

Western Cape Government
Provincial Treasury

Medium Term Budget Policy Statement **2025**

And

Adjustment Estimates
2025/26

Speech

Minister of Finance
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Western Cape Minister of Finance

2025 Medium Term Budget Policy Statement; and

Adjustment Estimates, 2025/26

Western Cape Provincial Parliament

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“Scaling for Growth”

Honourable Speaker and Deputy Speaker
Honourable Premier and Cabinet Colleagues
Honourable Leader of the Opposition
Members of the Western Cape Provincial Parliament
People of the Western Cape

1. INTRODUCTION

In March, I stood before this House and reaffirmed the Premier's vision that the Western Cape Government would 'Step Up.' We promised that even when the national lights flickered and the fiscal cliff loomed, we would not retreat and that we would step up for the residents of our province.

Today, seven months later, the ground beneath us has shifted.

Speaker, looking back, 2025 has been a year that has tested the very definition of the word "unprecedented."

It has been a year where the unprecedented became routine. We have navigated global economic fragmentation, severe shocks, budget uncertainty, and fiscal volatility that would have broken a lesser administration. Yet, at every single twist and turn, this Government did not stumble. Our foundation held firm. We stepped up.

Nationally, we have a Government of National Unity (GNU), offering a glimmer of stability. But let us be under no illusions. Global winds are still blowing cold, and the fiscal envelope remains tight.

Thus, the question before us today is no longer "are we *stepping up*?" We have proven that we can. The question now is "are we *moving forward*?"

The 2025 Provincial Economic Review and Outlook (PERO) shows us that while we are growing our economy and creating jobs, our provincial economy and our demographic profile is changing, rapidly. Population growth is outpacing our economic gains, hence the PERO spoke about "Changing with Growth" as our province is changing - our economy as well as our population.

So in order to move forward, in order to accelerate the good work our government is doing, we need to achieve exponential growth. To achieve exponential growth, we need to achieve exponential momentum.

Momentum can be influenced in a few ways. In physics, the more mass an object has, the more momentum it can carry at a given speed. You could increase or decrease speed, you can change direction, or you can apply a strong external force to accelerate it.

So, Speaker, on which component of momentum should we focus if we want to achieve accelerated delivery?

The truth is, all of them.

For our province, we need to influence momentum at every point in the equation. Increasing mass, increasing speed, having a clear direction and sometimes through key reforms, apply a strong accelerating force.

Speaker, within the context of a government, scaling is how we can increase momentum. It is how we grow our economy faster than our population growth, how we can accelerate infrastructure delivery, how we can expand economic participation, and strengthen our institutional capacity.

We need to generate momentum to help us deliver faster, better, smarter and at the scale that our population demands.

Speaker, We need to Scale for Growth.

2. THE REALITY CHECK (THE ECONOMIC CONTEXT)

Speaker, to understand *why* we must scale, and *how* we must scale, we must first be honest about the foundation on which we stand.

Globally, the picture remains one of deep uncertainty. According to the International Monetary Fund, global growth is expected to slow to 3.2 per cent in 2025 and further to 3.1 per cent in 2026. We are navigating a world defined by flux and fragmentation.

While the United States has shown resilience, it faces a cooling labour market. China is battling deflation and a property slump, while the Eurozone struggles with weak manufacturing output. Protectionism is rising, and new tariffs are fracturing the supply chains we rely on. It is, indeed, a tough neighbourhood.

Closer to home, the national picture tells a story of constraints. While the GNU has brought a welcome renewal of confidence, and our exit from the Financial Action Task Forces (FATF) grey list in October was a crucial milestone, confidence alone does not pay the bills.

The hard reality is that, through our internal modelling, we expect the South African economy to grow by only 0,7 per cent in 2025. Public debt is projected to stabilise at 77.9 per cent of GDP, but debt-service costs continue to crowd out service delivery, and today consumes 21 cents of every Rand collected.

We also face a new fiscal reality. The South African Reserve Bank (SARB) has officially lowered the inflation target to 3 per cent.

It will eventually protect the buying power of the poorest households and reduce borrowing costs. But in the short term, the adjustment period may keep interest rates higher for longer, squeezing our budget and tightening the belts of our residents.

Here in the Western Cape, the data enables us to tell a more inspiring story.

While the national economy struggles to find first gear, the Western Cape is projected to grow at 1.2 per cent this year, nearly double the national projection.

This resilience is driven by specific, high-performing sectors. Our Agriculture sector is expected to surge by 6.0 per cent in 2025, and our Finance sector remains a bedrock of stability, projected to grow by 3.2 per cent.

We are seeing a tourism boom that is reaching far beyond our traditional markets. While the UK and US remain key, we are seeing massive growth from markets like Saudi Arabia and Namibia, which are now major contributors to our tourism growth.

And perhaps most tellingly, investors are voting with their feet. In the first nine months of 2025, the nominal value of building plans passed in the Western Cape reached R26.4 billion. This is a remarkable achievement given the relative size of our economy considering that the value of passed plans was 27.9 per cent higher than Gauteng and 143.4 per cent higher than KwaZulu-Natal.

But the true measure of any economy is its ability to put people to work. It is here that we see the clearest divergence between the national outlook and our local momentum. Nationally, the unemployment rate has deteriorated, reaching 31.9 per cent in the third quarter of 2025.

As a province we continue to hold the lowest unemployment rate in the country at 19.7 per cent, a full 12 percentage points lower than the national average.

Speaker, this is the 'Western Cape Advantage.' It is proof that even in a harsh economic climate, when you make the right choices, you can create your own growth.

2.1 Protecting Value, Planning for the Future

In a time of scarcity, the easy thing to do is to cut budgets blindly across the board and hope for the best. But that is not the Western Cape way.

