



EASTERN CAPE

BUDGET SPEECH

2026/27



Province of the
EASTERN CAPE
PROVINCIAL TREASURY



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BUDGET SPEECH

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Honourable Speaker

Honourable Premier

Members of the Executive Council

**Deputy Speaker, Chief Whip and Members of
the Provincial Legislature**

**Leaders of Provincial House and Local Houses of Traditional
and Khoisan Leadership**

Mayors of our Municipalities and leadership of Salga

**Leaders of Political Parties, Religious Leaders,
Business Leaders,**

Leaders of Civil Society and Labour

**Director General, Heads of Departments, Municipal Managers,
CEOs and other Government Officials**

Esteemed Guests

Good morning.

INTRODUCTION

Honourable Speaker, today, we present a budget that reflects the careful balancing of ambition and prudence. It is a budget that seeks to expand opportunities, strengthen service delivery, and stimulate economic growth, all within the limits of our fiscal realities.

This budget is not merely a financial plan; it is a strategic instrument to advance the developmental aspirations of the people of the Eastern Cape.

We acknowledge the realities before us - growing service delivery demands, constrained resources, and an evolving socio-economic landscape. Yet, with disciplined planning, targeted investments, and a commitment to good governance, we are determined to protect frontline services, drive inclusive economic growth, and invest in the infrastructure and human capital that underpin long-term prosperity.

This budget seeks to align to the priorities articulated by the Honourable Premier Oscar Mabuyane in the State of the Province Address (SOPA) and advances the objectives of the 7th term of administration and Provincial Medium-Term Development Plan.

ECONOMIC OUTLOOK

Honourable Members, the Eastern Cape economy is emerging from a period of subdued growth. Following a brief recovery in 2022, domestic and provincial economic activity slowed in 2023 and 2024, affected by disruptions in rail and port operations, droughts, and outbreaks of animal disease. The province recorded growth of only 0.7 per cent in 2023 and -0.2 per cent in 2024, reflecting pressures on key labour-intensive sectors such as agriculture, manufacturing, and residential construction.

Looking ahead to 2026 and beyond, current consensus points to a gradual domestic recovery, averaging around 1.8 per cent nationally,

with the Eastern Cape expected to achieve average growth of 2.2 per cent over the medium term to 2027. This near-term recovery will be supported by steady improvements in electricity supply and port operations, increased public investment in infrastructure, greater policy certainty, market diversification and development of new markets through focused and effective trade diplomacy all of which are critical to bolstering business confidence and stimulating private sector investment.

More importantly, stronger provincial growth will depend on the effective delivery of strategic infrastructure, efficient budget execution, and targeted support to priority sectors such as agriculture, tourism, the oceans economy, and automotive manufacturing.

As we anticipate this gradual economic recovery, it is imperative that our fiscal framework remains disciplined and strategically aligned, ensuring that every rand is directed to priority.

FISCAL STRATEGY AND OUTLOOK

Honourable Speaker, the Eastern Cape continues to operate under significant fiscal pressures. Accumulated liabilities, irregular, fruitless and wasteful expenditure, and scarce resources threaten frontline services.

Departments must therefore operate strictly within their approved budgets.

Our approach is deliberate. Fiscal discipline is not an option, it is a necessity.

It protects priority programmes, ensures long-term sustainability, and maximises the impact of every Rand spent.

To strengthen resilience, we are:

- Optimising delivery models
- Reducing non-essential expenditure
- Expanding transversal contracting
- Improving revenue performance

Payroll integrity and accountability remain a priority, while the Programme Assessment Matrix Tool targets savings and eliminates inefficiencies across departments.

For 2026/27, total provincial receipts amount to R105 billion, comprising:

- Equitable Share of R86.5 billion,
- Conditional Grants of R16.6 billion, and
- Provincial Own Receipts of R1.8 billion

These figures include additional allocations of R1.2 billion to support health and education.

