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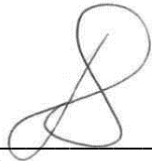
22 April 2024

WCPP 11/1/3

*RAADSTEUN
PLENARY SUPPORT
INKXASO YOKUHLALA KWENDLU*

NEGOTIATING MANDATE

To:	Hon D G Mahlangu, MP Chairperson: SC on Appropriations
Name of Bill:	Division of Revenue Bill
Number of Bill:	[B 4 - 2024]
Date of deliberation:	22 April 2024
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, with recommendations for the Division of Revenue Bill (B 4-2024) by the NCOP. The recommendations are as follows:



Signature

Date: 22 April 2024

(Negotiating Mandate stage) Report of the Budget Committee on the Division of Revenue Bill [B 4-2024] (NCOP), dated 22 April 2024, as follows:

The Budget Committee, having considered the subject of the Division of Revenue Bill [B 4-2024] (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, with recommendations included.

The 2024 Division of Revenue Bill is tabled at a time of great uncertainty for the fiscus, after years of financial mismanagement from the National Government. According to the 2024 Main Budget, national government has allocated 41.9% of national raised funds to provincial governments as equitable share (up 0.2 percentage points from 2023/24 Adjustment Budget) with 9.7% being maintained for local governments (National Treasury, 2024b:62).

The Western Cape will receive:

- **R 62.071 billion** as its equitable share, an increase of R1.478 billion, which represents a 1.13% increase from the 2023/24 Adjustment Budget. This equates to 10.34% of the total provincial equitable share for the 2024/25 financial year. (National Treasury, 2024c:11)
- **R 14.854 billion** in conditional grants, a R1.475 billion (11%) increase from the 2024/25 Budget. (National Treasury, 2024c:11)

That is a **net total of R 76.925 billion, which is a R 2.953 billion (3.82%) increase from the 2023/24 Adjustment Budget.**

There was an increase in the total money going to the 9 Provinces as **Provincial Equitable Share of R15.390 billion (2.63%)** from the 2023/24 Adjustment Budget to the 2024/25 Main Budget, with 9.6% of the total increase coming to the Western Cape. In the medium-term provinces are estimated to see an increase in Provincial Equitable Share of R26.9 billion from 2024/25 to 2025/26, before an increase in 2026/27 of R28.262 billion year-on-year (National Treasury, 2024b:63).

Local governments in the Western Cape will receive:

- R7.84 billion as its local government equitable share, which represents a 6.81% increase from the 2023/24 Adjustment Budget allocation. In the medium-term, local government is expected to see **increases** to their share of nationally raised revenue to 9.8% in 2024/25 and 10% in 2025, year-on-year. Western Cape municipalities receive 7.75% of the total local government equitable share (National Treasury, 2024a:42).

Provincial Grant Allocations for the Western Cape are as follows:

National Dept (Vote)	Name of Allocation	Type of Allocation	2023/24 Allocation	2023/24 Adjusted allocation	2024/25 Allocation	23/24 Adjustment to 24/25 Main Budget Increase/ Decrease	23/24 Adjustment to 24/25 Main Budget % Increase/ Decrease	23/24 Main Budget to 24/25 Main Budget Increase/ Decrease	23/24 Main Budget to 24/25 Main Budget % Increase/ Decrease
			R '000						
Basic Education (Vote 16)	Education Infrastructure Grant	General conditional allocation to provinces	1 290 062	1 133 187	1 306 354	173 167	15,28	16 292	1,26
	Early Childhood Development Grant (Previously part of Social Development Vote 19)	Conditional allocation	100 076	86 038	124 357	38 319	44,54	24 281	24,26

	HIV and AIDs (Life Skills Education) Grant	Conditional allocation	18 071	14 983	18 923	3 940	26,30	852	4,71
	Learners with Profound Intellectual Disabilities Grant	Conditional allocation	34 080	34 080	33 930	-150	-0,44	-150	-0,44
	Maths, Science and Technology Grant	Conditional allocation	37 135	32 863	38 045	5 182	15,77	910	2,45
	National School Nutrition Programme Grant	Conditional allocation	496 802	496 802	531 615	34 813	7,01	34 813	7,01
Health (Vote 18)	National Tertiary Services Grant	General conditional allocation to provinces	3 332 007	3 332 007	3 526 935	194 928	5,85	194 928	5,85
	District Health Programmes Grant	Conditional allocation	2 049 145	1 982 629	2 132 386	149 757	7,55	83 241	4,06

