Cape over the past five years coming from the Eastern Cape, the Western Cape still receives around R600 million less than the Eastern Cape for education infrastructure. In addition, the Western Cape last year spent 100% of its Education Infrastructure Grant, while provinces like the Eastern Cape and Mpumalanga have failed to do so, last year saw their infrastructure funding redistributed to provinces, like the Western Cape, who have the capacity and will to use it. Still, the Western Cape only receives 5th most funding for Education Infrastructure, meaning that once again the Western Cape is being punished for good governance (National Treasury, 2023b:43).

In other important education grants, the Western Cape ranks in the bottom half of all provinces by allocation, ranking 6th for the HIV/AIDS Life Skills Education Grant, 7th for the Early Childhood Development Grant, and 8th for the National School Nutrition Programme Grant (National Treasury, 2023b:46). It must be noted that the Western Cape was the only province to feed children at school during COVID, the rest of the country took the rest of the provinces to court for not feeding children, and they won. Once again, this provincial government is being disadvantaged for serving our residents.

For Human Settlements, an area of great need in the Western Cape due to rising population, the province will rank below both Gauteng and Kwa-Zulu Natal in the allocations for the Human Settlements Development Grant, and the Informal Settlements Upgrading Partnership Grant, receiving less than half of Gauteng's allocation in both instances.

The Western Cape also receives the third lowest allocation of any province for the Extended Public Work Programme grant, meaning that less money is available for job creation in the province. The Mass Participation and Sport Development Grant sees a 31.47% cut in funding year on year, with the Western Cape again ranking 5th for this allocation (National Treasury, 2023b:49).

In terms of grants for Agriculture, a massive source of employment in the Western Cape, the province ranks second-last in the allocations of the Comprehensive Agricultural Support Programme (CASP) grant, the Ilima/Letsema Projects grant, and the LandCare Programme grant. The allocations are comparable to those of Gauteng, a much less agriculture intensive provincial economy.

No new conditional grants to enable provinces to deal with the energy disaster have been created. It must be noted that a total of R517 million in provincial and municipal disaster response funding remains unallocated (National Treasury, 2023b:54). Should this money have been split equally between provinces, equitable share notwithstanding, each province would have had a an additional R57 million to mitigate the effects of loadshedding on residents. In terms of the Western Cape Government's energy response, this money would have roughly funded, over the MTEF, the entire R55.5 million budget for alternative energy support for SMMEs, or almost the entire budget of R60 million for emergency power packs or Green Hydrogen Development (Western Cape Provincial Treasury, 2023b:110).

According to Eskom's latest annual report, the entity had irregular expenditure of R67.1 billion in the 2021/22 financial year. The Western Cape's entire R1.1 billion budget for energy over the MTEF amounts to 1.64% of Eskom's irregular expenditure, and yet National Government has seen fit to take on even more of Eskom's debt, rather than capacitating competent provincial governments to address the energy crisis on another front. The Western Cape's PES allocation is R58.9 billion, this means that Eskom's irregular expenditure could have paid for the whole Western Cape Government budget, with almost R10 billion in change, which is the equivalent of almost 10 Western Cape Energy Response plans.

In addition, this bill does not make sufficient provision for the public wage increase which has been reported at 7.5%, with the result that money will need to be moved from service delivery targets to cover the higher than expected wage increase. This Bill further allocated no money to fight corruption.

The DORB further reports that "[g]ross loan debt is expected to increase from R4.73 trillion (71.1 per cent of GDP) in 2022/23 to R5.06 trillion (72.8 per cent of GDP) in 2023/24 and will peak at R5.84 trillion (73.6 per cent of GDP) in 2025/26." This all while, Eskom will be bailed out to the tune of R254 billion. South Africa cannot continue to borrow to fund expenditure in this manner. The poorest people will have to bear the biggest impact of this bill. This bill will bring more suffering to the poorest people within South Africa due to it having become an incapable state.

The Committee welcomes the following:

- 1. Clauses regarding the process regarding litigation and intergovernmental disputes;
- 2. The review of criteria and objectives of grants, such as the Emergency Housing grant being closed and forming part of departmental funding, for better spending objectives; and
- 3. Clauses tightening up procedures regarding non-spending of conditional grants that go directly to local government municipalities.

Minority View

In terms of Standing Rule 90, the African National Congress and Al Jama-ah expressed its minority view to support the Bill.

ADV D BAARTMAN, MPP CHAIRPERSON: BUDGET COMMITTEE DATE: 24 April 2023

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