

BRIEFING TO THE STANDING COMMITTEE ON APPROPRIATION ON THE 2025/26 APPROPRIATION BILL

National Treasury

PRESENTED BY:

Dr. RANDELA RANDELA

**Acting Deputy Director-
General**
Public Finance

Date: 23 April 2025



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Department:
National Treasury
REPUBLIC OF SOUTH AFRICA



LEGISLATIVE BUDGETARY PROVISIONS



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Context



The Minister of Finance **tabled the 2025/26 Appropriation Bill on 12 March 2025** during the presentation of the 2025 National Budget in Parliament



Section 213(2) of the Constitution provides that money may be withdrawn from the National Revenue Fund only in terms of an appropriation Act of Parliament or as a direct charge against that Fund, when it is provided for in the Constitution of the Republic of South Africa (1996) or an Act of Parliament



Section 26 of the Public Finance Management Act, 1999 (Act No. 1 of 1999), provides that Parliament must appropriate money for each financial year for the requirements of the State

Section 7(1) of the Money Bills and Related Matters Act, 2009 (Act No. 9 of 2009), provides that the Minister of Finance must table the annual budget, as set out in section 27 of the Public Finance Management Act, 1999, in the National Assembly at the same time as the Appropriation Bill

Money Bills and Related Matters Act, 2009

The Money Bills and Related Matters Act requires that after the tabling of a national budget:

Section 4 – each House of Parliament must establish **Committee on Finance and Committee on Appropriations**

- **Committee on Finance** has powers and functions to consider and report on the national macro-economic and fiscal policy; amendments to the fiscal framework, revised fiscal framework and revenue proposals and, Bills and amendments thereto; actual revenue published by the National Treasury.
- **Committee on Appropriations** has powers and functions to consider and report on spending issues; amendments to the Division of Revenue Bill, the Appropriation Bill, the Adjustment Appropriations and amendments thereto; recommendations of the Financial and Fiscal Commission, incl. those referred to in the Intergovernmental Fiscal Relations Act, 1997; reports or statements on actual expenditure published by the National Treasury.

Section 8(3) – **Committees on finance** must within 16 days or as soon as reasonably possible thereafter, submit a report to the National Assembly and the National Council of Provinces on the fiscal framework and revenue proposals

Section 9(3) – **The Division of Revenue Bill** must be passed within 35 days after the adoption of the fiscal framework by Parliament, or as soon as reasonably possible thereafter

Section 10(7) – **Parliament must pass the Appropriation Bill with or without amendments**, within four months after the start of the financial year (i.e. by the end of July)

Processing and passing of the Appropriation Bill

The Money Bills and Related Act furthermore requires that after the tabling of a national budget:

The Appropriation Bill must be referred to the Committee on Appropriations of the National Assembly after adopting the fiscal framework



Minister must present proposals outlining strategic priorities, measurable objectives, and performance information for each department, public entity, or institution.

Cabinet members must also present updated strategic plans for each department, public entity, or institution.



The Bill must be referred to the Committee on Appropriations of the Council after being referred to the National Council of Provinces.

Amendments to the Appropriation Bill must be consistent with the adopted fiscal framework and Division of Revenue Bill passed by Parliament.



Parliament must pass, with or without amendments, or reject the Appropriation Bill within four months after the start of the financial year to which it relates.

The Committee on Appropriations must hold public hearings on the Appropriation Bill and on proposed amendments, report to the House on the comments and amendments, consult, mediate between Committees and recommend that proposed amendments are rejected where they are inconsistent with the fiscal framework, the adopted DoR Bill, or not motivated adequately.

The Minister and any other Cabinet member affected by the proposed amendments must be given at least 10 days to respond to any amendments proposed to the Appropriation Bill by the Committee on Appropriations before reporting to the House.