	Health Facility Revitalisation Grant	Conditional allocation	883 298	828 711	861 307	32 596	3,93	-21 991	-2,49
	Human Resources and Training Grant	Conditional allocation	887 123	887 123	928 678	41 555	4,68	41 555	4,68
	National Health Insurance Grant	Nationally assigned function to provinces	36 225	36 225	36 899	674	1,86	674	1,86
Transport (Vote 40)	Provincial Roads Maintenance Grant	General conditional allocation to provinces	1 425 471	1 373 727	1 610 643	236 916	17,25	185 172	12,99
	Public Transport Operations Grant	Nationally assigned function to provinces	1 177 519	1 177 519	1 230 401	52 882	4,49	52 882	4,49
Agriculture, Land Reform and Rural Development (Vote 29)	Comprehensive Agricultural Support Programme Grant	Conditional allocation	121 653	112 203	124 426	12 223	10,89	2 773	2,28
	Ilima/Letsema Projects Grant	Conditional allocation	59 979	58 979	43 322	-15 657	-26,55	-16 657	-27,77

	Land Care Programme Grant: Poverty Relief and Infrastructure Development	Conditional allocation	5 680	5 300	6 546	1 246	23,51	866	15,25
Human Settlements (Vote 33)	Human Settlements Development	Conditional allocation	1 701 511	1 487 205	1 605 872	118 667	7,98	-95 639	-5,62
	Informal Settlements Upgrading Partnership Grant: Provinces	Conditional allocation	505 998	448 809	382 315	-66 494	-14,82	-123 683	-24,44
Public Works and Infrastructure (Vote 13)	Expanded Public Works Programme Integrated Grant for Provinces	Conditional allocation	20 798	19 059	20 496	1 437	7,54	-302	-1,45
	Social Sector Expanded Public Works Programme Incentive Grant for Provinces	Conditional allocation	35 652	33 097	24 238	-8 859	-26,77	-11 414	-32,02

Sports, Arts and Culture (Vote 37)	Community Library Services Grant	Conditional allocation	193 331	193 331	201 168	7 837	4,05	7 837	4,05
	Mass Participation and Sport Development Grant	Conditional allocation	62 516	57 971	65 494	7 523	12,98	2 978	4,76

Specific Purpose Allocations to Municipalities:

Name of Grant	Category	Municipality	2023/24 Allocation	2023/24 Adjusted allocation	2024/25 Allocation	23/24 Adjustment to 24/25 Main Budget Increase/ Decrease	23/24 Adjustment to 24/25 Main Budget % Increase/ Decrease	23/24 Main Budget to 24/25 Main Budget Increase/ Decrease	23/24 Main Budget to 24/25 Main Budget % Increase/ Decrease	
			R '000							
Infrastructure Skills Development Grant	A	City of Cape Town	9 000	8 920	12 000	3 080	34,53	3 000	33,33	
	B	George	6 500	6 217	6 000	-217	-3,49	-500	-7,69	

Local Government Financial Management Grant	A	City of Cape Town	1 000	1 000	1 000	0	0,00	0	0,00
	B	Matzikama	1 771	1 771	1 800	29	1,64	29	1,64
	B	Cederberg	2 132	2 132	2 000	-132	-6,19	-132	-6,19
	B	Bergrivier	1 550	1 550	1 700	150	9,68	150	9,68
	B	Saldanha Bay	1 550	1 550	1 600	50	3,23	50	3,23
	B	Swartland	1 550	1 550	1 600	50	3,23	50	3,23
	C	West Coast District Municipality	1 000	1 000	1 000	0	0,00	0	0,00
	B	Witzenberg	1 550	1 550	1 600	50	3,23	50	3,23
	B	Drakenstein	1 550	1 550	1 600	50	3,23	50	3,23
	B	Stellenbosch	1 550	1 550	1 600	50	3,23	50	3,23
	B	Breede Valley	1 550	1 550	1 600	50	3,23	50	3,23
	B	Langeberg	1 550	1 550	1 600	50	3,23	50	3,23
	C	Cape Winelands District Municipality	1 000	1 000	1 000	0	0,00	0	0,00
	B	Theewaterskloof	1 700	1 700	1 800	100	5,88	100	5,88
	B	Overstand	1 550	1 550	1 700	150	9,68	150	9,68
	B	Cape Agulhas	1 550	1 550	1 700	150	9,68	150	9,68