Provincial payments are projected at R104.9 billion, with transfers from national government totalling R103.2 billion, resulting in a deficit of R1.7 billion for the year. We have however used the Provincial Own Revenue of R1.8 billion to cushion the deficit.

Over the Medium-Term Expenditure Framework, the province will also utilise R2.7 billion from the Provincial Revenue Fund to support critical spending pressures while protecting frontline services.

Honourable Speaker, it is important to highlight that the province will lose over R2.2 billion of its equitable share over the medium term due to national data updates. This may have negative implications to allocations to departments over the medium term.

Whilst we support the ongoing review of the equitable share formula, we have however raised concerns with National Treasury about the use of Mid-Year Population Estimates, which appear to underestimate the Eastern Cape's population compared with census data, a situation that result in unfairly reduced allocations. The discussions aimed at finding amicable solutions to the issue are ongoing.

The fiscal picture we have painted here calls for the Eastern Cape government to strengthen its Provincial Own Revenue Strategy, which will expand resources, improve service delivery, and underpin our broader agenda for inclusive economic growth and sustainable job creation.

Over the medium term, revenue enhancement measures will include the digital end-to-end billing systems, strengthened coordination with the Road Accident Fund and medical schemes, and revenue pledges signed by departments.

Departments are encouraged to intensify revenue collection efforts to achieve a better balance between revenue and expenditure.

EFFORTS TO DRIVE INCLUSIVE ECONOMIC GROWTH AND JOB CREATION

Honourable Speaker, this Budget therefore advances a focused strategy to stimulate investment, strengthen small businesses, expand agricultural value chains and support job creation.

Supporting MSMEs and Informal Traders

To support enterprise development, **R119.9 million is allocated to ECDC in 2026/27 and R352.7 million over the MTEF** for market access, mentorship and procurement opportunities for MSMEs and cooperatives. The Economic Development Fund is allocated **R50 million** in 2026/27 to support strategic economic projects, including industry value chains and access to funding for MSMEs.

Agriculture Commercialisation and Value Chains

Honourable Speaker, agriculture remains central to rural development, food security and employment in the Eastern Cape. The **Department of Agriculture is allocated R2.7 billion in 2026/27 and R8.2 billion over the MTEF** to expand production and strengthen agricultural value chains.

Within this allocation, **close to R1 billion in 2026/27** supports production, food security, veterinary services and agricultural skills development. This includes:

- **R132.2 million** for producer support;
- **R246.4 million** for food security programmes;
- **R474.9million** for veterinary services, including **R55.2 million for livestock vaccines and medical supplies**; and
- **R196 million** for agricultural education and training.

To accelerate commercialisation, a Memorandum of Agreement between the Department of Agriculture, the Eastern Cape Rural Development Agency and the Land Bank provides **R97 million in grants and R103 million in blended loan finance** to support black producers entering agricultural value chains.

Industrial Transformation and the Automotive Sector

Honourable Speaker, inclusive economic transformation requires expanding participation in strategic industries.

The Automotive Aftermarket MSME Support Programme is supporting small enterprises in the vehicle repair and maintenance sector while opening franchising opportunities for local businesses.

Since inception, 185 MSMEs have been registered, with 40 enterprises supported in the previous financial year.

To expand the programme, **R10 million** is allocated to Automotive Industry Development Centre Eastern Cape (AIDC-EC) in 2026/27, bringing the total investment to **R46.7 million** over the MTEF.

In addition, the AIDC, in partnership with the United Nations Industrial Development Organization (UNIDO), will establish a Smart Academy at the Coega Development Corporation to develop advanced manufacturing and technology skills. The province has allocated **R2 million in 2026/27 and R6.3 million** over the MTEF, while UNIDO will contribute **R71.5 million** over the next three years.

Tourism and the Creative Economy

Honourable Speaker, Tourism continues to recover strongly, supported by domestic travel and diversification into sports and film-induced tourism.

To strengthen this sector, **R26.5 million** is allocated in 2026/27 for infrastructure upgrades in provincial nature reserves, among other initiatives.