We understand that a public budget is a contract with the future. That is why, in this MTBPS, we are making a decisive shift. We are moving away from short-term survivalism to a 5-Year Budget Approach which aligns our fiscal resources directly with the 2025 – 2030 Provincial Strategic Plan. By planning over a five-year horizon, we create stability and predictability for our departments. It allows us to make strategic trade-offs that protect the most vulnerable today while investing in the growth of tomorrow.

3. GROWTH FOR JOBS (G4J)

Our story begins with a fundamental truth. Without economic growth, we cannot lift our people out of poverty. Growth is the engine that powers everything else we wish to achieve. Therefore, our apex priority remains clear. We are here to create an environment that helps businesses grow and create jobs, and to equip our residents to seize those opportunities. Supporting this apex priority is our first policy priority - our Growth for Jobs portfolio.

We have set a bold target. To build a R1 trillion economy by 2035. To achieve this, we cannot continue to rely on the tides of global or national markets. We must build our own momentum. We must scale our infrastructure, secure our resources, and aggressively court investment.

3.1 Infrastructure and a Connected Economy

We know that an economy cannot grow faster than the infrastructure that supports it. Our infrastructure strategy is already yielding tangible results.

Our Department of Infrastructure (DOI) has established a province-wide infrastructure pipeline, encompassing municipal, provincial, national and private sector projects.

In 2024/25, DOI completed or made significant progress on several road projects, including the MR533 St Helena Bay to Stompneus Bay upgrade, the Hemel-en-Aarde works, various flood repair projects, and scheduled maintenance activities.

In addition, Phase 1 of the Northern Growth Corridor (the N7 Potsdam to Melkbos upgrade) began, and construction on the George Western Bypass continued. Forward-looking plans include the Malmesbury Bypass, Cape Town Integrator-Northern Growth Corridor, R300 extension and other strategic upgrades.

Over the medium term, our Department of Health and Wellness (DHW) will invest in 3 major catalytic projects (the Tygerberg Central Hospital, Belhar (Tygerberg) Regional Hospital, and Klipfontein Regional Hospital) and these will serve as anchors for improved health access and local economic development. The new central hospital will be delivered through a Public-Private Partnership (PPP) model, ensuring sustainable and efficient infrastructure delivery.

Our Western Cape Education Department (WCED) will support system-wide improvements by delivering new schools, expanding existing facilities, upgrading services, and ensuring the ongoing maintenance of school infrastructure.

Six new schools were completed in 2024/25 (Blue Ridge Primary Phase 1, Darling High, Vuyiseka High No. 2, Leiden Junior High, Blue Downs High, and Happy Valley Primary No.2, along with one replacement school, Waveren Primary). In addition, a total of 504 new classrooms were delivered as part of new schools, additional mobile and expansion classrooms completed earlier than expected.

Commuter rail restoration remained a top focus, with a draft PRASA information-sharing MOU prepared and park-and-ride opportunities identified to shift demand back to rail.

GABS continued to anchor Cape Town's bus network, running approximately 230 000 weekday passenger trips across about 1 618 routes despite cost and subsidy pressures. Go George marked its 10-year milestone with 6.1 million trips in 2024/25, while Phase 4A rollout progressed.

Forward-looking plans include completing the Thembalethu routes, then extending to Victoria Bay, Wilderness, Herold's Bay and George Airport, and preparing for a new operator contract by December 2026.

Our Department of Economic Development and Tourism (DEDAT) and Environmental Affairs and Development Planning (DEADP) facilitated a strategic biodiversity offset initiative for the Aalwyndal development in Mossel Bay, facilitating environmental compliance and streamlining future development approvals while enabling major residential and commercial development pipeline for the region.

Our Ecological Infrastructure projects underway in the province are transforming ecosystems and empowering communities by clearing invasive species, installing fencing, improving stock-water systems, creating firebreaks, and undertaking crucial rehabilitation.

Speaker, this MTBPS showcases how not only has our province built back better after an increasing number of disasters hit our province, but how our infrastructure pipeline is a global signal that the Western Cape is a province you can invest in.

3.2 Energy and Water Resilience

Speaker, we cannot scale an economy in the dark, nor can we grow without water. Energy resilience is non-negotiable.

We have stepped up our efforts to facilitate an increase in energy generated or wheeled. Since the start of our Energy Resilience Programme (ERP), we have grown from a baseline of 139 MW Small-Scale Embedded Generation in 2022 to 819 MW in 2024/25, and are on track to increase our energy generated or wheeled into the Western Cape by 1 400 MW by 2030. We are reducing our reliance on unstable national grids and accelerating our transition to a low-carbon future.

Through the REP programme, we have -

- Distributed 91 940 loadshedding packs to schools, DSD facilities, neighbourhood watches and community policy forums;
- Provided alternative energy support to 12 trading hubs and 100 SMMEs;
- Secured funding for technical assistance for the development of our Western Cape Integrated Resource Plan;
- Saved 17 per cent in Rand savings with demand side management at health facilities,
- Installed energy efficient lighting at 110 schools;
- Installed Solar PV at 5 hospitals, 90 schools, and 17 Western Cape Government buildings;
- Installed hybrid inverters at 47 clinics and 1 forensic laboratory;
- Supported the Hessequa Municipality Solar PV project, which is on track for completion by August 2026;
- Supported 19 municipalities through our Green Economy Energy Resilience (GEER) programme;
- Completed our WCG New Energy Vehicle Transition (NEV) strategy, procured 65 hybrid vehicles, and initiated tender for Solar PV, Battery Energy Storage System and Electrical Vehicle Charging Station;

- Supported Stellenbosch Municipality with our Municipal Independent Power Producer Programme, with procurement currently underway;
- Supported Knysna and Hessequa municipalities with developing Cost of Supply Studies, supported Oudtshoorn, Kannaland and Witzenberg municipalities to develop Electricity Master Plans, and support Prince Albert municipality with Independent Power Procurement preparation support; and
- Supported George, Saldanha Bay and Swartland municipalities with technical, financial and legal services through the Energy Project Preparation Facility.