DETAILS OF PROVISIONS OF THE APPROPRIATION BILL, 2025



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Section 2: Appropriation of money for requirements of State

1. Appropriations by Parliament of money from the National Revenue Fund for the requirements of the State in the 2025/26 financial year to votes and the main divisions within a vote, and for the purposes that are specified, are set out in Schedule 1 to the 2025 Appropriation Bill.
2. The spending of appropriations is subject to the Appropriation Act, the Public Finance Management Act and the Division of Revenue Act for the 2025/26 financial year.
3. The spending of funds withdrawn from the National Revenue Fund before this Act takes effect, as envisaged in section 29(1) of the Public Finance Management Act (PFMA), is subject to section 7 of the Appropriation Act, 2024.
4. For a government component within a vote, each segment of its transfer and subsidy in Schedule 1 to the Bill is set out in Schedule 2 to the Bill

Section 2: Appropriation of money for requirements of State (cont.)

1. Each segment set out in Schedule 2 to the Bill is regarded as a main division of a vote for purposes of this Act and the PFMA.
2. An amount set out in Schedule 2 to the Bill must be spent according to the purpose specified in that Schedule.
3. If a government component (a) overspends the total amount of the transfer and subsidy it receives or the total amount for a segment regarded as a main division; or (b) spends an amount not in accordance with its purpose, it constitutes unauthorised expenditure in terms of the PFMA.
4. The head of the government component that receives the transfer and subsidy is accountable for any unauthorised expenditure.

Section 3: Amounts listed as specifically and exclusively appropriated

An amount that is marked as specifically and exclusively appropriated in Schedule 1 or 2 to this Act may be used only for the purpose indicated, unless the amount or purpose is amended by, or in terms of, an Act of Parliament.

Section 4: Conditions for appropriations

1. The Minister of Finance, in writing, may —
 - a) impose conditions, including, but not limited to, earmarking, on an amount in Schedule 1 or 2 to this Act, other than a conditional allocation, to promote transparency and accountability and the effective management of the appropriation;
 - b) stop the use of an amount in respect of which conditions imposed are not met.

Section 4: Conditions for appropriations (cont.)

2. The Minister, in writing, may on application by an accounting officer—
 - amend; or
 - in exceptional circumstances, withdraw, a condition imposed, including an earmarking.
3. The stoppage of an amount) must be disclosed in the National Treasury's next quarterly report to the relevant Parliamentary Committees.

Section 5: Use of unspent funds

1. Despite section 3 of this Act and section 43(4) of the PFMA, the Minister, in writing, may approve that unspent funds in an amount in Schedule 1 or 2 to this Act appropriate for –
 - a) transfers, subsidies to other institutions, be used for any purpose within the same vote;
 - b) payments for capital assets, be used for any purpose within the same vote; or
 - c) Payment for financial assets, be used for any purpose within the same vote.
2. The sum of unspent funds in a main division of a vote approved for use in another main division of that vote, may not exceed **8 per cent** of the amount appropriated under that main division.

Section 5: Use of unspent funds (cont.)

1. The approval of the use of unspent funds) must be disclosed in the National Treasury's next quarterly report to the relevant Parliamentary Committees.
2. (a) Section 43 of the PFMA and the provisions of this Act apply with the necessary changes to the use of unspent funds in the amount appropriated under a main division within a vote to defray excess expenditure for any purpose within the same main division.

(b) The sum of the unspent funds under a classification in a main division within a vote approved for use, may only exceed **8 per cent** of the amount appropriated for the classification with the approval of the Minister.

Section 6: Authorisation of expenditure

1. Despite any provision in any other legislation to the contrary, the Minister may approve expenditure, if it cannot reasonably be delayed and such expenditure—
 - a) is unforeseeable and unavoidable;
 - b) is of an exceptional nature which, if not approved, is likely to cause serious prejudice to the public interest;
 - c) was announced during the tabling of the 2025/26 annual budget or an adjustments budget; or
 - d) was approved in the appropriation for the 2024/25 financial year and must be proposed to be rolled over to the 2025/26 financial year in order to finalise expenditure that could not take place in the 2024/25 financial year as originally planned.
2. The total amount of expenditure so approved may not exceed the total amount for contingencies (for 2025/26: R5 billion).