Sports tourism investments include **R5.8 million** in 2026/27 for renovations at Buffalo Park Cricket Stadium ahead of the 2027 Cricket World Cup, and **R2.5 million** over two years to host the SANZAAR Under-20 Rugby Championship at Nelson Mandela Bay Stadium.

The Eastern Cape Film Investment Fund has supported 39 productions, attracting **R553.4 million** in production value from **R48.3 million** in provincial incentives, while supporting 731 SMMEs and more than 9 400 temporary jobs.

To sustain this momentum, **R10.5 million** over the MTEF will support audiovisual production, **R17 million** in 2026/27 is allocated for telenovela production through ECPACC, and **R21 million** in 2026/27 through the ECDC will support film development.

INVESTING IN PUBLIC INFRASTRUCTURE

Honourable Speaker, our commitment to public infrastructure remains unwavering. In the 2026/27 financial year, the province has allocated over **R9 billion** across critical sectors to strengthen service delivery, expand access to essential services, and stimulate economic growth in the Eastern Cape.

The Office of the Premier continues to support municipalities through the Small-Town Revitalisation Programme with **R155 million** in 2026/27, alongside a **R1.3 billion** investment over the MTEF in broadband infrastructure, improving connectivity from Bhisho to Mthatha, KuGompo, Komani and Qonce.

In the education sector, infrastructure receives a total allocation of **R2.3 billion** in 2026/27, rising to **R6.5 billion** over the MTEF to construct, upgrade, and maintain schools.

Funding covers new classrooms, essential maintenance, sanitation upgrades, and support for over 1.5 million learners, ensuring safe, conducive, and modern learning environments.

In the health sector, over **R1.7 billion** in 2026/27 and over **R5.1 billion** over the medium term is allocated to modernise hospitals, expand rural clinics and strengthen emergency services. Key projects include new maternity wards, theatres, mortuaries, and staff accommodation at Madwaleni and Greenville Hospitals, the upgrade of Livingstone Hospital's emergency facilities, and the construction of a new clinic in Cebe Village. This includes the Health Facilities Revitalization Grant of **R818.9 million** allocated for maintenance, upgrades, and new facilities.

We have also allocated **R40 million** for a Disaster and Climate Change Response programme, to repair storm-damaged facilities and strengthens climate resilience across the health system.

Through the Department of Public Works and Infrastructure, an allocation of **R145.7 million** will deliver modern government service facilities including the completion of the Mqanduli Cluster Offices, support progress on the Emaxesibeni Cluster Offices, and support renovations at the KD Matanzima Building, Botha Sigcau Building in Mthatha, and the Wilton Mkwazi Building in Qonce. This work will ensure functional workspaces for public servants and support service delivery in surrounding communities.

We are also investing in agricultural infrastructure to support food security, commercialisation, and rural livelihoods. Investments include the Vukani Piggery in King Sabata Dalindyebo, Ngqushwa Beef Complex, Dohne Quarantine Station fencing in Amahlathi, and irrigation schemes in Enoch Mgijima and Nyandeni, expanding production, safeguarding animal health, and strengthening agricultural value chains.

Economic infrastructure will be strengthened through the Coega SEZ Water Security Programme with **R366 million** in 2026/27, securing reliable water supply for industrial growth in the Nelson Mandela Bay Metro.

Transport infrastructure remains a cornerstone for connectivity and economic integration. Road maintenance and upgrades are prioritised, with **R2.7 billion** allocated in 2026/27 and **R6.6 billion** over the medium term to rehabilitate, reseal, and improve provincial roads. Major upgrades that will be supported include DR08034 between Dutywa and Ngcobo, DR08125 to Sipetu Hospital, MR00391 from Humansdorp to Hankey, DR08019 from N2 to Ntabankulu in the Alfred Nzo, and the Quenera Lagoon access road in Buffalo City Metro, while phase 3 of the road between Willowvale and Dwesa Nature Reserve will also begin this year. Other flagship projects such as N2 to R61 via Clarkebury and Hluleka Nature Reserve Phase II will also be supported.