	B	Swellendam	1 770	1 770	1 800	30	1,69	30	1,69
	C	Overberg District Municipality	1 000	1 000	1 000	0	0,00	0	0,00
	B	Kannaland	2 932	2 932	2 900	-32	-1,09	-32	-1,09
	B	Hessequa	1 550	1 550	1 700	150	9,68	150	9,68
	B	Mossel Bay	1 566	1 566	1 700	134	8,56	134	8,56
	B	George	1 771	1 771	1 800	29	1,64	29	1,64
	B	Oudtshoorn	2 802	2 802	2 800	-2	-0,07	-2	-0,07
	B	Bitou	1 771	1 771	1 800	29	1,64	29	1,64
	B	Knysna	1 771	1 771	1 800	29	1,64	29	1,64
	C	Garden Route District Municipality	1 000	1 000	1 000	0	0,00	0	0,00
	B	Laingsburg	1 800	1 800	1 800	0	0,00	0	0,00
	B	Prince Albert	1 700	1 700	1 800	100	5,88	100	5,88
	B	Beaufort West	2 185	2 185	2 000	-185	-8,47	-185	-8,47
	C	Central Karoo District Municipality	1 000	1 000	1 000	0	0,00	0	0,00
Expanded Public Works	A	City of Cape Town	62 588	59 093	26 664	-32 429	-54,88	-35 924	-57,40

Programme Integrated Grant for Municipalities	B	Matzikama	3 028	2 859	1 389	-1 470	-51,42	-1 639	-54,13
	B	Cederberg	1 658	1 658	1 534	-124	-7,48	-124	-7,48
	B	Bergrivier	2 873	2 712	1 436	-1 276	-47,05	-1 437	-50,02
	B	Saldanha Bay	2 125	2 125	1 368	-757	-35,62	-757	-35,62
	B	Swartland	1 830	1 830	1 593	-237	-12,95	-237	-12,95
	C	West Coast District Municipality	1 242	1 242	1 282	40	3,22	40	3,22
	B	Witzenberg	3 439	3 247	1 389	-1 858	-57,22	-2 050	-59,61
	B	Drakenstein	4 363	4 119	1 534	-2 585	-62,76	-2 829	-64,84
	B	Stellenbosch	4 786	4 519	1 436	-3 083	-68,22	-3 350	-70,00
	B	Breede Valley	5 072	4 789	1 368	-3 421	-71,43	-3 704	-73,03
	B	Langeberg	3 362	3 174	1 593	-1 581	-49,81	-1 769	-52,62
	C	Cape Winelands District Municipality	2 405	2 271	1 282	-989	-43,55	-1 123	-46,69
	B	Theewaterskloof	1 684	1 684	1 563	-121	-7,19	-121	-7,19
	B	Overstand	3 565	3 366	1 898	-1 468	-43,61	-1 667	-46,76
	B	Cape Agulhas	2 181	2 181	1 363	-818	-37,51	-818	-37,51
	B	Swellendam	1 541	1 541	1 305	-236	-15,31	-236	-15,31

	C	Overberg District Municipality	1 192	1 192	1 265	73	6,12	73	6,12
	B	Kannaland	1 220	1 220	1 255	35	2,87	35	2,87
	B	Hessequa	1 174	1 174	1 236	62	5,28	62	5,28
	B	Mossel Bay	4 589	4 333	1 967	-2 366	-54,60	-2 622	-57,14
	B	George	4 420	4 173	1 966	-2 207	-52,89	-2 454	-55,52
	B	Oudtshoorn	1 672	1 672	1 492	-180	-10,77	-180	-10,77
	B	Bitou	1 879	1 879	1 474	-405	-21,55	-405	-21,55
	B	Knysna	1 264	1 264	1 279	15	1,19	15	1,19
	C	Garden Route District Municipality	2 180	2 180	1 545	-635	-29,13	-635	-29,13
	B	Laingsburg	1 173	1 173	1 209	36	3,07	36	3,07
	B	Prince Albert	1 098	1 098	1 200	102	9,29	102	9,29
	B	Beaufort West	1 372	1 372	1 226	-146	-10,64	-146	-10,64
	C	Central Karoo District Municipality	2 451	2 314	1 203	-1 111	-48,01	-1 248	-50,92
Programme and Project	A	City of Cape Town	68 877	68 877	70 000	1 123	1,63	1 123	1,63