Section 6: Authorisation of expenditure (cont.)

1. If the Minister announced an amount for a specific item during the tabling of the annual budget or an adjustments budget, any expenditure approved may not exceed that amount.
2. Expenditure approved in terms of section 6—
 - a) is a direct charge against the National Revenue Fund and must be attributed to a vote;
 - b) is subject to conditions that the Minister may impose;
 - c) must be disclosed in the National Treasury's next quarterly report to the relevant Parliamentary Committees; and
 - d) must, despite section 30(2) of the Public Finance Management Act, be included in an appropriation Bill within 120 days of the Minister approving the expenditure.

Section 7: Spending before commencement of Appropriation Act for 2026/27 financial year

The spending of funds withdrawn in terms of section 29 of the Public Finance Management Act for the 2026/27 financial year before the commencement of the Appropriation Act for the 2026/27 financial year is, with the necessary changes, subject to—

- (a) any applicable conditions imposed in terms of section 4 and the applicable provisions of all Adjustments Appropriation Acts for the 2025/26 financial year, as if the funds were allocated for the 2025/26 financial year;
- (b) the applicable provisions of the Division of Revenue Act and all Division of Revenue Amendment Acts for the 2025/26 financial year, as if the funds were allocated for the 2025/26 financial year; and
- (c) the applicable provisions of the Division of Revenue Act for the 2026/27 financial year, when the said Act takes effect.

Section 8: Delegations and authorisations

1. The Minister of Finance may —
 - (a) delegate to an employee of the National Treasury any power conferred on the Minister in terms of this Act, except section 9; and
 - (b) authorise an employee of the National Treasury to perform any duty imposed on the Minister in terms of this Act.
2. A delegation or authorisation—
 - (a) must be in writing;
 - (b) is subject to any limitations or conditions that the Minister may impose;
 - (c) may authorise the employee to sub-delegate, in writing, the delegated power or authorised duty to another suitable employee of the National Treasury; and

Section 8: Delegations and authorisations (cont.)

- (d) does not divest the Minister of the responsibility concerning the exercise of the delegated power or the performance of the authorised duty; and
- (e) may be withdrawn by the Minister in writing.

3. The Minister may vary or revoke any decision taken by an employee as a result of a delegation or authorisation, subject to any rights that may have vested as a result of the decision.

Section 9: Regulations

The Minister of Finance, by notice in the Gazette, may make regulations regarding—

- (a) the consequences of the amendment or withdrawal of a condition in terms of section 4(2); and
- (b) any ancillary or incidental administrative or procedural matter that is necessary to prescribe for the proper implementation or administration of this Act.

EXPENDITURE BEFORE PROMULGATION OF THE BILL



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Expenditure before promulgation of the Bill

Prior to the 2025 Appropriation Bill being promulgated, departments will incur expenditure in terms of section 29 of the PFMA (1999), which makes provision for spending before an annual budget is passed

Section 29(1) – Expenditure before annual budget is passed —If an annual budget is not passed before the start of the financial year to which it relates, funds may be withdrawn in accordance with this section from the relevant Revenue Fund for the services of the state or the province concerned during that financial year as direct charges against the Fund until the budget is passed

Section 29(2) – Funds withdrawn from a Revenue Fund in terms of subsection (1) – (a) may be utilised only for services for which funds were appropriated in the previous annual budget or adjustments budget; and (b) may not—

- during the first four months of that financial year, exceed 45 per cent of the total amount appropriated in the previous annual budget;
- during each of the following months, exceed 10 per cent of the total amount appropriated in the previous annual budget; and
- in aggregate, exceed the total amount appropriated in the previous annual budget

Promulgation of the 2025 Appropriation Bill is therefore necessary to:

- allow for monthly expenditure above the transitional provisions contained in the PFMA (1999)
- ensure expenditure in accordance with the vote and programme purposes as stated in the Act

