Friday, 4 July 2025]

No 109—2025] SECOND SESSION, SEVENTH PARLIAMENT

PARLIAMENT

OF THE

REPUBLIC OF SOUTH AFRICA

ANNOUNCEMENTS, TABLINGS AND COMMITTEE REPORTS

FRIDAY, 4 JULY 2025

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National Assembly

The Speaker

1. Referral to Committees of papers tabled

(1) The following paper is referred to the **Portfolio Committee on Justice and Constitutional Development** for consideration and report:

(a) Report dated 26 June 2025 on the provisional suspension from office of Ms SSE Fredericks, additional magistrate from Johannesburg, in terms of section 13(3)*(a)* and to withhold remuneration, in terms of section 13(4A)*(a)* of the Magistrates Act, 1993 (Act No. 90 of 1993).

2. Membership of Committees

(1) The following committee membership changes have been made:

1. uMkhonto weSizwe Party

Powers and Privileges Committee (with effect from 2 July 2025)

Discharged: Manyi, Mr M
Appointed: Makhubele, Ms C

Discharged: Ndhlela, Mr N
Appointed: Ngubane, Mr S

Portfolio Committee on Correctional Services

Discharged: Matutu, Mr MJ

Appointed: Shangase, Mr LG
Appointed: Taaibosch, Mr G [Alternate]

Portfolio Committee on Defence and Military Veterans

Discharged: Ntshingila, Mr EM

Appointed: Cele, Mr ZKA
Appointed: Mbatha, Mr MS [Alternate]

Portfolio Committee on Home Affairs

Appointed: Shangase, Mr G [Alternate]

Portfolio Committee on Justice and Constitutional Development

Discharged: Mafagane, Ms MC
Appointed: Litchfield-Tshabalala, Dr K

Portfolio Committee on Police

Discharged: Taaibosch, Mr G
Appointed: Abader, Ms ZS

Portfolio Committee on Basic Education

Discharged: Gasa, Ms NM
Discharged: Shongwe, Mr CV [Alternate]

Appointed: Mkhize, Mr SW
Appointed: Mkhize, Ms P [Alternate]
Appointed: Mtshweni, Ms NA [Alternate]

Portfolio Committee on Health

Discharged: Mjadu, Mr T

Appointed: Mjadu, Mr T [Alternate]
Appointed: Taaibosch, Mr G
Appointed: Muhammad, Ms M [Alternate]

Portfolio Committee on Higher Education

Appointed: Mkhize, Mr SW [Alternate]

Portfolio Committee on Human Settlements

Appointed: Mafagane, Ms MC [Alternate]
Appointed: Themba, Mr AT [Alternate]

Portfolio Committee on Social Development

Appointed: Mngadi, Ms PP [Alternate]

Portfolio Committee on Sport, Arts and Culture

Discharged: Mbele, Ms H
Discharged: Mchunu, Ms G

Appointed: Motaung, Mr G
Appointed: Mchunu, Ms G [Alternate]

Portfolio Committee on Water and Sanitation

Discharged: Nxumalo, Mr NI

Appointed: Matutu, Mr MJ
Appointed: Madlala, Mr K [Alternate]

Portfolio Committee on Cooperative Governance and Traditional Affairs

Discharged: Taaibosch, Mr G
Discharged: Gcwabaza, Rev NB [Alternate]

Appointed: Mtolo, Mr JB
Appointed: Taaibosch, Mr G [Alternate]

Portfolio Committee on Women, Youth and Persons with Disabilities

Discharged: Mchunu, Ms G [Alternate]

Appointed: Mchunu, Ms G
Appointed: Ntshaba, Ms D [Alternate]
Appointed: Cele, Mr ZKA [Alternate]

Portfolio Committee on Planning, Monitoring and Evaluation

Discharged: Montana, Mr TL

Appointed: Manyi, Mr M
Appointed: Montana, Mr TL [Alternate]
Appointed: Litchfield-Tshabalala, Dr K [Alternate]

Portfolio Committee on Public Service and Administration

Discharged: Matutu, Mr MJ
Discharged: Mchunu, Ms G [Alternate]

Appointed: Mchunu, Ms G
Appointed: Buthelezi, Ms N [Alternate]

Portfolio Committee on Agriculture

Discharged: Mngxitama, Mr JA

Appointed:	Mthethwa, Mr Z
Appointed:	Mngxitama, Mr JA [Alternate]
Appointed:	Matutu, Mr MJ [Alternate]

Portfolio Committee on Communications and Digital Technologies

Discharged:	Makhubele, Ms C
Discharged:	Ndhlela, Mr N [Alternate]

Appointed:	Nchabeleng, Mr A

Portfolio Committee on Electricity and Energy

Discharged:	Mbatha, Mr S

Appointed:	Molefe, Mr MKB
Appointed:	Mbatha, Mr MS [Alternate]

Portfolio Committee on Employment and Labour

Discharged:	Selepe, Mr LD
Appointed:	Shezi, Mr NN

Standing Committee on Finance

Discharged:	Molefe, Mr MKB

Appointed:	Madlala, Mr K
Appointed:	Molefe, Mr MKB [Alternate]

Portfolio Committee on Forestry, Fisheries and Environment

Appointed:	Gasa, Mr MM [Alternate]

Standing Committee on Appropriations

Discharged:	Gamede, Mr TI [Alternate]
Appointed:	Gamede, Mr TI

Standing Committee on Auditor-General

Appointed:	Madlala, Mr K

Joint Standing Committee on Financial Management of Parliament

Appointed:	Douglas, Mr W [Alternate]

Portfolio Committee on Public Works and Infrastructure

Discharged: Reddy, Mr VG

Appointed: Mkhize, Ms P
Appointed: Madlala, Mr K [Alternate]

Portfolio Committee on Small Business Development

Appointed: Gcwabaza, Rev NB [Alternate]
Appointed: Mbele, Ms H [Alternate]

Portfolio Committee on Tourism

Discharged: Malinga, Mr JS [Alternate]

Appointed: Buthelezi, Ms N
Appointed: Motaung, Mr G [Alternate]
Appointed: Shezi, Mr NN [Alternate]

Portfolio Committee on Trade, Industry and Competition

Discharged: Msezane, Mr MP [Alternate]
Discharged; Douglas, Mr W [Alternate]

Appointed: Shezi, Mr NN [Alternate]
Appointed: Gcwabaza, Rev NB [Alternate]

Portfolio Committee on Science, Technology and Innovation

Discharged: Matsa, Mr FS

Appointed: Mbatha, Mr MS
Appointed: Manyi, Mr M [Alternate]

2. Patriotic Alliance

Portfolio Committee on Social Development

Discharged: Basson, Ms JA
Appointed: Daniels, Mr MV

TABLINGS

National Assembly and National Council of Provinces

1. The Minister of Water and Sanitation

(a) Corporate Plan of the Lepelle Northern Water for 2025/26 – 2029/30.

(b) Corporate Plan of Magalies Water for 2025/26 – 2029/30.

(c) Corporate Plan of Rand Water for 2025/26 – 2029/30.

(d) Corporate Plan of uMngeni-uThukela Water Board for 2025/26 – 2029/30.

(e) Corporate Plan of the Overberg Water Board for 2025/26 – 2029/30.

(f) Corporate Plan of the Vaal-Central Water for 2025 – 2030.

National Assembly

1. The Speaker

(a) A petition from Mr M J Cuthbert, MP, on behalf of residents of Daveyton, calling on the Assembly to investigate vandalism and restoration of a railway network connecting Daveyton to Springs, Benoni, and Johannesburg. (Mr M J Cuthbert)

Referred to the **Portfolio Committee on Transport** for consideration and report, and **Portfolio Committee on Police** for consideration. The two Committees to confer in terms of Assembly Rule 169.