Preparation Support Grant									
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Infrastructure Grant Allocations to Municipalities:

Name of Grant	Category	Municipality	2023/24 Allocation	2023/24 Adjusted allocation	2024/25 Allocation	23/24 Adjustment to 24/25 Main Budget Increase/ Decrease	23/24 Adjustment to 24/25 Main Budget % Increase/ Decrease	23/24 Main Budget to 24/25 Main Budget Increase/ Decrease	23/24 Main Budget to 24/25 Main Budget % Increase/ Decrease
			R '000						
Municipal Infrastructure Grant	B	Matzikama	24 716	23 063	24 210	1 147	4,97	-506	-2,05
	B	Cederberg	17 896	16 699	17 598	899	5,38	-298	-1,67
	B	Bergrivier	16 543	15 437	16 298	861	5,58	-245	-1,48
	B	Saldanha Bay	29 287	27 328	22 126	-5 202	-19,04	-7 161	-24,45
	B	Swartland	24 708	23 055	29 332	6 277	27,23	4 624	18,71
	B	Witzenberg	26 051	24 309	25 630	1 321	5,43	-421	-1,62
	B	Breede Valley	40 609	37 893	39 790	1 897	5,01	-819	-2,02
	B	Langeberg	25 533	23 825	25 096	1 271	5,33	-437	-1,71

	B	Theewaterskloof	30 909	28 842	30 320	1 478	5,12	-589	-1,91
	B	Overstand	25 565	23 855	25 165	1 310	5,49	-400	-1,56
	B	Cape Agulhas	12 260	11 440	17 101	5 661	49,48	4 841	39,49
	B	Swellendam	13 387	12 492	13 184	692	5,54	-203	-1,52
	B	Kannaland	11 373	10 612	11 217	605	5,70	-156	-1,37
	B	Hessequa	15 459	14 425	15 246	821	5,69	-213	-1,38
	B	Mossel Bay	28 098	26 219	27 563	1 344	5,13	-535	-1,90
	B	Oudtshoorn	25 248	23 559	24 733	1 174	4,98	-515	-2,04
	B	Bitou	23 344	21 783	22 874	1 091	5,01	-470	-2,01
	B	Knysna	29 218	27 264	28 582	1 318	4,83	-636	-2,18
	B	Laingsburg	14 959	13 958	6 919	-7 039	-50,43	-8 040	-53,75
	B	Prince Albert	8 097	7 555	8 032	477	6,31	-65	-0,80
	B	Beaufort West	15 849	14 789	15 643	854	5,77	-206	-1,30
Energy Efficiency and Demand Side Management Grant	A	City of Cape Town	9 000	9 000	7 000	-2 000	-22,22	-2 000	-22,22
	B	Saldanha Bay	4 000	4 000	-	-4 000	-100,00	-4 000	-100
	B	Witzenberg	-	-	3 500	3 500	~	3 500	~
	B	Stellenbosch	-	-	5 000	5 000	~	5 000	~
	B	Breede Valley	4 000	4 000	-	-4 000	-100,00	-4 000	-100,00

	B	Theewaterskloof	4 000	4 000	-	-4 000	-100,00	-4 000	-100,00
	B	Overstrand	4 200	4 200	-	-4 200	-100,00	-4 200	-100,00
	B	Swellendam	-	-	3 000	3 000	~	3 000	~
	B	Hessequa	4 000	4 000	-	-4 000	-100,00	-4 000	-100,00
	C	Garden Route District Municipality	4 000	4 000	-	-4 000	-100,00	-4 000	-100,00
Integrated National Electrification Programme (Municipal) Grant	B	Matzikama	8 325	8 325	1 851	-6 474	-77,77	-6 474	-77,77
	B	Cederberg	37 997	35 000	13 469	-21 531	-61,52	-24 528	-64,55
	B	Bergriver	-	-	614	614	~	614	~
	B	Saldanha Bay	14 324	11 524	23 361	11 837	102,72	9 037	63,09
	B	Swartland	23 658	23 658	22 818	-840	-3,55	-840	-3,55
	B	Witzenberg	3 900	900		-900	-100,00	-3 900	-100,00
	B	Drakenstein	10 000	10 000	3 340	-6 660	-66,60	-6 660	-66,60
	B	Stellenbosch	22 750	20 000	5 056	-14 944	-74,72	-17 694	-77,78
	B	Breede Valley	20 238	20 238	14 620	-5 618	-27,76	-5 618	-27,76
	B	Langeberg	460	460	2 925	2 465	535,87	2 465	535,87
	B	Theewaterskloof	-	-	5 913	5 913	~	5 913	~
	B	Overstand	24 380	23 000	19 334	-3 666	-15,94	-5 046	-20,70