APPROPRIATIONS PER VOTE AS SET OUT IN SCHEDULE 1 OF THE APPROPRIATION BILL, 2025



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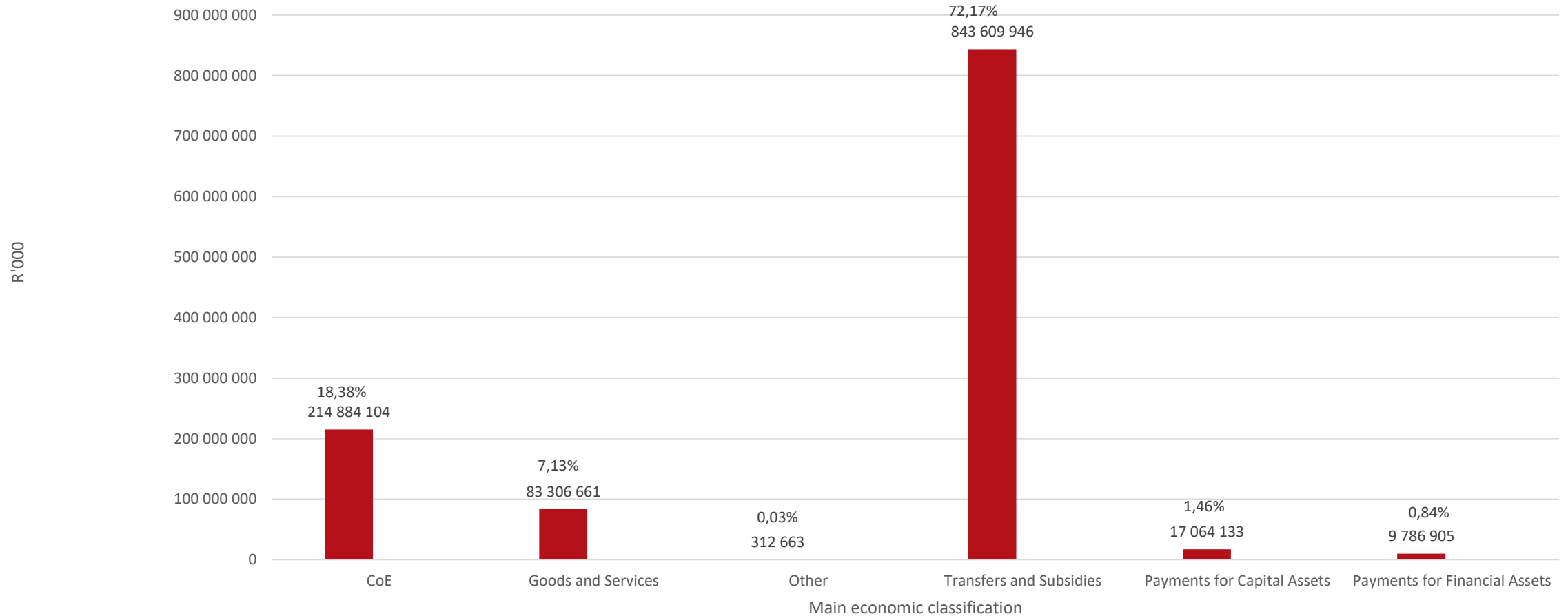
Summary of appropriations by vote

| Vote | Name of department | Total |
|------|---|-------------|
| | | R'000 |
| 1 | The Presidency | 739,056 |
| 2 | Parliament | 3,067,779 |
| 3 | Cooperative Governance | 131,129,228 |
| 4 | Government Communication and Information System | 820,281 |
| 5 | Home Affairs | 11,060,002 |
| 6 | International Relations and Cooperation | 7,090,174 |
| 7 | National School of Government | 228,683 |
| 8 | National Treasury | 27,972,859 |
| 9 | Planning, Monitoring and Evaluation | 509,061 |
| 10 | Electricity and Energy | 6,669,290 |
| 11 | Public Service and Administration | 564,720 |
| 12 | Public Service Commission | 302,010 |
| 13 | Public Works and Infrastructure | 7,623,029 |
| 14 | Statistics South Africa | 2,771,306 |
| 15 | Traditional Affairs | 195,530 |
| 16 | Basic Education | 35,489,184 |
| 17 | Higher Education | 116,441,707 |
| 18 | Health | 64,807,212 |
| 19 | Social Development | 294,055,642 |
| 20 | Women, Youth and Persons with Disabilities | 1,361,686 |
| 21 | Civilian Secretariat for the Police Service | 172,245 |