COMMITTEE REPORTS

National Assembly

1. Supplementary Report to the Budgetary Review and Recommendations Report (BRRR) of the Portfolio Committee on Communications and Digital Technologies, dated 1 July 2025

The Portfolio Committee on Communications and Digital Technologies (the Committee), having considered the financial and non-financial performance for the year 2023/24 of the Department of Communications and Digital Technologies (the Department), Sentech, the Film and Publications Board (FPB), the Independent Communications Authority of South Africa (ICASA), the National Electronic Media Institute of South Africa (NEMISA), the Universal Service and Access Agency of South Africa/Universal Service Fund (USAASA/USAF), the South African Broadcasting Corporation SOC Limited (SABC), and .ZADNA, on 15 October 2024.

The South African Post Office (SAPO), Postbank (SOC) Ltd, State Information Technology Agency (SITA) and Broadband Infraco (BBI) had not tabled by the time the Portfolio Committee was scheduled to process the Budgetary Review and Recommendations Reports. The above Entities only tabled at a later stage and the Committee therefore reports as follows:

1. Introduction

Chapter 4 of the Constitution of the Republic of South Africa, Act 108 of 1996 (the Constitution), gives mandate to Portfolio Committees to legislate, conduct oversight over the Executive Authority and facilitate public participation. Section 55 of the Constitution outlines the powers of the National Assembly in that it must provide for mechanisms to ensure that all executive organs of state in the national sphere of government are accountable to it and to maintain oversight of the exercise of national executive authority, including the implementation of legislation, and any organ of State.

1.1 Purpose of the Report

The Money Bills Amendment Procedure and Related Matters Act 9 of 2009 sets out the process that allows Parliament to make recommendations to the Minister of Finance as well as the Cabinet Minister responsible for the vote to ensure the effectiveness and efficiency of the use of resources to ensure optimal service delivery.

According to Section 5 of the Money Bills Amendment Procedure and Related Matters Act, the National Assembly, through its Committees, must annually assess the Department's performance.

The Committee must submit annually the Budgetary Review and Recommendation Report (BRRR) for the Department for tabling in the National Assembly as it falls under its oversight responsibilities. This process happens every October of each year, where the Committee assesses service delivery performance given available resources, evaluates the effective and efficient use and forward allocation of resources, and may make recommendations on the forward use of resources.

The BRRR also sources documents from the Standing/Select Committees on Appropriations/Finance when they make recommendations to the Houses of Parliament on the Medium-Term Budget Policy Statement (MTBPS). This process includes a comprehensive review and analysis of the previous financial year's performance and service delivery performance to date. The Standing Committee on Appropriations (SCOA) should consider these when considering and reporting on the MTBPS to the National Assembly.

Lastly, this performance report also aligns with Section 195 of the Constitution and other legislative prescripts that guide performance management in the public sector to display and promote transparency and accountability to stakeholders and the public concerning matters under their control.

2. Role and Mandate of the Committee

For fiscal accountability, the Department must table its annual report before Parliament to account for fiscal expenditures and service delivery performance. Public officials' accountability, transparency of public decision-making, access to information, and the implementation of enforceable ethical standards and codes all significantly impact democratic institutions and poverty reduction strategies.

Accountability is the pillar of democracy and good governance that compels the State, the private sector and civil society to focus on results, seek clear objectives, develop effective strategies, and monitor and report on performance. This implies that Parliament must hold individuals and organisations responsible for their performance, which must be measured objectively. Therefore, the general role of the Committee is to:

(i) Consider legislation referred to it;
(ii) Exercise oversight over the Department and its Entities;
(iii) Consider international agreements referred to it;
(iv) Consider the Budget Votes of the Department;
(v) Facilitate public participation process; and
(vi) Consider all matters referred to it in terms of legislation, the Rules of Parliament and resolutions of the House.

3. Methodology

For the financial period under review, the Committee, in exercising its oversight role, considered the late tabling of 2023/24 Annual Reports and Financial Statements of the SITA, SAPO, Postbank and BBI.

The Auditor-General of South Africa (AGSA) had also presented the audit outcomes of the Department and its Entities for the 2023/24 financial year.

The Committee also considered the 2023 State-of-the-Nation Address (SoNA) and the National Development Plan (NDP) guided by the government's Medium-Term Strategic Framework (MTSF), which outlines specific outcomes and priorities focused on addressing the challenges of poverty, inequality, and unemployment. Committee meeting recommendations, oversight reports (from other committees of Parliament), and the 2023 Estimates of National Expenditure (ENE) were also considered.

There was no report from the Standing Committee on Appropriations (SCOA) or the Standing Committee on Public Accounts (SCOPA).

4. Outcomes of the Report

This report aligns with the broader government policy framework, New Growth Path (NGP), NDP, and the governing party’s priorities (job creation, poverty alleviation, combating crime and corruption, rural development, education, and health). It reviews the initiatives taken by the Department to ensure that the plan's priorities are realised.

The report also assesses the financial performance against service delivery performance to ascertain whether the budget allocated to the Department was spent as envisaged and annotated in the APP for the period under review.

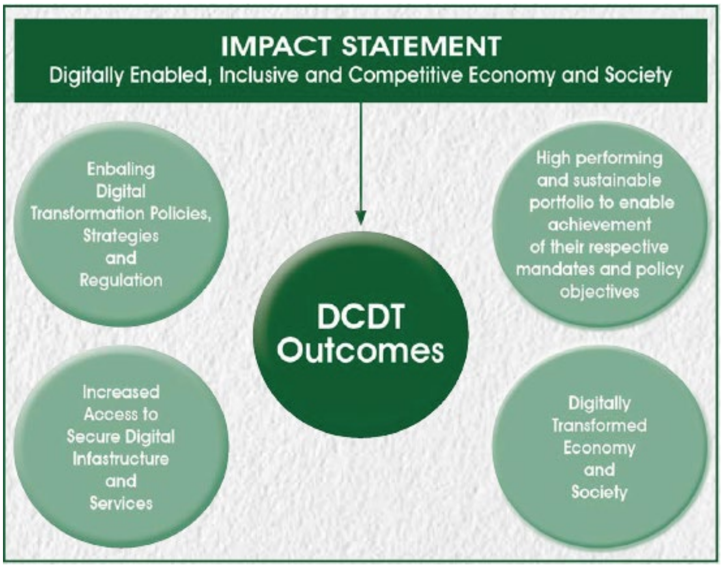
Finally, it summarises the observations made by the Committee after considering quarterly and annual reports, all other necessary documents, and presentations generated using oversight instruments before making service delivery recommendations.

4.1 The Department's Impacts and Outcomes

The Department of Communications and Digital Technologies (DCDT) fosters a Digitally Enabled, Inclusive, and Competitive Economy and Society. Through this overarching Impact Statement, the Department underscores the critical significance of universal access to digital technologies. Such access is indispensable, empowering citizens to engage in work and social interactions, access government services, participate in economic activities, and exercise accountability over those in positions of authority. Central to our mission is recognising that access to digital resources must be secure and affordable for all individuals, regardless of their race, socioeconomic status, or geographic location. The Department is committed to advancing a vision of a digitally inclusive society wherein every citizen can realise the benefits of technology without barriers.

In pursuit of this vision, the Department actively strives to promote a digitally enabled, inclusive, and competitive landscape. Key to this goal is the facilitation of secure and affordable universal access to digital technologies and services. By prioritising accessibility and affordability, we aim to catalyse socio-economic growth and foster a more equitable and prosperous future for all.

The diagram on the next page illustrates the impact statement of DCDT and the outcomes of the strategic plan.



The Department presented its progress achieved towards realising the strategic plan's five-year targets, with a focus on outcome indicators that underscore significant milestones when it appeared before the Committee on 15 October 2024. The achievements are instrumental in advancing DCDT's contributions toward the objectives outlined in the 2019-2024 Medium-Term Strategic Framework. Section 5 of this report is the summary reporting of the four (4) Entities that tabled Annual Reports late.

5. Entities reporting to the Department

The table below outlines the legislative mandates the Entities that report to the Minister and under the Committees oversight review in the report.