	B	Swellendam	-	-	4 975	4 975	~	4 975	~
	B	Hessequa	3 700	3 700	4 162	462	12,49	462	12,49
	B	Mossel Bay	12 007	11 000	-	-11 000	-100,00	-12 007	-100
	B	George	6 346	5 000	-	-5 000	-100,00	-6 346	-100
	B	Bitou	3 774	3 774	-	-3 774	-100,00	-3 774	-100,00
	B	Knysna	43 754	40 000	15 760	-24 240	-60,60	-27 994	-63,98
	B	Prince Albert	490	490	-	-490	-100,00	-490	-100,00
	B	Beaufort West	-	-	7 310	7 310	~	7 310	~
Rural Roads Asset Management Systems Grant	C	West Coast District Municipality	2 718	2 718	2 840	122	4,49	122	4,49
	C	Cape Winelands District Municipality	2 888	2 888	3 018	130	4,50	130	4,50
	C	Overberg District Municipality	2 846	2 846	2 974	128	4,50	128	4,50

	C	Garden Route District Municipality	2 754	2 754	2 721	-33	-1,20	-33	-1,20
	C	Central Karoo District Municipality	2 063	2 063	2 156	93	4,51	93	4,51
Regional Bulk Infrastructure Grant	B	Drakenstein	305 310	290 310	600 000	309 690	106,68	294 690	96,52
	B	George	375 138	365 138	294 000	-71 138	-19,48	-81 138	-21,63
Water Services Infrastructure Grant	B	Matzikama	11 000	11 000	-	-11 000	-100,00	-11 000	-100,00
	B	Cederberg	5 000	4 500	10 000	5 500	122,22	5 000	100,00
	B	Bergrivier	10 000	8 500	10 000	1 500	17,65	0	0,00
	B	Witzenberg	-	-	15 000	15 000	~	15 000	~
	B	Drakenstein	16 000	13 400	-	-13 400	-100,00	16 000	-100
	B	Theewaterskloof	10 700	9 630	5 000	-4 630	-48,08	-5 700	-53,27
	B	Overstand	5 000	4 500	8 000	3 500	77,78	3 000	60,00
	B	Cape Agulhas	5 000	4 500	10 000	5 500	122,22	5 000	100,00
	B	Swellendam	5 893	5 304	10 000	4 696	88,54	4 107	69,69
	B	Kannaland	5 000	4 500	9 000	4 500	100,00	4 000	80,00

	B	Hessequa	8 300	8 300	-	-8 300	-100,00	-8 300	-100,00
	B	George	3 820	3 820	4 000	180	4,71	180	4,71
	B	Oudtshoorn	10 000	8 060	12 000	3 940	48,88	2 000	20,00
	B	Bitou	-	-	12 000	12 000	~	12 000	~
	B	Knysna	3 400	3 400	10 000	6 600	194,12	6 600	194,12
	B	Laingsburg	34 133	31 832	14 209	-17 623	-55,36	-19 924	-58,37
	B	Prince Albert	10 000	8 000	15 000	7 000	87,50	5 000	50,00
Integrated Urban Development Grant	B	Drakenstein	58 616	58 616	60 815	2 199	3,75	2 199	3,75
	B	Stellenbosch	59 410	59 410	64 495	5 085	8,56	5 085	8,56
	B	George	67 450	67 450	60 837	-6 613	-9,80	-6 613	-9,80
Informal Settlements Upgrading Partnership Grant: Municipalities	A	City of Cape Town	573 210	535 717	592 962	57 245	10,69	19 752	3,45
Urban Settlements Development Grant	A	City of Cape Town	1 008 100	938 100	1 041 825	103 725	11,06	33 725	3,35
Neighbourhood Development	A	City of Cape Town	250 890	250 890	160 237	-90 653	-36,13	-90 653	-36,13