This is over and above the smart electricity meters grant funding we support municipalities with through our provincial grant funding mechanisms.

Simultaneously, as we are implementing the Western Cape Water Resilience Strategy (2025 – 2035), a 10-year plan designed to close the provincial water demand-supply gap, we are securing our most precious resource. This is a long-term shield against climate volatility that we are backing this with action. For the 2025/26 year, we have set a target to clear 30 000 hectares of alien vegetation, reclaiming water for our ecosystem while creating green jobs. Furthermore, we are expanding our oversight of river and estuarine health by increasing our pollution control monitoring from 42 to 52 sites per year over the 2026 MTEF.

And our Energy Council has been reconfigured as the Energy and Water Council, which will now include prioritisation of projects in alignment with our Water Resilience Strategy, which aims to -

- secure an additional 310 million cubic metres of water per year,
- conserve a further 40 million cubic metres through efficiency measures, and
- ensure municipalities diversify their water sources.

3.3 Investment and Market Access

Speaker, we are now aggressively positioning the Western Cape as the continental investment destination of choice. We stepped up, and we are going out into the world.

The inaugural Western Cape Investment Summit showcased a project pipeline valued at R400 billion. This event alone secured six major investment commitments valued at R50 billion, which is expected to generate 45 000 job opportunities over the next two decades.

Further supporting the Western Cape's investment strategy, we successfully hosted the 12th Regional Leaders' Summit (RLS), with our seven partner regions: Bavaria (Germany), Georgia (USA), Québec (Canada), São Paulo (Brazil), Shandong (China), Upper Austria (Austria), and Western Cape (South Africa).

Speaker, we are seeing and feeling the momentum on the ground. In the 2024/25 financial year alone, we facilitated 14 high-impact investment projects with a combined value of approximately R14 billion, which are expected to generate more than 11 000 jobs over the next five years.

In 2024/25 we supported 15 companies with export readiness, packaging and labelling compliance, trademark assistance and alignment with international standards; and provided export training through the Export Training Platform, providing accessible modules on export fundamentals and technical requirements, reaching 163 businesses.

Tourism market growth was supported through the G4J Tourism Challenge Fund, leveraging R5 million in extra-fiscal co-funding through an alternative funding approach.

More than 100 tourism businesses received training on DEDAT's disaster preparedness guide; and our Department of Cultural Affairs and Sport (DCAS) supports 22 major events annually, creating between 60 000 and 90 000 direct and indirect jobs/work opportunities.

Destination marketing, through Wesgro, secured bookings for the Cape Town and Western Cape Convention Bureau valued at more than R700 million; and Cruise Cape Town recorded a historical strong season in 2023/24, contributing more than R1 billion to regional Gross Domestic Product (GDP), supporting nearly 2 000 jobs.

Air access development resulted in 27 airlines servicing 31 destinations during the peak season, and our Air Access programme secured 3 new international routes in 2024/25, scaling our global connectivity.

Our special economic zones have served as building blocks for industrialisation. Freeport Saldanha is progressing as a green hydrogen hub, having initiated an infrastructure master plan to support large-scale production. The Atlantis Special Economic Zone continues to deepen its role as a hub for greentech innovation, having completed civil works in Zone 1 and secured eight site reservations. These zones are clustering critical skills and industries, creating ecosystems that will drive the industries of tomorrow.

And our Western Cape Mobility Department (WCMD) advanced our Western Cape Freight Strategy and the continued development of the integrated Transport Hub (ITH), the digital backbone linking regulatory, enforcement, fare and freight systems to improve operational efficiency and outcomes.

3.4 Technology and Innovation

Speaker, we need to build a competitive technology ecosystem and strengthening innovation. By doing this, we can leapfrog into the future and scale our strengths.

In 2024/25, DEDAT supported 10 businesses through the Business Technology and Innovation Support Programme, which funded hardware, software and digital innovation upgrades.

A Regulatory sandbox for drones and Unmanned Aerial Vehicles (UAVs) was developed; and the province will now create a dedicated Sandbox Experimental Test Flight Authority to oversee testing activities and introduce a structured Unmanned Aircraft System (UAS) management framework for sandbox operations.

And because we want to take our people along our digital transformation journey, DEDAT promoted digital skills development through technology career awareness programmes, specialist tech skills pathways and graduate conversion initiatives; and our Digital Economy Unit supported transversal projects across government.

3.5 Economic Opportunities and Employability

Speaker, part of our Growth for Jobs strategy is ensuring people are able to seize economic opportunity and become employable.

Supporting this in 2024/25 we,

- expanded partnerships between schools, post-school institutions and industry to align curricula with labour market needs, refining 6 training modalities to new/amended curricula to industry needs;
- partnered with the Bildungswerk der Bayerischen Wirtschaft (BBW) to support lecturer training in digital literacy and teaching methodologies, securing opportunities for Western Cape graduates to gain work exposure in Germany from 2025;
- provided more than 2 9000 unemployed youth received workplace experience and accredited training in sectors such as Business Process Outsourcing (BPO), hospitality, clothing and textiles, last mile delivery, and technology;
- expanded work to strengthen entrepreneurship pathways, through our Small, Medium and Micro Enterprise (SMME) Booster Fund which supported 7 organisations assisting entrepreneurship across the province; and
- partnered with the Johannesburg Stock Exchange (JSE) on funding readiness, capital matching, and business acceleration.

Our DOI supported this lever with supplier development interventions in the construction and engineering sectors.