Name of Entity	Legislative Mandate	Nature of Operations
BBI	Self-funded Broadband Infraco's legislative mandate is set out in the Broadband Infraco Act no. 33 of 2007.The main objectives as set out in the Broadband Infraco Act are to expand the availability and affordability of access to electronic communications: • Including but not limited to under-developed and underserviced areas; • In support of projects of national interests; • In accordance with the Electronic Communications Act and commensurate with	Ensures that the high-capacity connectivity and bandwidth requirements for specific projects of national interests are met. BBI is a Tier-1 Shareholder in the WACS undersea cable that provides international internet broadband connectivity via the West Coast of Africa to Portugal and London. The company also plays a crucial role in providing connectivity to other companies in the neighboring countries (SADC)

	international best practice and pricing; and • Through the provision of electronic communications network services and electronic communications services.	
SAPO	SAPO receives a transfer of funds from the Department and is a government business enterprise that is required to provide postal and related services to the public. It derives its mandate from the South African Post Office SOC Ltd Act (2011) and the South African Postbank Limited Act (2010).	It has an exclusive mandate to conduct postal services and makes provision for the regulation of postal services and operational functions of the postal company, including universal service obligations and the financial services activities of Postbank.
Postbank	Postbank is under construction as an organisation and is not yet listed under the PFMA. The Department is currently facilitating the listing as a standalone Entity.	
SITA	SITA is self-funded and is governed by the State Information Technology Agency Act (1998), as amended. The Agency is responsible for the provision of IT services to the Government. The Act separates the Agency's services into mandatory services and nonmandatory.	

5.1 Broadband Infraco (BBI)

BBI (the Company) was established in 2007, with a dual mandate of commercial sustainability as well as the social mandate of providing connectivity services to the underserviced areas.

The key purpose of the commercial mandate is to enable competition within the ICT industry and increase investment in ICT infrastructure.

The Company is aligned to the National Development Plan (NDP) 2030 by establishing national, regional, and municipal fibre optic networks to provide the backbone for broadband access, particularly in under-serviced areas of the country. The services are based on the provision of high-capacity bandwidth from point to point on the national network.

Lastly, it aligns to the DCDT Key Focus Areas of Digital Transformation, Enabling Digital Transformation Environments and Digital Infrastructure.

BBI continued to implement the 2030 strategy that informed key performance indicators for the 2023 to 2024 financial year as illustrated on in graph below:

Horizon 1: Optimise the Current Core Business

Horizon 1 is a critical precursor to Horizons 2 and 3. Within Phase 1, critical levers to enable financial stability and accelerated growth are actioned. This includes a focus on securing funds to renew and expand current network infrastructure. Similarly, key internally focused activities are required to build the capabilities required for the delivery of the strategy through the acquisition of key resources, skills renewal, and asset optimisation. Horizon 1 includes the re-alignment of BBI's business model, operating model, processes, and systems to its innovated, evolved corporate strategy.

A key feature of Horizon 1 is planning and implementing BBI's contribution towards the successful integration of BBI and SENTECH to form the SDIC.

Horizon 2: Develop and Deliver Innovative Products and Solutions

Horizon 2 concentrates on concerted efforts to retain and attract customers through an innovative value proposition, increased network capacity, and the development and implementation of customer-centric products and solutions.

This phase will focus on the development of new business within both the private and public sectors. A pre-requisite to this phase is the sourcing of the necessary funding to increase network reliability through infrastructure renewal, as well as capacity increase. It also includes the acquisition and utilisation of an ECS licence.

The successful integration of BBI and SENTECH in Horizon 1 will have provided access to new resources, including infrastructure, expertise, finances, and an ECS licence. BBI will be able to expand its product portfolio through the introduction of the Internet of Things (IoT), which will see more growth as more companies automate processes to reduce costs. This is also in line with the Government's 4IR vision. In addition, the rollout of 5G will positively impact BBI's growth. Although the rollout might be slower, a significant increase will be realised within three years.

Horizon 3: Transform the Core Business

Horizon 3 hinges upon the success of Horizon 2. This phase contemplates the expedited delivery of innovative, and potentially transformative, products, services, and solutions to all Government levels, facilitating national sovereignty, the smart digitalisation and delivery of services via connected facilities, sensors, and devices, intelligent access, and the use of data through high-speed data centres and edge data storage, along with satellite connectivity. This will directly enhance and transform Government service delivery, as well as improve the quality of life for citizens and communities.

The approach within this Horizon is two-fold. The primary focus is on providing digital connectivity to facilities such as schools, health institutions, and other Governmental buildings through the most suitable, efficient, and effective connectivity solutions. The secondary focus is on leveraging existing and new digital infrastructure to decrease digital inequality and provide universal access.

5.1.1 Performance Highlights

The financial year under review has been the most difficult and challenging one with the highest number of service cancellations totalling 95 due to the disconnected fibre links that significantly impacted network performance. However, the protracted legal battle with Eskom was resolved during the last quarter of the financial year, under review.

Despite losing a significant number of services, through personal account management, the relationships with the major accounts were maintained and three new customers were acquired.

The last quarter of the year yielded positive results when the impasse with a major fibre supplier was resolved and the strategic relationship with the Provincial Government of KwaZulu-Natal was acquired as a new account. This is a key strategic partnership as business in the public sector business and key to the retention of the existing major public customers.

The year under review has been impacted negatively by the fibre cuts. This resulted in a loss of critical links. However, the partnership with Southern Africa telecommunications Association (SATA) continued, even though the Company faced seemingly insurmountable challenges.

Network Fault Incident Failure Rate is the measure of network-affecting failure incidents recorded on a month-to-month, quarterly or annual basis, and serves as a network reliability indicator. A total of 1 346 network failure incidents were reported during the 2023/24 fiscal, as compared to 1 255 in the previous 2022/23 financial year. An increase of 7 percent in network failure incidents was reported during 2023/24, as compared to the previous financial year of 2022/23. The main contributing factors were the acts of vandalism and AC power supply interruptions due to Eskom's stage 4, 5, and 6 load shedding.

At the end of the 2023/2024 financial year, 15 050 households were connected, comprising both Wi-Fi-to-the-Home (WTTH) and Fibre-to-the-Home (FTTH). A total of 539 public Wi-Fi hotspots were connected and successfully verified as part of the Broadband Access Fund (BAF) project. A total of 6 258 of these connected households were in deep rural areas across South Africa.

In terms of strategic projects, 4 155 Wi-Fi hotspots were installed as part of SA Connect Phase 2, and Customer 176 Phase 1 installations at OR Tambo and Pixley ka Seme, along with Phase 2 installations at Harry Gwala and Nyandeni, were completed as of 31 March 2024.

Network performance service availability reaching 98.6 percent against a target of 98 percent, and only 0.7 percent of gross revenue was provisioned for network performance rebates against a target of ≤1 percent.

BBI achieved 90 percent of the Annual Performance Plan (APP), while continuing to comply with the PFMA and National Treasury requirements of submitting both the Corporate and Annual Performance Plans timeously each year.

The total number of targets during the year under review was 20, spanning across various areas of the Company's operations. Most of the targets were rooted in financial sustainability and received prioritised focus. Other achievements include in the year under review include:

- 713 SA Connect sites maintained and 139 USAASA Sites connected, 51 ISP/ANP empowered
- Sales volume increased by 101%
- Revenue increased by 11%
- ISO 9001-2015 certification maintained
- B-BBEE level 4
- The number of customers decreased to 69
- Debtors' days collection period increased
- Positive EBITDA
- Positive Cash flow generated from operations
- 90% achievement of the Shareholder Compact

A total of 425 jobs were created by Internet Service Providers (ISPs) through the execution of the Broadband Access Fund project. Furthermore, appointments of SMMEs considered within these designated groups in the selection process resulted in favourable representation across the 52 appointed ISPs.

5.1.2 Strategy to overcome non-performance

- A debt collection agency has been appointed for long overdue debtors to redress 60 days debtors' payment compliance.
- Correct valuation of assets to ensure compliance with the International Financial Reporting Standards (IFRS) to maintain an unqualified audit.

5.1.3 Financial Performance

BBI revenue has increased by 11 percent as compared to the previous financial year. This increase in revenue can be attributed to the project execution under the USAASA (412) project and the management fee received for the management of the Broadband Access Fund.