Summary of appropriations by vote (cont.)

| Vote | Name of department | Total |
|--------------------------------------|--|----------------------|
| 22 | Correctional Services | 29,221,952 |
| 23 | Defence | 55,940,704 |
| 24 | Independent Police Investigative Directorate | 428,556 |
| 25 | Justice and Constitutional Development | 22,737,541 |
| 26 | Military Veterans | 878,541 |
| 27 | Office of the Chief Justice | 1,515,123 |
| 28 | Police | 120,889,935 |
| 29 | Agriculture | 7,609,653 |
| 30 | Communications and Digital Technologies | 2,545,626 |
| 31 | Employment and Labour | 4,153,137 |
| 32 | Forestry, Fisheries and the Environment | 9,080,710 |
| 33 | Human Settlements | 34,042,797 |
| 34 | Mineral and Petroleum Resources | 2,859,637 |
| 35 | Science, Technology and Innovation | 9,063,745 |
| 36 | Small Business Development | 2,918,122 |
| 37 | Sport, Arts and Culture | 6,309,944 |
| 38 | Tourism | 2,434,892 |
| 39 | Trade, Industry and Competition | 11,071,749 |
| 40 | Transport | 95,692,062 |
| 41 | Water and Sanitation | 26,678,735 |
| 42 | Land Reform and Rural Development | 9,820,567 |
| APPROPRIATION BILL 2025 TOTAL | | 1,168,964,412 |

Appropriations by main economic classification



| Total | Compensation of Employees | Goods and Services | Other | Transfers and Subsidies | Payments for Capital Assets | Payments for Financial Assets |
|---------------|---------------------------|--------------------|---------|-------------------------|-----------------------------|-------------------------------|
| 1,168,964,412 | 214,884,104 | 83,306,661 | 312,663 | 843,609,946 | 17,064,133 | 9,786,905 |
| 100% | 18.38% | 7.13% | 0.03% | 72.17% | 1.46% | 0.84% |

The net increase to main budget non-interest expenditure in 2025/26: R58.6 billion

Changes to main budget non-interest expenditure over MTEF period

| R million | 2025/26 | 2026/27 | 2027/28 | MTEF total |
|---|------------------|------------------|------------------|------------------|
| Non-interest expenditure (2024 Budget) | 1 840 913 | 1 932 982 | 2 030 266 | 5 804 161 |
| Additions to baselines and provisional allocations ¹ | 102 438 | 68 179 | 61 981 | 232 598 |
| Infrastructure projects ¹ | 14 104 | 15 833 | 16 741 | 46 678 |
| 2025 public-service wage agreement and carry-through costs | 7 317 | 7 842 | 8 211 | 23 371 |
| Early retirement costs | 4 400 | 6 600 | – | 11 000 |
| COVID-19 social relief of distress grant | 35 169 | – | – | 35 169 |
| Social grants above-inflation increases | 1 594 | 3 265 | 3 344 | 8 203 |
| Provisional allocations for frontline services | 22 234 | 23 504 | 24 978 | 70 716 |
| Other spending additions ¹ | 17 619 | 11 135 | 8 707 | 37 460 |
| Reductions to provisional allocations ² | -40 817 | -9 098 | -16 741 | -66 656 |
| Changes in contingency reserve | -2 600 | -9 000 | -9 708 | -21 307 |
| Technical adjustments ³ | -448 | -784 | -1 412 | -2 645 |
| Revised non-interest expenditure (2025 Budget) | 1 899 485 | 1 982 279 | 2 064 386 | 5 946 150 |
| Change in non-interest expenditure from 2024 Budget | 58 572 | 49 297 | 34 120 | 141 989 |