Our Department of Police Oversight and Community Safety (DPOCS) equipped young people with life and workplace skills, facilitating their transition into the labour market. The department co-leads our 10 000 Basic Skills Opportunities catalytic project with DEDAT to support unemployed youth and reduce gangsterism.

During 2024/25 the DPOCS,

- created 837 youth work opportunities
- enabled 682 Chrysalis Academy graduates, and

- trained 186 youth as Peace Officers.

Our Department of Agriculture, (DoA) continues to prioritise youth development and skills advancement through agricultural education and training. During 2024/25, a total of 213 interns were provided with workplace experience opportunities; and our bursary programme supported 104 youth and employees pursuing studies in agricultural fields in 2024/25. In 2024/25, 137 students graduated from our Elsenburg Agricultural Training Institute.

Speaker, our Township Action Plans are designed to unlock economic opportunity, and looking forward, our DEADP will focus on the full rollout of the pilot.

Our WCED launched Career Clubs, extending it to 133 schools; and 2 765 Grade 12 learners were enrolled in at least one technical or agricultural subject; and our expansion of Schools of Specialisation and Collaboration Schools aims to improve school performance and support quality education and skills pathways.

Finally, our Jobseeker Travel Voucher Programme, via our WCMD, has already supported over 15 000 beneficiaries, with 49 per cent of voucher users reporting that they found employment.

Speaker, this is how we scale for growth. We build roads, we secure power, we protect our water sources, and we open the doors for investment. We create the certainty that businesses need to hire, to expand, and to thrive.

4. SAFETY

Honourable Speaker, Safety remains one of the most important responsibilities entrusted to this government. It affects how people move, work, learn, worship and raise their families. It shapes economic confidence and determines whether communities can flourish.

The reality for our people on the ground continues to challenge us. Many communities carry the effects of violence, trauma and social fragmentation. Rapid urbanisation and persistent socio-economic pressures place additional strain on law enforcement and social services.

Yet we also see progress where the Province, municipalities and communities work in partnership. Improvements in several high-crime precincts during 2025 confirm that

targeted interventions can shift conditions in sustainable ways when they are properly resourced and carefully scaled.

Speaker, I wish to indicate, Safety is complex and 1 murder is 1 murder too many.

However, despite not having policing powers, as a province we cannot simply sit by and do nothing.

The Western Cape Safety Plan continues to guide our approach. It draws a clear distinction between immediate violence reduction and long-term prevention.

Scaling for Growth within the context of the Safety portfolio means expanding what we know works across more communities in order to achieve momentum and impact while maintaining reliability of data and evidence.

This is why Western Cape Government has allocated R3.955 billion over three years to the Safety policy priority.

4.1 Integrated Violence Prevention

Honourable Speaker, a safe province is built long before a crime takes place. Prevention is the most important tool we have to interrupt the cycle of violence and trauma.

Over the medium-term, we will -

- Create 5 800 empowerment opportunities to vulnerable youth, that include personal development, behavioural support, mentoring, and structured pathways into work;
- Train 1 810 youth through our Chrysalis Academy, followed by structured support into employment; and
- Create 2 400 work opportunities for youth through our Expanded Public Works Programme.

Evidence-based programmes are expanding across the Province. The Street Mentor Programme, Youth Safety Influencer Programme, and strategic partnerships with the DHW and the DSD all form an interlinked set of preventative tools.

The DHW has established a Violence Prevention Unit that applies public health models and trauma data to identify patterns and direct interventions more accurately; and through the Planet Youth initiative the department will utilise findings from surveys to inform multisectoral policy and programmatic responses.

26 460 families participated in DSD's family preservation and support services programme in 2024/25, and for the 2026 MTEF DSD aims to support 57 600 families through this programme.

WCED funds 64 School Resource Officers (SROs) in 2024/25 and 82 in 2025/26, playing a preventative and protective role by supporting discipline, promoting safety, building relationships with learners, and helping to stabilise the school environment.

4.2 Effective and Responsive Law Enforcement

Honourable Speaker, prevention is strengthened when enforcement is reliable and informed by accurate information.

This will be achieved through strategic deployment of funding, strengthened municipal capacity, improved intelligence coordination and strong oversight.

Over the medium term, our DPOCS will -

- Safeguard 850 Law Enforcement Advancement Programme (LEAP) officers, placing them in priority zones experiencing the highest levels of violent crime based on data and evidence;
- Prioritise maintaining municipal law enforcement support in at least 25 municipalities, up from 4, expanding reach through the creation of a Rural LEAP Unit for rapid crime response in the West Coast, Overberg, and Garden Route Districts;
- Enhance rural safety through support for K-9 Units;
- Strengthen system-wide coordination through the establishment of the Provincial Safety Coordination Centre, serving as a central hub for monitoring, integration, and reporting safety initiatives across our province.

We will further provide Institutional Care of High-Risk Adolescents, through DSD, by

- assessing over 12 000 children in conflict with the law over the medium-term,
- maintaining capacity for 750 children awaiting trial in secure care Child and Youth Care Centres (CYCCs), and
- ensuring 820 children in conflict with the law complete diversion programmes.

This will strengthen psychosocial support in secure care facilities, improve reunification services, and create clearer reintegration pathways for youth leaving these centres.

4.3 Safe and Secure Communities and Infrastructure

Honourable Speaker, safety also involves conditions that support community stability, such as social cohesion, local leadership and reliable public infrastructure.

The DPOCS continues to build community governance structures that improve resilience and strengthen local leadership.

Over the medium term, we will -

- Scale our number of accredited Neighbourhood Watches from 470 to 1 000,
- Strengthen Community Policy Forums by assessing 90 forums for functionality,
- Focus on preventing youth involvement in crime by reaching about 60 000 learners through After School Programmes that address academic risks, absenteeism, anti-social behaviour, parental support, sports and arts activities, conflict and anger management, and safe spaces; and
- Provide consistent support for youth agency and preparedness, with 24 000 youth participating in skills development programmes, fund 11 Youth Cafe's, and provide substance use disorder (SUD) early intervention services for over 4 000 service users by 2028/29.