Gross profit margins have decreased by 27 percent year-on-year (excluding depreciation) due to increased costs, as the cost of sales increased by 58 percent, year-on-year, off the back of an increase in revenue by 11 percent year-on-year. Operating expenses have reduced, year-on-year, by 13 percent, mainly due to a decrease in co-sourcing costs, insurance costs and low spend on repairs and maintenance due to a constrained cash flow. Operational loss increased by R83 million.

Cash increased from R20 million to R496 million while assets decreased by R88 million, currently at R697 million. Non-current liabilities increased by 29 percent during the year under review. As of 31 March 2024, trade and other receivables were sitting at 76.8 percent.

The Company, however, was able to maintain a positive EBITDA of R25 million for the year under review. Further, the Company has been appointed for the implementation of the SA Connect Phase 2 project and funding allocated in this regard has been received in the current financial year. Project execution will commence in the new financial year. BBI has recorded a total operating loss of R133 million over this financial year.

A positive cash balance was maintained throughout the financial period. The cash resources for the current year have increased in comparison to the previous year. The increased cash resources are mainly due to the projects executed in the year under review, and funds received in advance for the implementation of the SA Connect Phase 2 project. The Company has retained a positive net cash inflow from operations realised in the current financial year, along with a positive EBITDA.

The total Capital Expenditure spend for the year under review was R99 million. This is notably higher than the total Capex spend for the 2023 financial year, mainly relating to the USAASA 412 project.

There was R625 000 fruitless expenditure and no new irregular expenditure identified during the year under review. An overstated irregular expenditure was identified during the second quarter, for the year under review, relating to over-spending on the insurance contract amount and non-compliance to mandatory procurement requirements for R16.5 million as a result of one of the tenders. The Company will apply appropriate consequence management in instances where employees are found to be at fault.

As at 31 March 2024, the Company closed off the period with a balance of R125 million on irregular expenditure. However, the Loss Control Committee was reinstituted during the third quarter of the financial year. It is expected that all transactions will be investigated and finalised during the new financial year.

BBI has been operating independently without any funding from its shareholders and has been sustaining its operations through internal revenue generated. But despite all those challenges, the Company managed to expand its network reach up to 15 000 kilometres of fibre.

5.1.4 Audit Outcomes

The Company received a **qualified audit** opinion with material uncertainty relating to a going concern in a few areas such as liabilities that exceed current assets by R396 589. Therefore, a material uncertainty exists that may cast significant doubt on the Company's ability to continue as a going concern.

The Company did not assess the useful lives of property, plant and equipment, in accordance with IAS 16 Property, plant and equipment, as there was no adequate system of internal control to assess assets useful lives re-assessment. Consequently, the auditors were unable to determine whether any adjustments were necessary to property, plant and equipment stated at R696 539 to the financial statements as it was impracticable to do so.

The Company identified certain assets that were physically present but not included in the fixed asset register. These assets were subsequently recognised in the financial statements at their fair values as of 31 March 2024, instead of their historical cost or fair values as at the date of first adoption as required by IAS 16 Property, plant and equipment. Consequently, the auditors were unable to determine whether any adjustments were necessary to property, plant and equipment stated at R30 800 as it was impracticable to do so.

Annual Financial Statements

The financial statements submitted for auditing were not prepared in accordance with the prescribed financial reporting framework, as required by section 55(1) (a) and/or (b) of the PFMA. Material misstatements of non-current assets, current assets and disclosure items identified by the auditors in the submitted financial statements were corrected, but the uncorrected material misstatements resulted in the financial statements receiving a qualified opinion.

Effective and appropriate steps were not taken to collect all revenue due to Infraco, as required by section 51(1) (b)(i) of the PFMA. The financial statements submitted for auditing were not prepared in accordance with the prescribed financial reporting framework, as required by section 55(1) (a) and/or (b) of the PFMA.

Lastly, Management did not implement effective controls in certain areas to ensure accurate financial reporting, nor did they exercise adequate oversight responsibility over compliance with applicable legislation, which resulted in irregular expenditure and material adjustments made to the financial statements.

Consequence Management

The Auditors were unable to obtain sufficient appropriate audit evidence that disciplinary steps were taken against officials who had incurred irregular expenditure as required by section 51(1)(e)(iii) of the PFMA. This was because investigations into irregular expenditure were not performed. There was no sufficient appropriate audit evidence that disciplinary steps were taken against officials who had incurred fruitless and wasteful expenditure as required by section 51(1)(e)(iii) of the PFMA. This was because investigations into fruitless and wasteful expenditure were not performed.

5.2 South African Post Office (SAPO)

The business rescue was premised on the funding that was to be received in terms of the application that was made to place the Entity into business rescue

The key performance indicators and strategic objective were set by the board of directors that was dissolved in 2023, and not by the Business Rescue Practitioners (BRPs). Below is the timeline of events leading to the business rescue of SAPO:

- On 9 February 2023, the SA Post Office was placed under provisional liquidation
- On 10 July 2023, Anoosh Rooplal and Juanito Damons, were appointed as joint Business Rescue Practitioners (BRPs)
- The appointment of the BRPs was approved by the Registrar of Financial Services on 14 July 2023 and by majority of the creditors on 24 July 2023
- The Business Rescue Plan was adopted by majority of the creditors on 7 December 2023
- The Business Rescue Plan for the SA Post Office identified several key drivers to achieve a successful and sustainable turnaround
- The BRP's applied to have the provisional liquidation order to be set aside. The matter was heard on 22 November 2024 and the order setting aside the provisional liquidation was granted
- The Board of Directors was dissolved in May 2023
- The BRPs have assumed the responsibility of the Board of Directors and are the Accounting Authority
- The BRP's received approval from the Minister to liquidate the dormant subsidiary, Courier Freight Group (Pty) Limited

- The BRP's requested approval for exemption, from the Minister, from sections of South African Post
- Office SOC Act 22 of 2011 (as amended), Memorandum of Incorporation, Public Finance and Management Act and Companies Act, to dispose of certain property assets
- In April and May 2024, the SA Post Office retrenched 4342 employees as part of its ongoing Business Rescue Process
- The branch network was rationalized, with 366 Post Office branches permanently closed, resulting in 657 branches remaining
- The SA Post Office received the full R2.4 billon funding allocation from the fiscus in 2023/2024 financial year, which supported the current operations, partial payment of retrenchment costs and payment of the creditors compromise due to relevant affected parties of the Company
- To fully implement the approved Business Rescue (BR) Plan, the SA Post Office requires a further R3.8 billion in funding

As mentioned above, while the R2.4 billion was made available in February 2023, it has since depleted after being utilised for the intended purpose, to implement the BR Plan; the additional R3.8 billion has not been made available, which will further jeopardise the organisation's ability to implement critical actions towards a sustainable turnaround and achieve long-term financial stability. The successful implementation of the BR Plan is contingent on the additional funding of R3.8 billion being made available.

It is important to note that following the dissolution of the Board of Directors during May 2023 and appointment of the joint business rescue practitioners on 10 July 2023, all Board committees were not active as of May 2023.

From a governance perspective the Business Rescue Practitioners replace the board of directors, the other accounting authority. So there hasn't been an audit committee during business rescue and there is a moratorium in terms of external audits.

5.2.1 Performance Highlights

The organisational performance was assessed in line with the approved Corporate Plan and Annual Performance Plan targets. From the beginning of the 2023/24 financial year, SAPO was not able to implement any of the approved initiatives due to being placed under provisional liquidation during Quarter One (April to June 2023) and subsequently in Business Rescue from 10 July onwards, which directly contributed to the poor performance on targets.

The strategic objectives over the 2023/24 financial year considered 10 key areas with 15 Key Performance Indicators (KPIs) aligned towards attaining the 10 strategic objectives.

SAPO only managed to achieve two KPIs with 100 percent of the planned target out of the 15 KPIs, amounting to 13 percent overall achievement on targets, namely (i) to attain a net profit position as per the Corporate Plan 2023/24 - 2025/26; and (ii) the regular monitoring of the turnaround strategy and implementation of the plan.