1. Details are in Table 5.2 in Chapter 5

2. Includes drawdown of provisional allocations for COVID-19 social relief of distress grant and public employment programmes in 2025/26, Western Cape Rapid Schools Build Programme in 2025/26 and 2026/27 and Infrastructure Fund in 2026/27 and 2027/28

3. Includes revisions to skills development levy projections and savings from closure of Department of Public Enterprises

Source: National Treasury

Proposed changes to main budget NIE

- The non-interest expenditure increased from R1.84 trillion in 2024/25 to R1.89 trillion in 2025/26.
- The 2025 Budget funded spending pressures of R232.6 billion over the MTEF period. Of this, R102.4 billion (44 per cent) are for 2025/26.
- These spending additions are partially offset by drawdowns on provisional allocations and contingency reserves, resulting in a net increase in non-interest expenditure of R58.6 billion in 2025/26.
- The net increase in non-interest expenditure is mainly funded by the additional revenue raised from the proposed tax increases and carry-through over the medium term.

Spending additions for 2025/26

Table 2 Spending additions funded in 2025/26

| R million | 2025/26 | MTEF total |
|--|---------------|---------------|
| Infrastructure investment | 14,104 | 46,678 |
| Budget Facility for Infrastructure window 8 projects | 3,346 | 11,812 |
| Disaster management* | 1,851 | 4,000 |
| Passenger Rail Agency of South Africa* | 5,890 | 19,236 |
| Turnaround revenue-generating services in metros* | 2,404 | 8,457 |
| Western Cape Rapid Schools Build Programme | 1,048 | 2,298 |
| Drakenstein project allocation | – | 225 |
| Rescheduling of MyCiTi | -435 | 650 |
| 2025 public-service wage agreement and carry-through costs | 7,317 | 23,371 |
| Early retirement costs* | 4,400 | 11,000 |
| COVID-19 social relief of distress grant | 35,169 | 35,169 |
| Social grants above-inflation increases | 1,594 | 8,203 |
| Provisional allocations for frontline services | 22,234 | 70,716 |
| Education: provincial education compensation costs and expansion of ECD provision* | 8,113 | 29,095 |
| Health: provincial health compensation costs, unemployed doctors and goods and services* | 9,311 | 28,946 |
| Defence: compensation costs shortfalls* | 2,500 | 6,774 |
| Correctional services: compensation costs shortfalls* | 840 | 2,635 |
| Home Affairs: digitisation and human resource capacitation* | 1,470 | 3,265 |

The main spending additions are for:

- Critical infrastructure investments
- Social protection
- A higher-than-anticipated public-service wage agreement
- Provisional allocations for critical frontline services.

After the approval of the 2024 Medium Term Budget Policy Statement (MTBPS), provisional allocations were increased by R22.2 billion in 2025/26, expected to total R70.7 billion. By 2027/28.

The **R22.2 billion in 2025/26** is provisionally allocated mainly for goods and services and compensation of employees in critical frontline services. This funding will address:

- Significant pressures in provincial health and education
- Expand access to and improve the quality of early childhood development (about 700 000 more children)
- Support the employment of doctors after their community service ends (800) and retention of 9300 healthcare workers
- Retention of 5 556 SANDF members and 1 680 personnel within Correctional Services
- Employment of 1 500 graduates within Home Affairs for the Digitisation project
- Increase the availability of medicines and medical supplies, and
- Strengthen capacity within the Border Management Authority. e.g employment of 600 border guard

Total additions to spending over the MTEF period (cont.)