Our Department of Mobility (WCMD) has intensified our "Safely Home" Campaigns and expanded traffic law-enforcement operations in 2024/25, alongside new Highway Patrol and PTI units with the City of Cape Town and technologies such as Average Speed Over Distance and automated number-plate recognition.

Fatalities fell by 15.5 per cent, with pedestrian deaths declining after hotspot interventions. Our WCMD has also significantly progressed its work on minibus taxi stabilisation and professionalisation through the Shayela Smart programme.

A new forward-looking initiative, we will launch a Community-Level Growth and Resilience Programme pilot in Mitchell's Plain to advance integrated, area-based safety planning, to close the gap in fragmented efforts by co-creating tailored Growth and Resilience Plans for each community and establishing a dedicated, representative and accountable governance structure within that community.

We will partner with all spheres of government, civil society, academia and business to drive practical results. The pilot will focus on safe zones, holiday clubs, youth safety influencers, support for community structures, a street-coaching initiative, assistance to police stations, and skills development linked to employment.

Speaker, I will outline the funding for this pilot when I turn to the Adjusted Estimates.

5. EDUCATED, HEALTHY AND CARING SOCIETY

Honourable Speaker, economic progress depends on residents being able to live healthy, meaningful and dignified lives.

Our Educated, Healthy and Caring Society priority centres on early childhood development, youth resilience, adult inclusion, mental and physical health, social cohesion, spatial transformation, and disaster readiness. It ensures that people have the support and capabilities to seize opportunities and participate fully in a thriving, inclusive economy.

Despite population growth outpacing our economic gains, we need to become bolder with our intended impact - we want to lower our low birthweight metric, increase Grade 3 reading for meaning, and reduce youth who are 'Not in Employment, Education or Training' (NEET) by 10 per cent by 2030.

We want to increase HIV+ treatment, reduce the percentage of our population living below the poverty line, and reduce households with routinely inadequate food access by 25 per cent by 2030.

These goals might sound ambitious, but by scaling our efforts, we can make a real impact in our people's lives.

5.1 Improved Child Wellbeing

Supporting child wellbeing, our Social Work Integrated Management System Application (SWIMS) modernises case management for social workers, reducing administrative time from 15 to 8 minutes per case. Fully utilised, this saves the equivalent of roughly 652 eight-hour workdays per month. SWIMS will be extended to additional WCG departments and NGOs in the child protection sector.

Child health remains a foundational priority. DHW continues to strengthen early childhood health, focusing on the first 1,000 days of life, and addresses challenges such as malnutrition, stunting, and vaccine-preventable diseases.

The implementation of an integrated digital health record system will further enable seamless tracking of child health indicators, supporting responsive, data-driven interventions.

5.2 Increase Youth Resilience, Civic, Educational and Economic Participation

Supporting increased youth resilience, civic, educational and economic participation, our education system continues to meet increasing demand, protecting teaching quality despite fiscal pressures.

The universalisation of Grade R provides ECD services, with 79 517 children accessing centre-based and out-of-centre services. The eCares Online Registration System enabled 1 700 facilities to apply, with 370 receiving Bronze Registration in the first month. Over the 2026 MTEF, ECD facility registration will remain a focus.

The WCED leads the 'Strong Foundations - ECD, Reading and After School Programmes' intervention, emphasising literacy and numeracy. Our Back-on-Track programme, the country's largest learning recovery initiative, will scale over the next three years to reach every child in need.

Our DHW provides mental health support to at-risk youth through the Integrated School Health Programme and supports economic participation via First Aid training for unemployed youth.

Our DCAS aims to reach 9.5 million learner engagements annually through MOD centres, host youth camps, aims to reach approximately 60,000 learners through

collaboration with schools, clubs, and community partners, and prioritises historically marginalised groups, including rural communities and farm workers.

5.3 Increase the Wellbeing and Agency of Adults and Older Persons

Supporting increasing the wellbeing and agency of adults and older persons, the WCG GBV Implementation Plan addresses gender-based violence and femicide, prioritising safe spaces, skills development, and long-term psychosocial care. In 2024/25, 24 464 victims accessed psychosocial support, and the shelter network expanded to 25 funded VEP shelters, with an additional two more planned over the next two years.

Food security continues through household and school gardens.

In 2024/25, DoA supported 36 school gardens and over 3 000 household producers; over three years, this programme will support more than 6,000 producers; and our DSD supported 22 128 vulnerable persons with subsidised meals through our Community Nutrition and Development Centres (CNDCs) and funded feeding sites in 2024/25.

And our DHW's Community-Oriented Primary Care will expand home and community-based services, strengthens Primary Health Care, and scales the role of Community Health Workers, addressing HIV, TB, non-communicable diseases, maternal and child mortality, and violence-related injuries.

5.4 Improved Spatial Transformation and Social Infrastructure

Supporting improved spatial transformation and social infrastructure, DCAS will reimagine public libraries as multi-purpose community centres with digital integration, community hubs, and inclusive spaces supporting culture and innovation. The province maintains over 370 libraries, with plans to expand digital materials, free internet access in rural libraries, and mini-libraries for visually impacted users.

DEADP's Regional Socio-Economic Projects (RSEPs) supported 14 municipalities in 2024/25 with infrastructure and non-infrastructure projects promoting safety, economic well-being, and spatial integration. They further provided Housing Market Studies to assist municipalities in evidence-based planning and affordable housing strategies.

WCMD's Universal-access features in Go George and Dial-a-Ride supported around 2 200 passengers monthly, with plans to expand Go George routes.