The KPIs that deal with areas focusing on improving the revenue diversification in terms of the courier business and ensuring a regulated male delivery standard of 92 percent were not achieved.

During the year under review, SAPO was under immense financial stress and had to reduce some of the costs by implementing austerity measures while balancing the volumes that require large investment in infrastructure, especially the fleet.

The table below is an illustration of the annual performance report KPIs:

Performance per Strategic Objective

Financial Sustainability

The objective had one KPI which was achieved with a net profit position of R5.5 million against a projected net loss target of R2.1 million. It was achieved mainly due to the impact of the creditor’s dividend payments and related write-offs. Revenue performance during the 2023/24 financial year remained weak with an attainment of R1.6 million. The expense budget for March 2024 to date has not been attained at R5.3 million.

Logistics Centre

This objective had two KPIs and the target of growth of 16 percent in parcel revenue from 2023/24 financial year was not achieved with a negative growth of .26 percent achieved. The second KPI aimed at establishing a network of warehouses and generate R1 million revenue was also not achieved.

Logistics Partnerships

The objective had one KPI to establish SAPO as a centre of a logistic alliance throughout Southern Africa and internationally with a target of 12 Infrastructure as a Service (IAAS) clients was not achieved and only one client contracted as a result.

e-Commerce

The objective had one KPI, to establish and launch an e-commerce mall (eMall) to support SMME development in a quest for the post office to become a cyber-physical Entity was not achieved due to unavailability of resources.

Authentication Authority / Trust Centre

The objective had one KPI, with a target to establish an accredited Trust Centre was not achieved sue to lack of funding, resources and the non-award of advertised tender.

Digital Business Hubs

The objective had one KPI with a target of implementation of the Digital Business hub to 40 percent if identified sites were not achieved due to a lack of funding and finalisation of the branch retention list.

Building Capacity & Capability

The objective, to optimise core business processes and systems to stabilize business operations and enhance the operating efficiency of SAPO had three KPIs of which the target for the achievement of the regulated ICASA mail delivery standard of 92 percent was not achieved. The annual performance was recorded at 45.2 percent against the regulated target mentioned above. This was due to delays in mail processing, backlogs and carryovers accumulated during loadshedding and other challenges.

The achievement of the domestic and international courier delivery standard of 90 percent was also not achieved with performance measured at 49.6 percent and 45.2 percent for domestic and international performance respectively. The performance was affected by a shortage of vehicles, limited funding for airline services and low scanning performance.

The last KPI relates to efficient service delivery and increased value to customers including 100 percent resolution of customer complaints. For the financial year under review, SAPO recorded 627 complaints with 420 being resolved within 7 working days. A total of 207 was outside the required resolution period due to poor service delivery standards, forced closure of branches, redirection of mail items to other branches and relocation of mail collection and unavailability of the Remedy ARS system.

Digitalisation & Mordenisation

The objective had two KPIs and one of the KPIs is to ensure availability of the post office system with a 98 percent uptime standard for customers to transact and this target was not achieved at 97.2 percent due to several municipal power failures experienced at the Data Centre during the reporting year.

The implementation of critical modernization and digitalization programmes was also not achieved due to the non-awarding of related tenders because of lack of funding and finalisation of the branch retention list.

Strategic Partnerships

The objective had one KPI with a target to appoint and concluded strategic partnerships of 10 suppliers were not achieved.

Corporate Governance

The objective had two KPIs of which one of the targets was to improve the audit outcome; and this was not achieved. However, regular monitoring and reporting to the DCDT was achieved and compliance with the R2.4 billion funding conditions was attained.

5.2.2 Strategy to overcome non-performance

SAPO did not provide a strategy to overcome non-performance outside the BR Plan.

5.2.3 Financial Performance

Revenue for the year and the review to 31st March 24 was R1.6 billion and declined by R700 million (30%) due to the decline in postal service, parcel revenue and financial services revenue. Other income of R1 billion increased by R296 million (39%). The total revenue of R2.674 billion rand achieved for the year under review declined by 404 million. The total operating expenses of R4.8 billion declined by R425 million (8%) due to reduction in staff costs transport costs and operating costs.

Profit before tax were 5.6 billion and reduction in revenue was compensated by reducing the operating expenses leading to a profit loss before taxation of 5.6 million, where income tax expense of R310 million resulting in a net profit of R5.3 billion rand compared to the previous year of a loss position of R2.1 billion.

The reevaluation of properties resulted in the property declining from R2.3 billion to R1.7 billion.

Operations utilise cash of R275 million over the reporting period and a R524 million subsidy was received to fund Universal Service Obligations. A total of R2.4 billion recapitalisation funds were received from DCDT.

5.2.4 Audit Outcomes

While noting that there was a moratorium in terms of external audits, the approach of SAPO management and SAPO's Business Rescue Practitioners in accordance with good governance, appointed external auditors, albeit that it was late.

The post office retained the disclaimer audit opinion. The basis for the disclaimer is the going concern of current liabilities which exceed current assets by R702 million and R709.9 million for the group and company respectively, which both generated negative cash flows from operating activities of R275.1 million and R271 million respectively.

Material Irregularities (MIs):

- Grant payment internal controls weaknesses and actions taken in addressing MIs were not appropriate or supported by evidence

Compliance with Legislation

- Strategic Planning and Performance Management
- Procurement and Contract Management
- Revenue Management
- Expenditure Management
- Consequence Management

- Oversight and Governance
- Internal Control Deficiencies
- Annual Financial Statements

5.3 Postbank

During the year under review, the bank's shareholding changed from the South African Post Office to the Bank Controlling Company with the commencement of the Amendment Act, 2023, paving a way for its application for a commercial banking licence, enabling transactional services. The year was further characterised by leadership changes which resulted in my appointment as the Administrator at the Annual General Meeting (AGM) in September 2023. Furthermore, concerted efforts were placed into strengthening the organisation at the level of Executive Management to provide stability and strengthen the bank's systems of internal controls. The Chief Executive Officer was appointed with effect from 17 July 2023 and a Chartered Accountant (SA) by profession was appointed Postbank's Chief Financial Officer effective from 01 July 2023.

The year under review 2023/24, birthed the SA Postbank Amendment Act 2023 with a mandate for the Postbank to render transactional financial services, banking services and lending facilities. This was in addition to its mandate to conduct business of banking and encourage and attract savings amongst the people of the Republic of South Africa.

SAPO where the biggest creditor and that has significantly eroded the equity of Postbank and created a sense of undercapitalization. The impact of exposure to SAPO, with the 12 cents pay to creditors, impacted on Postbank capital adequacy which would have been way over the required 29 percent from the Reserve Bank.

Postbank has been under a variation notice for several years because of some degree of noncompliance with requirements of the regulatory authorities within the banking sector.

5.3.1 Performance Highlights

The operating environment was characterised by the following key challenges:
Variation Notice:

- Inability to offer new products to new customers and grow customer base
- Inability to grow transactional revenue

Capacity Constraints:

- Lack of requisite systems (IT instability)
- High vacancy ratio across the business
- Gaps in Exco
- Lack of banking skills and experience within the business
- Project interdependencies and competing priorities

Impact of SAPO:

- SAPO exposure
- Fraud at SAPO branches
- Bad customer experience of the channel
- BRP settlement (12c/R1)
- Declining CAR (banking license at risk)

Operational Challenges

- SAPO service channel – disengaged staff.
- Lack of proper channels
- Customer experience
- Brand dilution
- IT systems glitch in September 2023

Despite the reported operational roadblocks, the business made significant strides in addressing the identified issues and the following are some of the key operational milestones recorded in the 2023/24 financial year:

The Annual Performance Plan (APP) performance reported here is not entirely representative of the performance of the bank during the financial year period under review. The low APP performance achieved in the year is mainly linked to the "unrealistic" performance measures that the previous management had submitted, and which led to the current management raising the issue with the ministry and requesting to amend the APP as per our submission on 31 October 2023.