We are reaching the completion stage of the Wilisizwe Bridges Project with an allocation of **R30 million** in order to improve the accessibility to deep rural areas.

Human settlements is allocated over **R1.6 billion** in 2026/27 for social infrastructure, to deliver nearly 4,800 housing units, including serviced sites, rectifications, first-home subsidies, and informal settlement upgrades, prioritising vulnerable communities and ensuring dignified living conditions.

We are also investing in cultural and recreational infrastructure, with over **R22 million** allocated to the Department of Sports, Recreation, Arts and Culture in 2026/27, to modernise libraries and museums, including Fingo Library, Ntabankulu Library, and Uitenhage Museum, ensuring communities have safe, functional, and vibrant spaces for learning, heritage, and social development.

STRENGTHENING INFRASTRUCTURE DELIVERY AND PROTECTING PUBLIC RESOURCES

Honourable Speaker, despite all the investments we continue to make to support infrastructure delivery, weaknesses remain within parts of the infrastructure value chain.

Financial leakages continue to arise from termination of contracts, unjustified variation orders and excessive standing time claims. These practices inflate project costs, delay delivery and erode limited resources.

Provincial Treasury will therefore intensify oversight and strengthen contract management across departments and implementing agents.

Gateway Review sessions will be conducted for major infrastructure projects by built environment professionals in line with the Framework for Infrastructure Delivery and Procurement

Management in South Africa (FIDPM) to ensure projects proceed only once they meet the required standards of preparation, cost estimation and procurement readiness.

Honourable Speaker, strengthening the monitoring of infrastructure procurement for major capital projects remains essential to achieving value for money. Departments must ensure that procurement plans are credible and aligned with approved planned B5 infrastructure budgets.

Poor planning, cost escalations and contractor underperformance will not be tolerated. Contractors who fail to meet their obligations will face appropriate consequences, including restriction from doing business with the State.

Public infrastructure must be delivered on time, within budget and to the required standards.

Every rand lost through inefficiency is a rand taken away from service delivery to our people.

Having set out our vision for inclusive economic growth, strategic investments, and strengthened infrastructure delivery, Honourable Speaker, we now turn to the concrete allocations that will bring these priorities to life across our province, ensuring that every department, programme, and community benefits from deliberate, targeted, and impactful funding.

ALLOCATIONS TO PROVINCIAL PRIORITIES

For the 2026/27 financial year, the province allocates over **R104.9 billion** across departments after baseline adjustments, conditional grant revisions and targeted provincial financing interventions.

These allocations reflect equitable Share data updates, inflation adjustment refinements, changes in conditional grant baselines, strategic reprioritisation within departments and targeted use of provincial financing to protect frontline services. This is not mechanical budgeting. It is deliberate fiscal steering.

Where pressures exist, we have intervened. Where strategic opportunities arise, we have invested.

Where inefficiencies were identified, we have reprioritised.

Office of the Premier

Accordingly, the Office of the Premier is allocated **R1.4 billion** in 2026/27 and **R4.5 billion** over the MTEF, to enable central coordination, digital governance, and strategic planning initiatives that are critical for the delivery of government priorities.

Provincial Financing of **R67.6 million** in 2026/27 supports SITA mandatory services, broadband infrastructure and ECSECC long-term planning initiatives, including work on the Ocean Economy and Eastern Seaboard programmes.

Provincial Legislature

The Provincial Legislature is allocated **R810.8 million** in 2026/27 and **R2.5 billion** over the MTEF, including a net increase of **R106.3 million** to fund 35 prioritised posts, ensuring the Legislature has the human capacity to strengthen oversight and legislative functions.

Political party funding rises to **R137.5 million**, reflecting the expansion of Members from 63 to 72 and supporting constituency and caucus activities.

Committee services receive **R72.1 million**, while public participation programmes are allocated **R41.1 million**, ensuring the Legislature remains accessible and accountable to the people of the Eastern Cape.