And in 2024/25 our DOI delivered

- 9 353 housing opportunities,
- began 4 new social housing projects, and
- aims to deliver 50 000 housing opportunities over the next five years.

5.5 Effective Approach to One Health and Disaster Management

Supporting an effective approach to One Health and Disaster Management, we are strengthening our One Health framework, recognising the interdependence of human, animal, and environmental health, through enhanced early-warning systems, outbreak response, and Antimicrobial Stewardship; and

Our Sustainable Water Protection Plan will safeguard water resources through ecological infrastructure, water-sensitive design, and pollution reduction.

We will further continue to improve public and environmental health, provide immediate humanitarian and psychosocial support during disasters, and address period poverty via the Sanitary Dignity programme in schools and DSD facilities.

By protecting these priorities despite our growing fiscal pressures, we are laying the foundation for a Western Cape where growth is inclusive and every resident has the opportunity to live a dignified life.

6. INNOVATION, CULTURE AND GOVERNANCE (ICG)

Speaker, to scale for growth, we must build a government that moves with speed, agility, and foresight of the private sector we seek to support.

Our population is growing, with increasingly complex needs, while the national fiscal envelope tightens. The older ways of doing business are no longer sufficient. We must innovate by stretching our limited resources and delivering services that are faster and smarter.

This is the purpose of the Innovation, Culture, and Governance (ICG) Portfolio is to ensure that the Western Cape Government (WCG) remains agile, credible, and capable.

By automating processes, cutting red tape, and rewarding creative problem-solving is rewarded, we empower officials to deliver real, measurable impact for the residents of our province.

6.1 Innovation

Our Innovation for Impact Strategic Framework acts as our roadmap, helping departments identify problems, co-create solutions, and test them before scaling. To measure progress, we are developing an Innovation Index to track innovations across departments.

Our Digital Government Strategy empowers residents with digital tools, optimising resident-centred services, and promote connected government via broadband and free Wi-Fi. In 2024/25, we upgraded broadband connectivity at 1 914 WCG sites and activated 1 600 public Wi-Fi hotspots.

In the health sector, the Department of Health and Wellness (DHW) uses automation to relieve frontline pressure. Through our Central Dispensing Unit (CDU) and Telehealth services, we completed 25 000 client calls for HIV, TB, and other conditions in 2024/25.

In safety, our Department of Police Oversight and Community Safety (DPOCS) deploys technology as a force multiplier. Systems like ShotSpotter and EPIC drive intelligence-led policing while tools like a Complaints Management System, and a Capability Maturity Matrix enhance accountability and continuous improvement in police stations.

6.2 Integration and Collaboration

To scale for growth, we must increase integration and collaboration.

The DotP, the Department of Local Government (DLG), and the Provincial Treasury (PT) lead Collaborative Integrated Planning, aligning provincial and municipal budgets to maximise every rand's impact. We are further developing a Municipal

Shared Services Framework, which will allow districts to share resources and expertise, strengthening capability without duplicating costs.

Speaker, municipalities often bear the brunt of rapid population growth, influenced both by semigration and immigration patterns. We must thus support municipalities in scaling their municipal infrastructure investment and deal with the knock-on budgetary effects.

DLG, through our Sustainable Infrastructure Development and Finance Facility (SIDAFF) programme received grant funding from Development Finance Institutions amounting to R71.475 million which has been utilised through SIDAFF-supported initiatives and this is expected to unlock R1.153 billion in infrastructure projects across participating municipalities.

Further, DEADP will explore a Biodiversity Credit Scheme, which aims to unlock new streams of alternative and blended financing by monetising conservation outcomes and attracting private-sector investment into nature-based and climate-resilient infrastructure.

The PT has established and will lead the Western Cape Government's Alternative and Blended Finance (ABF) Programme in order to crowd in additional financing over the medium term by leveraging partnerships with private investors, including impact investors, development finance institutions, multilateral development banks, and donor organisations.

The PT will therefore secure additional capacity to assist with legal, deal-making, risk and compliance, and procurement specialists in order to land on-balance sheet alternative and blended finance deals in our province; and we will continue our collaboration with the National Treasury and the World Bank to establish a Blended Finance Risk Sharing Platform - a Credit Guarantee Vehicle (CGV) - which aims to mobilise private capital by de-risking critical projects in the energy, transport and water sectors, before expanding to areas within the social sector.

We have already prepared fertile ground with off-balance sheet instruments.

Our DoA leveraged funding through the commodity approach to increase production and commercialisation of land reform farmers; and they partner with industry bodies in research to increase the production of produce with the aim of

boosting exports and creating jobs, currently mobilising R71.8 million per annum in off-balance sheet initiatives.

The WCG have established two Special Purpose Vehicles (SPVs) - EduInvest, a partnership between WCED and Wesgro; and the Cape Care Fund, a partnership between DSD and the Health Foundation, to attract private and philanthropic funding into education and social development.

Our DoI developed a R200 billion pipeline of bankable infrastructure projects on an AI enabled digital platform. The Department has already scored 38 projects valued at R115 billion, providing investor-grade materials to crowd in blended and alternative finance, reducing the fiscal burden and mobilising private capital.

6.3 Culture and People-Centred Delivery

People are our greatest asset.

Through our WCG Culture Journey, we enhance employee morale, promote ethics, and build a high-performance culture.

Our Frontline Service Enhancement Project aims to improve resident experiences, while our e-Kiosks provide digital access to services, supporting 215 469 users concentrated in rural areas.

6.4 Futures Thinking and Evidence-Informed Decision-Making

Reactive governance is costly.

Our Futures of Government initiative uses strategic foresight and scenario planning to anticipate social, economic, and environmental shifts, allowing us to shape our policies proactively.