Postbank's APP, which is included in the bank's approved Corporate Plan, outlined the bank's performance targets and measurements for the 2023/24 financial year. This performance plan was underpinned by a set of twenty-five (25) Output Indicators (OIs) through which the bank's performance was measured on a quarterly basis.

The following table summarises Postbank's overall performance against its set annual performance targets. As depicted, from the set of twenty-five (25) annual Output Indicators (OIs) measured for the year, only three (3) OIs were achieved while twenty-two (22) were not. This equates to an overall performance achievement rating of twelve percent (12%) for the 2023/24 financial year.

5.3.2 Summary of Performance

The management of the Bank implemented the strategy and the APP, as approved, but also prioritised delivering on what it deemed critical and necessary to ensure that the business performs well and that it is set up properly for the future. But recorded faltering quarterly APP performance results because efforts by the new CEO and Executives to prioritise and focus on delivering on critical initiatives because of their view that the Corporate Plan (including the Annual Performance Plan) for the 2023/24 financial year, in its original form as approved, was unachievable and did not even for instance focus on the key strategic issues that will help the bank address the conditions of the Variation Notice.

5.3.3 Strategy to overcome non-performance

Variation Notice: All but two (2) of the eleven (11) VN requirements have been satisfied. (i.e. PCI DSS and Card distribution). The gazetted deadline for card distribution is 31 March 2025 Success of the work done by the business led to Postbank receiving an extension to the deadline by another 15 months from the SARB:

Derisking from SAPO: Anticipating that SAPO would close a lot of branches, Postbank embarked on a project to derisk its business from this and to also ensure that there's minimum impact on our customer experience:

- Payment of SASSA social grants at SAPO branches and CPPs discontinued
- Migrated most of the core banking systems from SAPO's 7th Church to a compliant data centre
- SLAs are being negotiated with SAPO for shared services as well as banking support services at SAPO branches

Road to Green/Purple Project: Project aims to closely track the resolution of audit findings and to endeavour to get the bank out of the 'disclaimer' audit opinion, which it had for 3 consecutive years:

- Audit findings of previous years are being addressed
- Postbank received a 'Qualified Audit Opinion' for financial year 2023/24 – an improvement from the 'Disclaimer Audit Opinion' received for the financial year 2022/23

Alternative Channels Project: With the closure of SAPO branches and that Postbank does not have branches of its own, the Bank resumed a project that is looking at alternative channels, that not only deliver to our customer needs, are cost effective, but that are also futuristic, and which will give our customers an omni-channel experience:

- All channels planned to be launched under this project are aligned with our new strategy of self service and digitization

Funding the Bank: With the loss of abut R5.2 billion due to the SAPO exposure, Postbank started a project to fund the bank which included internal capital accretion (process efficiencies, cost savings, revenue leakages, and new revenue streams):

- Positive results have been yielded as the bank's PBT, including the SAPO debt write-off, reduced from a loss of R1.9 billion in the 2022/23 financial year to R1.2 billion in the 2023/24 financial year

Improve and Ensure IT Stability: The Bank has stabilized the IT environment and managed to improve services. Since the unfortunate September 2023 system glitch, the business has ensured zero interruption on our SASSA payment runs and has had no system issues since:

- IT infrastructure refresh project ongoing
- We have invested in a new compliant infrastructure and core banking systems with the financial switch migrated to a new compliant environment.
- New HSMs were racked, stacked and configured at both primary and DR sites

Capacitating the Bank: In a space of just over 6 months, the Bank managed to close key Exco vacancies:

- Permanent Executive appointments made in the 2023/24 financial year include the CEO, CFO, CIO, CAE, and COO
- As at end of 2023/24 financial year, out of the 8 Exco roles, only 2 were still vacant but the recruitment processes for the CCO and CIO roles are at advanced stages (NB: CIO
- resigned during the year)

Improving Governance, Risk and Fraud Management: Fraud Management became a focus in the business so that we start changing the culture through both proper governance and leading from the top regards zero tolerance for fraud in the business:

- The business has done well to reduce fraud by over 80 percent compared to previous year, through ensuring that we build capacity to deal with cybercrime and employ proper cybercrime management systems

Customer Experience: Postbank embarked on an exercise to understand issues with the channels it uses to service customers, with a view to improve performance and customer experience:

- The CCP and SAPO channels had to be closed, as not only were they not properly servicing customers but were also not compliant with banking requirements
- Partnership with retailer stores were expanded to ensure access and better experience

- We plan to rationalise our product portfolio and enhance our overall CVP

Contract Management: The Bank set up a contract management steering committee, where all contracts that were either at risk were properly managed to ensure a proper, timely, and most importantly a consolidated service acquiring for business and procurement process if there were services that were still deemed necessary. This was also done with a view to ensure that we improve our audit findings under Supply Chain Management:

- Contract Management has significantly improved within the business

5.3.4 Financial Performance

The Bank recorded a net loss after tax for the year ended 31 March 2024 of R1 billion. This represented a decrease of 50 percent from the net loss after tax of R1.9 billion reported in the prior year.

The Bank's revenue decreased by 3 percent from R2.2 billion in the prior year to R2.1 billion for the year ended 31 March 2024. The net interest income went up from R551.9 million in 2023 to R617.3 million as of 31 March 2024 while non-interest revenue was recorded at R762.7 in the same reporting period. Total assets as of 31 March 2024 were recorded at R10.5 billion.

The Bank's funding originates from primarily two main sources, (stable) deposits from core customers and short-term funding arising from yet-to-be-drawn SASSA grant beneficiary monies (customer & beneficiary numbers/values still outstanding from the team):

- Customer deposits reduced from an average of R8.2 billion per month in financial year 2023 to an average R7.9 billion in financial year 2024
- Grant payments not yet withdrawn by beneficiaries increased from R1.5 billion at the end of financial year 2023 to R2.1 billion at the end of financial year 2024. despite a significant decrease in monthly beneficiaries the bank pays grants to on behalf of SASSA (>2.2m beneficiaries "lost" to other banks during FY24)

Non-funding related liabilities comprise primarily accounts payable (due to vendors/employees for goods/services) and provisions balances:

- Payables increased year-on-year by c. R122 million as a result of increased expenditure related to the SARB

- Remediation Notice project costs
- Provisions related to deposit liability and SAPO support costs uncertainty increased from R352 million in 2023 to R436 million in 2024

The Bank continued to invest surplus funding in low-risk, highly liquid investments having a varied maturity profile. A blend of cash/money-market/fixed deposit, NCD's and notes/bonds formed the bulk of the bank's investment portfolio:

- Total investments, including cash resources, remained constant at c. R9 billion and yielded a blended return of c. 8.6% p.a. for 2024 (compared with c. 7.4% p.a. for 2023)
- It should be noted that the bank is adversely placed in terms of the current rates cycle (reducing) as liabilities reprice earlier than assets

The Bank's credit exposure to SAPO arose over several years and because of a number of business activities, mostly related to SASSA grant payments:

- Aggregate gross (before impairment provisions/write-offs) exposures amounted to c. R5 billion during 2024 and c. R4.5 billion at the end of the 2023 financial year
- SAPO was placed into a Business Rescue Process during the 2024 financial year whereby the bank received clarity on the amount of its exposure to SAPO that was recoverable (approximately 12 cents to the Rand). As a result of this, the bank wrote off the irrecoverable portion(s) of their exposure [R4.2bn] and reversed prior periods credit impairment provisions [R3.2bn] – resulting in a net 2024 credit loss of R1 billion being booked

Gross interest income increased from R663 million in 2023 to R778 million for 2024:

- Solely attributable to an increase in underlying benchmark investment rates and investment product mix changes over the year [gross invested amount was consistent year-on-year]

The Bank's gross interest (funding) cost increased from R111 million in financial year 2023 to R165 million for million 24:

- Deposit rates trended in million 2024 in similar fashion to those on the asset side, i.e. an increase year-on-year
- Total gross interest was also impacted by a reduction in the overall volume of deposits

- Overall interest expense is further impacted by changes in the relative mix of deposit account type balances (different account types pay differing rates)

Non-interest income reduced from R1.5 billion during the 2023 financial year to R1.3 billion in the 2024 financial year because of a reduction in volumes (lower number of grant beneficiaries paid [the bank has “lost” R1.8m beneficiaries during 2024 financial year (average financial year 2023 vs average financial year 2024)] and reduction in core deposit customer numbers).