Members' remuneration is provided at **R96.5 million**, while strategic investments in ICT Phase 2 upgrades and new furniture will modernise legislative operations.

These allocations collectively strengthen the Legislature's capacity to uphold democracy, drive accountability, and serve the people of the Eastern Cape with excellence.

Department of Health

Honourable Speaker, the Department of Health is allocated **R32.9 billion** in 2026/27 and **R101.8 billion** over the MTEF to strengthen health services across the province.

District Health Programmes receive **R3.2 billion** to fund HIV test kits, ARVs, TB treatment, vaccines, community outreach, and frontline health worker salaries.

Tertiary and specialised hospitals receive **R5.6 billion**, while human resources and training are supported with **R623.7 million**.

Essential services are further strengthened with:

- **R1.3 billion for laboratory services,**
- **R1.3 billion for medicines,**
- **R1.2 billion for medical supplies, and**
- **R1.7 billion for emergency medical services**

Additional allocations of **R956.3 million** will fund the employment of doctors and address operational pressures.

Honourable Speaker, I have already outlined infrastructure investments supporting the health system, including upgrades to hospitals and clinics, where a total of over **R1.7 billion** has been allocated for health infrastructure in 2026/27.

Department of Social Development

The Department of Social Development is allocated **R3.2 billion** in 2026/27 and **R10 billion** over the MTEF.

An additional **R50.2 million** in 2026/27 **R152.1 million** over the medium term has been allocated to support the employment of social service practitioners and the provision of essential tools of trade.

Other key allocations to the department include:

- **R101.4 million** for services to 15 160 older persons and 1,480 residents in care facilities,
- **R32.5 million** for 27 705 persons with disabilities, and
- **R53.5 million** for social relief, including sanitary dignity support to more than 143 000 learners.

These investments strengthen community-level services, safeguard vulnerable populations, and ensure social protection remains at the core of the province's development agenda.

Department of Public Works and Infrastructure

The Department of Public Works and Infrastructure is allocated **R2.7 billion** in 2026/27 and **R8.3 billion** over the MTEF to support projects that strengthen government facilities, support municipal services, and expand economic and social infrastructure.

This includes:

- **R829.6 million** for municipal rates, taxes, and services,
- **R315.2 million** for leasing office accommodation,
- **R332.1 million** for security services, and
- **R41 million** for skills development programmes.

I have already alluded to their capital investments in government building and facilities.

Department of Education

Honourable Speaker, Education continues to receive the largest share of the Provincial Equitable Share, reflecting our commitment to improving learning outcomes.

The Department of Education is allocated **R47.2 billion** in 2026/27 and **R146.1 billion** over the MTEF to shape the knowledge, skills and opportunities for learners across the Eastern Cape.

Key allocations in the department include:

- **R1.9 billion** for the National School Nutrition Programme,
- **R1.7 billion** for Early Childhood Development and Grade R support, and
- **R32.5 billion** to fund 52 817 educator posts.

Learner Teacher Support Material receives **R768.9 million**, while **R151.3 million** is allocated for school furniture.

Additional investments include **R2.756 billion** for Norms and Standards, **R676.984 million** for External Examinations, **R156.2 million** for teacher development, and **R702.5 million** for the Learner Attainment Improvement Strategy to boost learner performance across the province.

Department of Transport

Honourable Speaker, the Department of Transport is allocated **R6.6 billion** in 2026/27 and **R18 billion** over the MTEF.

To enhance road safety and community development, **R493 million** is dedicated to traffic law enforcement and **R675.6 million** to job creation through EPWP initiatives, empowering youth, women, and disabled persons while supporting provincial economic growth.

Department of Cooperative Governance and Traditional Affairs

The Department of Cooperative Governance and Traditional Affairs is allocated **R1.2 billion** in 2026/27 and **R3.7 billion** over the MTEF.