We have developed a Governance Policy Framework for Artificial Intelligence to harness AI ethically and responsibly; and our Provincial Data Office (PDO) is creating an Interconnected Data Ecosystem with secure, interoperable data flow across departments.

Finally, our Multi-dimensional Tracking centralises performance data, enhancing accountability and ensuring resources target the areas of greatest impact.

6.5 Ease of Doing Government

The final lever within our ICG toolbox, is the 'Ease of Doing Government'.

Over the medium term, the PT will modernise our eProcurement Solution (ePS), fully digitising the end-to-end procurement process, from planning to payment.

In 2024/25, 34.6 per cent of total provincial procurement spend, valued at R6.84 billion, went to women-owned businesses, surpassing the National Treasury 30 per cent benchmark for the first time in Western Cape Government history.

This is testament to this government's ability of achieving transformation without prescriptive procurement mechanisms, and it can only strengthen our case to have the Public Procurement Act, 2024 declared unconstitutional.

DotP will introduce a "Stupid Rule Button" to encourage our officials to identify outdated policies and cut internal red tape.

The Inventory to Digitisation Project will modernise workflows and transition from paper-based to digital systems and promote user-friendly service delivery.

DEADP will automate Environmental Impact Assessment (EIA) to improve turnaround times and reduce costs; and

DLG will support municipalities in governance, council functionality, ward committee establishment, and operational readiness via the Provincial Operational and Joint Command Centre.

Speaker, these key interventions demonstrate our commitment to transitioning from laying a strong foundation toward a more innovative, responsive and trusted government.

One that scales for growth, delivers measurable results, and serves every resident of the Western Cape.

7. ADJUSTMENTS ESTIMATES

Speaker, we have now put our policy statement on how we intend to Scale for Growth. Within that context our Adjustment Budget will now provide the scaffolding required to increase momentum and ensure we scale effectively with a focus on impact.

Given the fiscal constraints, the Adjustment Budget is a key instrument for in-year responsiveness, showing how additional resources, deferrals and reprioritisations help manage emerging pressures and prepare for the 2026 MTEF.

The key purpose of the 2025 Adjusted Estimates, as a first response to the 2026 Budget, is to

- create fiscal sustainability for the remainder of the 2025/26 financial year,
- address in-year fiscal risks,
- to maintain fiscal discipline, and
- prepare for the 2026 MTEF Budget taking account of signals from the national 2026 budget process.

This year's national budget process was significantly delayed, with both the 2025 national Budget and MTBPS finalised later than usual. This resulted in delayed transfers to provinces and municipalities, postponing the start of programmes and the procurement of goods and services. Departments now face an unusually compressed spending window.

By the time the Division of Revenue Adjustment Budget is expected to pass in the national Parliament, mid-January 2026, and after the President and Premier sign their respective Adjustment Budget bills into law, this will leave us with only February and March 2026 for the province and municipalities to spend any new allocations they receive.

This unprecedented timing requires a prudent and disciplined response, within our uncertain environment.

The 2025 Adjusted Estimates was thus compiled taking these factors into account.

7.1 2025 Adjusted Estimates

Speaker, despite this constraint, the 2025 Adjusted Estimates makes provision for R1.739 billion in additional expenditure in the 2025/26 financial year.

Of this, R1.070 billion will come from the national fiscus, consisting of -

1. R496.506 million in National Conditional Grants; and
2. R573.567 million in Provincial Equitable Share (PES) allocations.

Having worked prudently and with discipline since the previous provincial MTBPS, we will be able to bolster the Adjustment Estimates with a R669 million in provincial funding.

7.2 National Conditional Grants

The R496.506 million in national conditional grants includes:

1. R232.053 million through the Early Childhood Development Grant for subsidy increases and expanded early learning;
2. R90.922 million through the District Health Programmes Grant (HIV/AIDS component) to stabilise HIV service delivery after withdrawal of the PEPFAR funding;
3. R53.837 million through the Health Facility Revitalisation Grant (HFRG) for the Budget Facility of Infrastructure (BFI) projects for Klipfontein and Belhar Regional Hospitals;
4. R40 million through the National Tertiary Services Grant (NTSG) to correct an allocation error between provinces; and
5. R79.694 million for Disaster Funding through the Provincial Road Maintenance Grant.

7.3 Provincial Equitable Share Allocation

Nationally funded PES additions total R1.005 billion consisting of:

- R292.113 million for our Western Cape Department of Education; and
- R712.724 million for our Department of Health and Wellness.

These allocations, made in terms of Section 6 of the National Appropriation Act, 2025, are intended to strengthen service delivery.

For the Department of Health and Wellness, R573.567 million will be utilised in the 2025/26 financial year, to mitigate in-year pressures on Goods and Services.

The remaining R139.157 million is deferred to 2026/27, due to the timing of the allocation and the time required to fill posts.

For Education, the full R292.113 million allocation for Education for Compensation of Employees to retain teachers and appoint additional educators will be deferred to the 2026/27 financial year, due to the time required to recruit personnel.

Because only two spending months remain after the expected signing of the Adjustments Budget, these deferred amounts will be allocated in the 2026 Main Budget.

I now hereby table the provisionally allocations, of the deferred portions for each respective department, which the DHW and WCED will receive as part of the 2026 main Budget, and in order for them to have a runway to plan for their respective spending.

7.4 Preparation for the 2026 MTEF

Responding to the late national budget process and to protect service delivery, the province will realign R983.384 million from the 2025/26 financial year to the 2026 MTEF.

Speaker, to be clear, no department's budget will be cut.

As a government, we understand the impact of the national budget process this past year and we will work with all departments to therefore realign their funding over the 2026 MTEF.