Table 2 Spending additions funded in 2025/26

| R million | 2025/26 | MTEF total |
|--|----------------|----------------|
| Other spending additions | 17,619 | 37,460 |
| SARS spending adjustments and further support | 500 | 3,500 |
| Employment programmes | 4,592 | 4,592 |
| SANRAL GFIP phase 1 debt repayment ¹ and maintenance backlog | 8,681 | 16,634 |
| SANDF troop deployment in DRC | 1,800 | 5,027 |
| Spending additions to various institutions ² | 1,443 | 3,231 |
| Local government elections | – | 1,435 |
| Direct charges ³ | 603 | 3,042 |
| Total additions to baselines and provisional allocations | 102,438 | 232,598 |

* Provisional allocations not appropriated to votes

1. Includes the national government portion of R3.2 billion in 2025/26

2. Includes G20 and ICASA spectrum auction cost in 2025/26, new ministries and deputy ministries carry-through costs and financing of Parliament and Office of Chief Justice funding pressures

3. Include additions for injury on duty and post-retirement medical benefits

Source: National Treasury

- The 2025 Budget also directs resources to growth-enhancing activities, particularly infrastructure, and advances regulatory reforms to support investment spending.
- It allocates an additional **R14.1 billion** in 2025/26, for critical infrastructure projects:
 - R3.3 billion support for projects approved as part of the Budget Facility for Infrastructure.
 - R5.9 billion investment in passenger rail transport to modernise signalling technology systems that will improve service frequency, safety and efficiency.
 - R2.4 billion to reverse declining water, electricity and solid waste services in cities.
 - R1 billion for the Western Cape Rapid Build Schools Programme.
- **R17.6 billion** in other spending additions in 2025/26:
 - R500 million to SARS for strengthening capacity and modernisation of systems.
 - R4.6 billion in 2025/26 for public employment programmes (175K estimated jobs).
 - R1.8 billion for the carry-through costs for the deployment of South African National Defence Force (SANDF) troops in the Democratic Republic of the Congo.
 - R3.2 billion in 2025/26 for national government's share of the debt repayment for the South African National Roads Agency Limited (SANRAL). In addition, Gauteng province will pay R13.4 billion for its share of the debt repayment to SANRAL.
 - R1.4 billion to various institutions for G20 and ICASA spectrum auction cost in 2025/26, new ministries and deputy ministries and ministries carry-through costs and financing of Parliament and Office of the Chief Justice funding pressures.
 - R603 million in direct charges for injury on duty and post-retirement medical benefits.

Provisional allocations not appropriated for 2025/26

Table 3 Provisional allocations not appropriated

| R million | 2025/26 | MTEF total |
|--|---------------|----------------|
| Provisional allocations from 2024 Budget | | |
| SASSA free ATM withdrawal | 5 | 379 |
| BFI - Tygerberg Hospital | 212 | 212 |
| BFI - Klipfontein Hospital | 60 | 60 |
| Employment programmes | — | 15,166 |
| COVID-19 social relief of distress grant | — | 75,167 |
| Provisional allocations not appropriated to votes | | |
| Early retirement costs | 4,400 | 11,000 |
| Infrastructure investment | | |
| Infrastructure Fund | — | 425 |
| Disaster management | 1,851 | 4,000 |
| Passenger Rail Agency of South Africa | 5,890 | 19,236 |
| Turnaround of services in metros | 2,404 | 8,457 |
| Provisional allocations for frontline services | | |
| Education | 8,113 | 29,095 |
| Health | 9,311 | 28,946 |
| Defence | 2,500 | 6,774 |
| Correctional Services | 840 | 2,635 |
| Home Affairs | 1,470 | 3,265 |
| Total | 37,056 | 204,816 |

Source: National Treasury

Appropriation of expenditure announced by the Minister during the tabling of the 2025 Budget

- Infrastructure projects in the BFI and the rolling stock fleet renewal programme.
- Accommodating population changes that impact on the provincial equitable share allocations.
- Strengthening capabilities in the Office of the Chief Justice, Statistics South Africa and the South African Revenue Service. An additional R4 billion announced for SARS over the medium term.
- Political party funding and infrastructure provision for royal houses.

THANK YOU