Partnership Grant (Capital)	B	Drakenstein	10 000	10 000	30 000	20 000	200,00	20 000	200,00
	B	Langeberg	9 272	9 272	1 000	-8 272	-89,21	-8 272	-89,21
	B	George	5 000	5 000	5 000	0	0,00	0	0,00
	B	Knysna	15 000	15 000	10 477	-4 523	-30,15	-4 523	-30,15
Public Transport Network Grant	A	City of Cape Town	1 777 845	1 777 845	2 499 316	721 471	40,58	721 471	40,58
	B	George	144 823	144 823	184 733	39 910	27,56	39 910	27,56

Allocations-in-kind to Municipalities:

Name of Grant	Category	Municipality	2023/24 Allocation	2023/24 Adjusted allocation	2024/25 Allocation	23/24 Adjustment to 24/25 Main Budget Increase/ Decrease	23/24 Adjustment to 24/25 Main Budget % Increase/ Decrease	23/24 Main Budget to 24/25 Main Budget Increase/ Decrease	23/24 Main Budget to 24/25 Main Budget % Increase/ Decrease
			R '000						
Municipal Systems Improvement Grant	A	City of Cape Town	-	-	1 106	1 106	~	1 106	~
	C	West Coast District Municipality	-	-	2 215	2 215	~	2 215	~
	C	Cape Winelands District Municipality	-	-	2 403	2 403	~	2 403	~
	C	Overberg District Municipality	-	-	1 106	1 106	~	1 106	~
	C	Garden Route District Municipality	1 000	1 000	1 591	591	59,10	591	59,10

	C	Central Karoo District Municipality	-	-	1 506	1 506	~	1 506	~
Integrated National Electrification Programme (Eskom) Grant	A	City of Cape Town	62 349	57 408	81 325	23 917	41,66	18 976	30,44
	B	Matzikama	-	-	135	135	~	135	~
	B	Cederberg	31 275	28 797	16 018	-12 779	-44,38	-15 257	-48,78
	B	Saldanha Bay	7 503	6 908	2 602	-4 306	-62,33	-4 901	-65,32
	B	Swartland	5 168	4 758	296	-4 462	-93,78	-4 872	-94,27
	B	Drankenstein	-	-	3 448	3 448	~	3 448	~
	B	Stellenbosch	123	113	-	-113	-100,00	-123	-100
	B	Breede Valley	5 796	5 337	532	-4 805	-90,03	-5 264	-90,82
	B	Theewaterskloof	1 883	1 734	4 649	2 915	168,11	2 766	146,89
	B	Kannaland	-	-	104	104	~	104	~
	B	Hessequa	-	-	68	68	~	68	~
	B	Oudtshoorn	166	150	-	-150	-100,00	-166	-100
	B	Bitou	-	-	5 798	5 798	~	5 798	~
B	Knysna	290	267	-	-267	-100,00	-290	-100	

Neighbourhood Development Partnership Grant (Technical Assistance)	A	City of Cape Town	2 500	2 500	3 000	500	20,00	500	20,00
	B	Drakenstein	-	-	500	500	~	500	~
	B	Langeberg	100	100	1 000	900	900,00	900	900,00
	B	George	1 300	1 300	500	-800	-61,54	-800	-61,54
	B	Knysna	100	100	100	-	0,00	0	0,00
Regional Bulk Infrastructure Grant	B	Cederberg	15 153	15 153	14 831	-322	-2,12	-322	-2,12

Municipal Infrastructure Grant and Regional Bulk Infrastructure Grant:

Project Name	Category	Municipality	2023/24 Adjusted allocation	2024/25 Allocation	Increase/Decrease
			R '000		
Upgrading of St Helena Bay Sport Field	B	Saldanha Bay	6 399	-	-6 399
Construction of Bersig Sport Field	B	Laingsburg	7 464	-	-7 464
Clanwilliam /Lambertsbaai	B	Cederberg	15 153	14 831	-322

Regional Water Supply and Desalination					
Drakenstein Local Municipality - Sanitation Infrastructure Project	B	Drakenstein	305 310	600 000	296 690
Potable Water Security and Remedial Works	B	George	375 138	294 000	-81 138
Upgrading of Ilingeletu sport Facility	B	Swartland	-	5 000	5 000
Upgrading of Cape Agulhas Napier sport facility	B	Cape Agulhas	-	5 000	5 000

The Western Cape does not support the Bill for the following reasons and recommends the following:

1. Provinces have still not received the full amount to cover the public service wage increase that was agreed to last year. Service delivery is being crowded out by the public wage increase, which means that the provincial government will have to cut frontline services to cover the shortfall of the centrally agreed increase. **It is recommended** that the national government must fully fund the public sector wage increase agreement in the current Bill for all provinces. By not fully funding the public sector wage increase agreement for all provinces, the national government is forcing provincial governments to cut provincial budgets to fund the shortfall for the centrally agreed public sector wage increase agreement. **It is also recommended** that all future centrally agreed wage affecting provinces increases be fully funded by the National Government.