7.5 In Year Fiscal Risks

Managing in-year fiscal risks, we will -

1. Receive R828.191 million in rollover funding for disaster funding, via conditional grants, for the Departments of Infrastructure, Cape Nature and Agriculture; and
2. As mentioned earlier, allocate R573.567 million, via the PES allocation, for the Department of Health and Wellness in this financial year;

Through additional provincial funding, for dealing with in-year risks, the Western Cape Government will -

1. Bring forward R40 million for the Department of the Premier for Broadband 2.0;
2. Allocate R56.852 million for the Department of Mobility for the George Integrated Public Transport Network (GIPTN);
3. Allocate R19.228 million for the Department of Mobility for motor vehicle license agency fees,
4. Allocate R2.191 million for DPOCS for security cameras and Close Circuit Television (CCTV) system upgrades, and
5. Allocate R2.616 million for the DCAS for library books, IT equipment and development of sport facilities.

7.6 Policy Priorities

Speaker, one of the focus areas related to the Growth for Jobs (G4J) Strategy is ensuring the necessary infrastructure is in place to support economic growth.

The Western Cape Government, through provincial funding, will therefore allocate R295 million to the DOI, consisting of -

- R114 million for roads transport infrastructure, and
- R181 million to accelerate Human Settlements housing delivery.

In addition, to advance the 2025 - 20230 PSP focuses on Safety, and on an Educated, Healthy and Caring Society (EHaCs), we further allocate provincial funding as follows-

- R9 million to the DPOCS for the Mitchell's Plein Safety and Development Programme. A new pilot initiative to address crime prevention and community safety in high-risk areas;
- R3.5 million to the DCAS for sports and cultural initiatives by fostering social cohesion, youth development, and healthy lifestyles through sports and cultural programmes. These initiatives will support reducing vulnerability to crime and substance abuse, aligning with the PSP's focus on building resilient communities;
- R5 million to the DoTP for strategic events and initiatives supporting investment attraction;
- R2.5 million to the DEADP for environmental and wildlife management and biodiversity conservation;
- R10 million to the WCMD for differently abled mobility;
- R21 million to the DSD consisting of,
 - R2 million for the Social Worker Integrated Management System (SWIMS),
 - R2 million for the emotional regulation support for mental health for children and youth (EASE) programme,
 - R2 million for the community-based programme (TIME) for rural regions,
 - R5 million to support older persons' bed spaces, and
 - R10 million to provide care, health and dignity for older persons.

Speaker, I reiterate, through an addition of R1.070 billion in national funding and R669 million in provincial funding, we are therefore adding a total of R1.739 billion in funding during this Adjustment Budget, and provisionally allocating R431.27 million for the 2026 Budget.

The Adjustment Budget reflects fiscal sustainability, strengthens the implementation of the PSP, and maintains our province's reputation for prudent decision-making and disciplined financial management amid uncertainty.

Speaker, we are done with merely holding the line. We are moving beyond plans on paper. We are scaling up. Turning fiscal discipline into visible, material change for the people of the Western Cape.

From the streets of Khayelitsha to the farms of the Karoo, we are scaling for growth, for jobs, for safety, and for dignity.

8. CONCLUSION

Speaker, a budget is the most honest expression of a government's intent. It strips away the rhetoric and lays bare our priorities.

In this era defined by national stagnation, the Western Cape has refused to accept decline as inevitable. We have chosen a different path. We understand the fundamental economic truth that scarcity is not an excuse for inaction, but an instruction to innovate.

Through this budget we have shifted away from a state that merely spends, to a state that leverages. We are scaling for growth because we know that growth is the only sustainable pathway to dignity.

Speaker, Luke 14:28 reads *"For which of you, desiring to build a tower, does not first sit down and count the cost, whether he has enough to complete it?"*

We have counted the cost. We have laid the foundation. Now, we build.

To our Head of Treasury, Julinda Gantana, our the senior management team, Victor Senna, Isac Smith, Analiese Pick, Taryn van de Rheede, Paul Pienaar, Michelle Nicholas, Ziyaad Majjet, Malcolm Booyesen, Steven Kenyon, Isaac Tsie, and Elizabeth Wenn, and the teams you lead, you are the guardians of our fiscus and the custodians of our province's financial stability.

To every single unit within the Provincial Treasury, thank you for managing our cash so prudently, for turning every Rand over again and again through procurement, for ensuring reliable financial systems, for fighting for our fair share through public finance or ensuring trust through the auditing and accounting work we do, for coming up with new and enhanced revenue strategies, for supporting our municipalities through turbulent times.

Thank you to our Director General, Dr Harry Malila, and our Provincial Top Management, for your leadership and resilience in unprecedented and uncertain times.

To my Ministry team, Grant Caswell, Marshallé Frederiks, and Lenku-Vince Oosthuizen, thank you for the strategic guidance, your rigour, and your vision.

To Sandra Francisco, Xanthia Murphy, Igshaan Davids, Edwina Herman and Gaynor Lucas. You are the engine room that keeps our Ministry running. Thank you.

To the Premier and my Cabinet colleagues, thank you for the courage to make the hard trade-offs required to govern responsibly, prudently and honourably.

To my family and friends, you remain my foundation and the scaffolding upon which I rely every day.

And most importantly, to the people of the Western Cape.

We do not take your trust for granted.

Every Rand in this budget belongs to you.

We will spend it to build a province that works, a province that grows, and a province that leads.

9. TABLING

Speaker, for discussion and consideration, before the Western Cape Provincial Parliament, I hereby table before the House:

- The Western Cape Adjusted Estimates of Provincial Revenue and Expenditure 2025
- The Western Cape Adjustments Appropriation Bill 2025;
- The Western Cape Overview of Adjusted Provincial and Municipal Infrastructure Investment 2025;
- The Western Cape Medium Term Budget Policy Statement 2025;
- The 2025 AE Draft Notice and grant frameworks

I thank you.