Key allocations include:

- **R478.7 million** for municipal support,
- **R430.8 million** to capacitate Traditional Leadership institutions, and
- **R31.5 million** for Disaster Management systems

Honourable Speaker, during the 2026 SOPA, Premier Mabuyane made a commitment for the province to address concerns of Traditional Leadership over the medium term, which include pension benefits. In aligning with that commitment, and in appreciation of the current discussions on pension benefits, including ex-gratia for qualifying Traditional Leaders, **R13 million** is set aside as a commitment within our Provincial Revenue Fund in anticipation of the national processes being completed through the Commission on Public Office Bearers and the work undertaken by the Inter-Ministerial Task Team established by the President respectively.

Furthermore, participation into medical aid for traditional leaders as defined in the annual determination by the President in respect of Public Office Bearers is supported and, in this regard, traditional leaders are encouraged to seize this moment and thus participate.

While the tools of trade for traditional leaders is still a matter under consideration at a national level in terms of funding modalities, the province continues to supplement its funding in the province from our own fiscus, albeit it being a concurrent function.

These resources and commitments combined are to ensure that governance, traditional leadership, and community resilience are effectively strengthened, directly improving service delivery and development outcomes for communities across the Eastern Cape.

Department of Agriculture

Honourable Speaker, the Department of Agriculture is allocated **R2.7 billion** in 2026/27 and **R8.2 billion** over the 2026 MTEF to advance food security, support producers, and grow a competitive agricultural sector.

Funding will support, agricultural infrastructure development, the production of field crops across 24,000 hectares, bolster 35,000 household gardens, and strengthen irrigation and mechanisation services, ensuring communities have access to reliable food sources. Veterinary services will safeguard animal and human health, including a **R55 million** dedicated allocation to combat Foot and Mouth Disease.

Producer support programmes will continue to enable both smallholder and commercial farmers to thrive, while agricultural economic services will drive initiatives such as the Cannabis Programme, Magwa Tea Estate development, and market access compliance.

Department of Economic Development, Environmental Affairs and Tourism

DEDEAT is allocated **R1.9 billion** in 2026/27 and **R6 billion** over the MTEF to drive inclusive economic growth.

Key allocations include **R68.1 million** for the Eastern Cape Gambling Board and **R83.94 million** for the Liquor Board to strengthen regulation and digital transformation in these industries. Enterprise development and catalytic projects receive **R390.4 million**, while the East London Industrial Development Zone is supported with **R98.2 million** to attract investment and operationalise strategic industries.

The Coega Special Economic Zone receives **R455.4 million** to upgrade bulk infrastructure and unlock regional economic growth.

Local and regional development initiatives, including co-operatives, are funded with **R8 million**, and EPWP environmental programmes receive **R18.1 million** to create green jobs and promote sustainability.

Department of Human Settlements

Honourable Speaker, the Department of Human Settlements is allocated **R2.1 billion** in 2026/27 and **R6.7 billion** over the MTEF to deliver sustainable housing and improve living conditions across the province.

Financial support measures will enable access to first-home finance for 170 beneficiaries and register 2 237 title deeds, while the Informal Settlements Upgrading Partnership will transform 38 settlements to improve basic services and living conditions.

Provincial Treasury

Provincial Treasury is allocated **R534.8 million in 2026/27** and **R1.6 billion** over the MTEF, to strengthen oversight capacity as it remains central to fiscal governance.

Department of Sport, Recreation, Arts and Culture

Department of Sport, Recreation, Arts and Culture (DSRAC) is allocated **R1.1 billion** in 2026/27 and **R3.5 billion** over the MTEF to continue with transformation of heritage landscape, promoting a culture of reading and lifelong learning, promoting multilingualism and enhancing participation and excellence in sport.

Community Safety

The Department of Community Safety receives R146.3 million in 2026/27 and **R446.8 million** over the MTEF to implement the Provincial Safety Strategy. Additional funding supports safety partnerships, fleet needs, and security services. Priorities include expanding court-watching and docket analysis programmes, deploying 100 Safety Ambassadors, strengthening municipal and traditional leadership support, enhancing operations in Nelson Mandela Bay, and advancing border peace and crime prevention initiatives.