Transaction costs reduced from R823 million in 2023 financial year to R565 million in 2024 financial year primarily as result of lower transaction volumes. The Bank’s other operating costs increased from R822 million in 2023 financial year to R1 481 million in 2024 financial year [+R659m].

5.3.5 Audit Outcomes

Postbank received a Qualified audit opinion for the 2023/24 financial year, an improvement from the ‘disclaimer audit opinion’ received for the 2022/23 and the two financial years prior. Postbank audit was only concluded on the 19th of February 2025, hence slow progress in implementing audit action plans.

From the 2023/24 AGSA audit, there were twenty-two (22) matters affecting the audit report and as of 31 December 2024, 21 of the 22 matters affecting the audit report audit findings were still in progress, and one was resolved. There were a total 83 audit findings in the 2023/24 AGSA audit outcome and 17 findings (20%) out of 83 have been resolved as of 31 December 2024.

Only 2 of the 22 matters affecting the audit report findings contributed to the disclaimer audit opinion. However, significant progress was made in implementing the proposed actions. One issue relates to the insufficient audit evidence to split Biopay transactions into Cash Pay Points (CPP) and Over the counter (OTC). A total 19 are compliance findings, and one is a performance information finding.

Procurement and contract management (12 findings) constitute most of the matters affecting the audit report findings.

5.4 SITA

The SITA (the Agency) was established with a core mandate to provide IT services to government. The establishment was the amalgamation of several entities (listed below), which had different operating methods, procedures, skills set, infrastructure and technologies that had to work seamlessly to deliver on its mandate:

- Infoplan (Pty) Ltd, the ICT service provider to Department of Defence;
- Central Computer Services of the Department of State Expenditure; and
- Sub-component Information Systems within the Department of Safety and Security.

The mandate of SITA as stated in the Act is as follows: *To improve service delivery to the public through the provision of information technology, information systems and related services in a maintained information systems security environment to departments and public bodies; and to promote the efficiency of departments and public bodies using information technology*.

April 2024 saw Agency celebrating its 25th anniversary, and the vision is to continue to be a robust contributor to the national service delivery agenda, through quality services that are executed in a safe and secure environment with an emphasis on public service delivery. Whilst SITA may face some operational and strategic challenges, the work to correct and improve, is positive within the organization.

SITA's service delivery capability has a direct bearing on the quality of life of the citizens of the Republic of South Africa. To this end, engagements were held with key stakeholders and clients, to ensure improvements and relevance and timely service delivery on programs. This is key to improving customer relations and collaboratively addressing the challenges faced by clients. The Board remains committed to the realization of these imperatives.

From a financial sustainability perspective, SITA has met expectations. Management has delivered in the areas of revenue and cost management. It is also significant to note that locally empowered ICT players continue to benefit from contracts awarded by SITA on behalf of the government. SMME, black, women, youth, and people with disabilities accounted for 58 percent of the procurement spend.

Furthermore, there has been improvement and turnaround in the procurement space; including a finalisation success rate of 81.5 percent for projects above R10 million.

Procurement is an important service delivery area that needs mentioning—particularly noting the challenging procurement environment that the Agency operates in. Focused attention is on improving governance and service delivery to clients; whilst ensuring that any fraud and/or corruption is prevented. SITA has adopted a risk management approach in the prevention, detection, and investigation of suspected fraudulent activities; and forms part of its zero-tolerance culture to corruption and fraud.

5.4.1 Performance Highlights

The digital infrastructure programme encompasses multiple initiatives aimed at enhancing network availability, conducting information security assessments, raising awareness of information security, and implementing the SITA Complaints and Query Management System (SCQMS). Investments in software-defined network (SDN) equipment and proactive maintenance ensured that SITA stabilises its network availability.

Information security awareness campaigns exceeded quarterly targets, with 171 campaigns conducted by Quarter Three, driven by increased client demand and support from government departments and the Government Information Technology Officers Council (GITOC). SCQMS implementation proceeded as planned, achieving all milestones, and enabling customers to register and monitor complaints and queries since March 2024.

From a socio-economic development standpoint – which is non-APP but a strategic initiative that plays a pivotal role in driving and realising SITA’s overarching strategic objectives – the Agency established numerous cyber-labs across four provinces, namely Northwest, Eastern Cape, Northern Cape and Limpopo. These cyber-labs serve as platforms to introduce learners to the ICT discipline, equipping them with skills to address socio-economic challenges through ICT solutions. Moreover, these schools are internet-enabled, facilitating research, project work and daily school activities.

The Supply Chain Management (SCM) reform programme introduced by SITA aims to enhance procurement efficiency through various initiatives. This ongoing strategic effort continually identifies and implements new measures as needed. Considerable progress has been achieved in organisational, personnel and procedural aspects of the reforms, while certain technological initiatives have gained traction and are being steered towards completion.

Target achievements in real terms for the year under review are listed below:

- SITA successfully attained a 99.3% core network availability rate for multiple government departments
- SITA achieved a procurement success rate of 81.5% for projects above R10 million completing them within the specified turnaround periods
- The procurement spending through SMMEs and designated groups exceeded expectations, achieving 58% against a planned target of 40%, reflecting the organisation's effective strategies aimed at empowering SMMEs and designated groups
- Phase 1 of the Indigent Household application resulted in the deployment of 2 e-services facilitating the registration of title deeds
- SITA automated 4 services within SITA and achieved 90% implementation of the service improvement plan
- Completed information security maturity level assessments for 107 government departments
- Implemented the SITA Complaints and Query Management System as planned, ensuring a 100% implementation rate
- Achieved an information security maturity level of 3.93, signifying robust security measures
- 83.11% of personnel trained on the SITA workplace skills plan
- SITA has presented an internship programme to 219 unemployed graduates
- 270 bursaries were awarded to employees, of which 213 were for ICT qualifications and 57 for non-ICT qualifications
- SITA established 4 cyber-labs in schools across KwaZulu-Natal, Northwest, Eastern Cape, and Northern Cape to foster digital literacy

5.4.2 Summary of Performance

Significant developments unfolded within and around SITA, notably the strides toward reaching its targets, during the financial year 2023/24. SITA had twenty-one (21) planned targets of which thirteen (13) were achieved, resulting in a performance of 61.90 percent.

It is an improvement from the 44 percent performance reported in financial year 2022/23 and is testament to the effectiveness in some strategies implemented during this period.

The preliminary annual performance score was 72.2 percent. This declined to 57.1 percent as per disclaimer audit opinion in September 2024. Following additional engagements with the Auditor General, the target on SITA model review was accepted as achieved resulting in the final corporate performance score of 61.9 percent.

Programme performance for the year under review is annotated below:

1. Thought leadership and service delivery at 50% (3/6)
2. Digital infrastructure at 100% (5/5)
3. Skills and capacity development at 50% (1/2)
4. Financial sustainability at 25% (1/4)
5. Procurement and industry transformation at 75% (3/4)

SITA's inability to achieve its targets relating to the following indicators contributed to its performance shortfall during the financial year 2023/24:

- The implementation of Court Online Phase 1 Roll-out Plan
- The implementation of Indigent household application and integration Phase 1 plan
- Achievement of Employee Engagement level
- Number of transversals, panel contracts and framework agreements implemented, renewed or refreshed
- Number of services automated within SITA
- Percentage EBITDA as a percentage of revenue
- Percentage year-on year service revenue growth

5.4.3 Strategy to Overcome Non-Performance

In addressing unmet targets, SITA will undertake corrective actions through a thorough examination of contributing factors, identifying areas for enhancement, and implementing focused strategies. Insights collected from past challenges will guide future planning endeavours, ensuring a more efficient approach to goal achievement.