2. The increase in Provincial Equitable Share (PES) to the Western Cape is not in line with the increase in the cost of living, with inflation standing at 5.3% year on year in March 2024. This means that the Western Cape is in fact receiving a cut to their PES funding, which places undue pressure on service delivery. **It is recommended** that PES funding should at a bare minimum increase in line with inflation.
3. The cuts to conditional grants for provincial and local governments are excessive and damaging to the service delivery capabilities of these governments, especially to poorer residents who depend on these grants the most. There is a real danger of overspending by provinces due to these cuts, which in turn can lead to provinces being placed under administration by the national government, which will deal a blow to democratic governance and the legitimacy of such governments. **It is recommended** that conditional grants are not cut; and that the National Treasury should instead source these funds from the national governmental budget instead of cutting local government and provincial government budgets.
4. Cuts to infrastructure grants, such as the Municipal Infrastructure Grant, are especially worrying, as infrastructure represents an investment in the future of the province. Infrastructure projects often take place over a number of financial years, with projects needing stability over a number of years to be completed successfully. The cut to these grants means that there is a risk of some projects that are already in progress not being completed. The long-life cycle of infrastructure-related grants must be taken into account. **It is recommended** that National Treasury do not make any budget cuts to conditional grants affecting infrastructure as this risk's future development; and that these funds should be sourced from the national governmental budget instead of cutting local government and provincial government budgets. **It is also recommended** that no more generalised mid-year cuts to conditional grants take place as happened last year, and if cuts must take place they are based on individual cases.
5. There are huge cuts to the Integrated National Electrification Programme (Municipal) Grant, which places necessary investment in the national grid under pressure and will exacerbate the energy crisis. It is thus recommended that the cuts to this grant be reviewed.
6. There have been several shifts of grants from direct to indirect grants (Schedule 5 moved to Schedule 6), which means less control over their budgets for provincial governments as Schedule 6 grants are implemented by National Government on behalf of provinces. **It is recommended** that these grants not be moved, to enable provincial governments the ability to take responsibility for service delivery in their provinces.
7. Certain conditional grants have been around for years, with the result that provinces and local governments depend on these grants when they set up their budgets and plan their programmes for the financial year. **It is recommended** that the conditional grants directly linked to provincial government mandates should rather be incorporated into the Provincial Equitable Share formula, and form part of the Provincial Equitable Share division of revenue for provinces.
8. The population data that was used to calculate the Provincial Equitable Share is outdated. As was confirmed in the latest Census data released this year, the Western Cape has moved from the 5th most populated province to the 3rd most populated. The Western Cape also objects to the admission from National Treasury that the newest data will not be used for the 2024/25 Main Budget. **It is recommended** that the data, particularly the population statistics should be incorporated for implementation in as soon as possible. Disaggregated Census data must be released, and immediately

implemented and National Treasury must commit to a timeline for implementation of the new Census data and because its already outdated it shouldn't be phased in.

9. Numerous pieces of legislation that have implications for provinces and have been passed nationally, have not been funded by National Treasury (for instance the National Health Insurance Bill, Basic Education Laws Amendment Bill). **It is recommended** that funding for these bills be budgeted by National Treasury before they are implemented so that costs aren't passed on to provinces.
10. Given that debt-servicing costs are the fastest growing line item in the National Budget, **it is recommended** that lending be restricted to only fund investment in infrastructure that will have a return on investment, and not to fund day-to-day expenses such as salaries.
11. The Provincial Equitable Share per capita also shows bias towards more rural provinces, and while this is understandable to an extent, it is does not differentiate between areas where poorer persons reside and areas which are considered rural in more geographical terms. Many poor people that rely on government services are based in urban areas, and this current bias does not seem to be properly take this into account in the Provincial Equitable Share formula. **It is thus recommended** that this metric is reviewed to instead consider where the poorest persons in a province reside.



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ADV D BAARTMAN, MPP

CHAIRPERSON: BUDGET COMMITTEE

DATE: 22 April 2024