Honourable Speaker, while this budget provides funding for key priorities I have mentioned, there remain other strategic initiatives that are central to the province's development agenda that are being prepared for funding over the medium term. These projects require further technical work to reach bankable status and will therefore be considered through the upcoming Medium Term Budget Policy Statement process.

In advancing these priorities, provincial departments and their respective public entities will play a critical role in strengthening planning, project preparation, and implementation capacity.

ECSECC, working closely with the Office of the Premier, will strengthen its long-term planning mandate through deeper partnerships with universities and research institutions. In addition, ECSECC will build internal capacity to support infrastructure project pipeline development, including the packaging of credible business cases to access the Budget Facility for Infrastructure.

The Department of Agriculture, working with their entity Eastern Cape Rural Development Agency (ECRDA), will be required to submit credible business cases aligned to its new agricultural commercialisation strategy, alongside a recovery plan addressing loan impairment. This process will be strengthened through technical assistance from the World Bank to enhance the entity's project preparation and investment packaging capabilities, including irrigation development initiatives.

This work will contribute to the broader review of the baseline budgets for both Agriculture and ECRDA, with the aim of positioning them as catalysts for growth and advancing the province's objective of becoming the regional food basket.

DSRAC, through the Eastern Cape Provincial Arts and Culture Council (ECPACC), will develop a structured partnership strategy with ECDC, ECPTA, and municipalities to unlock opportunities in tourism events, the film sector, and the broader creative economy.

DEDEAT, through Eastern Cape Gambling Board (ECGB), will lead the development of an integrated online betting monitoring and vetting system in collaboration with the Office of the Premier, SITA, the Department of Trade, Industry and Competition, the National Gambling Board, and National Treasury.

Another issue that we want to make a commitment to, Honourable Speaker, relates to the Eastern Cape Aids Council (ECAC). Their operations were negatively affected by the withdrawal of the US support. I want to commit that support to ECAC will be considered during the MTBPS process.

Honourable Speaker, these commitments reflect our determination to strengthen institutional capacity, improve project readiness, and ensure that strategic initiatives are supported by credible plans capable of attracting sustainable funding.

LEVERAGING PROCUREMENT TO SUPPORT LOCAL SUPPLIERS

Honourable Speaker, in my budget speech of last year, I alluded to the provisions of the Public Procurement Act of 2024 that allows for set asides and ringfencing of procurement opportunities for certain categories of persons, which include women, youth, people with disabilities and cooperatives within a geographical area to provide for the protection and advancement of persons historically disadvantaged by unfair discrimination.

These provisions will give impetus to the Local Economic Development Procurement Framework implemented by the Eastern Cape Provincial Government since 2016. The processes of the drafting of the regulations by National Treasury to support the implementation of the Act are currently under way. It is anticipated that the draft regulations will be published for public comment soon.

The Provincial Government will continue with its endeavours to procure from Eastern Cape based suppliers through Local Economic Development Framework.

A total of **R24 billion** from the provincial budget for 2026/27 is allocated for goods and services. As has been the norm over the years, **60% of the R24 billion** is earmarked for the Eastern Cape suppliers, of which 40% of it is earmarked for women, 30% for youth and 7% for disabled persons.

STRENGTHENING STATE CAPACITY, GOVERNANCE AND ACCOUNTABILITY

Honourable Speaker, sound governance and financial discipline remain fundamental to the sustainability of the provincial budget and the credibility of the state. The strength of our public finances depends not only on the resources allocated through this House, but also on the discipline with which those resources are managed across departments.

Departments must therefore uphold the highest standards of financial management. This includes avoiding unauthorised expenditure, strengthening internal controls, enforcing consequence management where failures occur, and improving planning across critical areas such as infrastructure delivery and procurement.

Particular attention will be directed at strengthening the management of accruals, payables, commitments and cash flow planning across departments. Weaknesses in these areas often give rise to liquidity pressures that ultimately place strain on the provincial fiscus and undermine the objectives of fiscal consolidation.

To mitigate these risks, Provincial Treasury will intensify its oversight of expenditure management systems, including procurement planning, commitment control and the reconciliation of financial accounts. Departments experiencing financial stress will be required to implement structured recovery plans aimed at restoring financial stability within defined timeframes, supported by stronger monitoring and early corrective action.

These measures are essential to stabilising provincial finances and ensuring that expenditure remains aligned with approved budgets. Departments must plan responsibly, manage commitments carefully and ensure that financial obligations are honoured within the available fiscal framework.

Honourable Speaker, it is essential we highlight the notable progress made in stabilising financial management practices and in entrenching good governance at the local government level.

In the 2024/25 financial year, eight provincial municipalities received clean audits—up from four last year. Expenditure performance for the Municipal Infrastructure Grant has improved across all municipalities, enhancing service delivery. We are delighted that OR Tambo municipality has moved from financial recovery to financial sustainability.

Municipalities that previously faced high Eskom debt burden have benefited from the Eskom Debt Relief Programme due to good commitments in repaying their debts as per agreed terms. Raymond Mhlaba and Amahlathi municipalities have benefitted from the Smart Meter Grants from National Treasury, enabling the two municipalities to install household electricity smart meters to help limit future debt.

Honourable Speaker, these commitments to sound governance, transparency and accountability provide the foundation upon which this budget must succeed, ensuring that every allocation translates into real progress for our people.

CONCLUSION

Honourable Speaker, this budget stands as a testament to our collective responsibility and determination to serve the people of the Eastern Cape with integrity and purpose. It is a deliberate allocation of resources aimed at strengthening our institutions, improving service delivery, and fostering inclusive economic growth across the province.

It is about ensuring that clinics have medicines, schools have teachers, roads are maintained, farmers are supported, and vulnerable families are protected.

I appeal directly to Executive Authorities, Heads of Departments, Chief Executive Officers and all senior managers: Let us use this Budget wisely. Let us spend it effectively. Let us account for it transparently.

I extend my heartfelt gratitude to the Premier, the Members of the Executive Council, the Provincial Legislature, and the Head of Provincial Treasury for their unwavering leadership and support throughout this process. Their dedication ensures that fiscal discipline and strategic investment go hand in hand.

Above all, I thank the people of the Eastern Cape, the true custodians of our mandate. Your resilience, patience, and partnership inspire us daily. As we implement this budget, we reaffirm our commitment to building a capable, accountable government that delivers real, tangible improvements to your lives.

Together, we will continue to lay the foundation for a prosperous, inclusive, and sustainable future for all our communities.

Honourable Speaker, it is with great honour and privilege that I table before this House:

- **The 2026 Estimates of the Provincial Revenue and Expenditure**
- **The 2026 Estimates of the Provincial Entities Revenue and Expenditure**
- **The 2026 Appropriation Bill**

The 2026 Gazette will be published on the Government Printers Website on 16 March 2026.

Ndiyabulela.

I thank you.

A schedule containing all allocations for departments is attached below.

APPROPRIATION BILL 2026 (EASTERN CAPE)

SCHEDULE A PER DEPARTMENT

VOTE	DEPARTMENT	AMOUNT R'000
1	Office of the Premier	1 457 172
2	Provincial Legislature	810 837
3	Health	32 983 327
4	Social Development	3 271 468
5	Public Works and Infrastructure	2 713 373
6	Education	47 233 089
7	Cooperative Governance and Traditional Affairs	1 214 036
8	Agriculture	2 713 300
9	Economic Development, Environmental Affairs and Tourism	1 939 310
10	Transport	6 628 716
11	Human Settlements	2 190 585
12	Provincial Treasury	534 891
14	Sport, Recreation, Arts and Culture	1 152 645
15	Community Safety	146 315
	Total	104 989 064

NOTES

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