SITA will implement the following interventions to improve performance, and the implementation of these intervention has commenced:

- Auditor General recommendations to improve the overall control environment

- Rectify weaknesses identified in financial management, performance management and compliance with legislation.
- Continue to ensure that planning processes include input from all levels of management and subject matter expects to assure that targets are SMART. In addition, SITA will desist from including targets that have an external dependency as these increase the risk of non-achievement
- Continue to conduct strategic performance reviews during divisional Manco and Exco meetings to ensure focused efforts on elevating performance to acceptable levels
- Address unmet targets by implementing corrective actions this includes conducting a comprehensive review of contributing factors, identifying areas for improvement, and implementing targeted strategies. This process will involve performing root cause analyses, revising targets to ensure realism and achievability, and reallocating resources as needed
- Ensure proactively planning and executing inventions that necessitate supply chain management and enhancement of recruitment efficiency by reducing the time taken to complete the recruitment process
- Ensure proactive attainment of consumer commitment and allocate budget securely
- Ensure efficiently management of customers and stakeholders and enhance the efficiency of processing proposals to reduce the time required for proposal management

5.4.4 Financial Performance

SITA has improved its performance from the previous year despite some of the challenges it faced during this financial year. The company continues to be sustainable as illustrated in table below.

Irregular Expenditure

Irregular expenditure incurred will be investigated and appropriate steps will be taken to improve controls and also to ensure appropriate consequence management.

Fruitless and wasteful expenditure

5.4.5 Audit Outcomes

SITA received a Disclaimer audit opinion for the financial year 2023/24 and the Auditor-General's report for the financial year highlighted SITA's receipt of qualified audit opinions over the past four financial years. A total of 149 findings, encompassing administrative issues, were identified, and classified into categories such as matters affecting the audit report, other significant concerns, and administrative matters. In response, SITA management has devised action plans to rectify auditor general findings, demonstrating a proactive approach with ongoing monitoring and reporting.

Basis for Disclaimer of Opinion

Revenue from exchange transaction was materially misstated by R77 million due to the cumulative effect of individually immaterial uncorrected misstatements in the following items:

- Revenue from exchange transactions was not accurately recorded as required by GRAP 9 – Revenue from exchange transactions resulting in rendering of service revenue and drop shipment revenue to the financial statements being overstated by R14.9 million (2023: R27 million). There was a consequential impact on the receivables from exchange transactions for the period and on accumulated surplus.
- In addition, the Auditor General was also unable to obtain sufficient appropriate audit evidence for the amounts disclosed as revenue from rendering of services revenue of R31 million as included in the disclosed balance of R6 042 million in note 15 and other income of R31 million as included in the disclosed balance of R65 million in note 15and could not confirm the revenue by alternative means.
- Consequently, the Auditor General was unable to determine whether any further adjustments were necessary to revenue from exchange transactions stated at R7 234 million (2023: R 6 622 million) in note 15 to the financial statements.
- Cost of sales were not recorded as required by GRAP 1, *Presentation of Financial Statements*. Transactions relating to prior and future periods, as well as inaccurate and invalid transactions were recorded in the current period which resulted in cost of sales disclosed in note 17 to the financial statements being overstated by R169 million. There was a consequential impact on the carrying amount of the property plant and equipment; intangible assets; trade and other payables; prior period error note; operating expenses and accumulated surplus.
- In addition, the Auditor General was unable to obtain sufficient and appropriate audit evidence for amounts disclosed as service delivery expenditure and drop shipment cost of sales to determine the full extent of the misstatement due to the status of record keeping. I could not confirm this by alternative means. Consequently, the Auditor General was unable to determine whether any adjustments were necessary to cost of sales stated at R4 846 million (2022: R4 567 million) in note 17 to the financial statements.
- Operating expenditure was not recorded as required by Standards of GRAP 1, *Presentation of Financial Statements*. Transactions relating to prior and future periods, as well as inaccurate and invalid transactions were recorded in the current period which resulted in operating expenditure disclosed in note 18 to the financial statements being overstated by R112 million. There was a consequential impact on

the prior year surplus for the period; accumulated surpluses; prepayments; trade and other payables and other receivables.

- In addition, the Auditor General was unable to obtain sufficient and appropriate audit evidence for several amounts stated as operating expenditure to determine the full extent of the misstatement due to the status of record keeping. the Auditor General could not confirm this by alternative means. Consequently, the Auditor General was unable to determine whether any adjustments were necessary to operating expenditure stated at R1 789 million (2022: R1 495 million) in note 18 to the financial statements.
- The Auditor General was unable to obtain sufficient appropriate audit evidence for income tax expense due to the status of record keeping. I could not confirm this by alternative means. Consequently, was unable to determine whether any adjustments were necessary to taxation stated at R176 million in note 20 to the financial statements.

For the full list of reasons for a disclaimer refer to the SITA Annual Report 2023/24.

6. Committee Observations

The Committee noted and appreciated the improvements in the audit outcomes which set out clear visions on what needs to be done going forward for all the Entities that appeared before the Committee.

The Committee further noted:

On SITA

- with relief that SITA is clearly entrenching systematic changes to its governance and operations output and progress is evident despite the perpetual nature of the systemic challenges;
- and welcome the improved performance score from 44% in the last review to 61.9% in the financial year under review, however there is tremendous room for further improvement;
- with serious concern that the regulations to be introduced by the Minister have a significant impact of chipping away the current 37% market share that SITA is servicing;

- however, that these regulations are focused primarily to strengthen systems across the architecture of government for digital transformation and will not exist in perpetuity;
- with concern that decentralization of SITA services by the Minister may lead to unintended consequences especially for the new Board;
- that the Board has formally written to the Minister about their position on the regulations;
- with concern that SITA in its present form cannot delivery on its mandate;
- this led to a large volume of requests for exemptions by Departments seeking some flexibility in procurement of ICT services;
- with disappointment that some of SITA clients have lost confidence;
- and is mindful of the time needed for the new Board to resuscitate and revitalize SITA;
- with disappointment that SITA has a reputation of a corrupt organisation;
  with further concern the low staff morale; and
- with concern that systems procured out of SITA are more prone to security vulnerabilities.

On Postbank

- with concern that the dominance of private banks with over 90% control will create entry barriers for Postbank;
- with concern that Postbank only achieved 12% of its targets;
- with concern that Postbank continues to operate with a structure that is not fit-for-purpose;
- that only 40% of that structure positions are filled;
- with appreciation that SAPO and Postbank continue to engage to improve the relationship;
- with concern that SASSA customers have declined over the past 3 years; from 8 to 2.1 million;
- with concern that the development of the digital banking services, especially in rural areas is not being expedited; and
- that the Bank requires cash injection to carry out its mandate.

On SAPO

- and welcome the decline in the number of audit findings;
- and appreciate the effort to solicit an audit for SAPO despite the business rescue process;
- that the appointment of a new Board is imminent;
- and welcome the pursued partnerships with the Development Bank of South Africa and other unsolicited bids;
- that the gazette for the extension of the reserve for the 1kg postal services regulations is still out for public comment but by convention, the provisions of the old license remain effective;
- that once a Business Rescue Plan has been approved by creditors, it cannot be amended;
- with great concern that the myriad of challenges at SAPO have led to a disclaimer opinion;
- with serious concern that the survival of SAPO is questionable because of financial management challenges;
- with concern that the targets on service delivery are not achieved;
- that SAPO remains with 657 active branches in its portfolio to respond to the Universal Service Obligations mandate;
- that SAPO currently has 5 892 employees and retrenched over 4 000 because of the BRP process, but certain of the exited staff had an opportunity to re-apply; and
- that SAPO is unable to deliver fully on its mandate because of lack of adequate funding.

On Broadband Infraco

- appreciate and welcome the overachievement on some of the targets;
- with concern that efforts to engage ESKOM and Transnet on infrastructure sharing have not yielded positive results over the years;
- that there is an approved commercialization model that is central to the implementation of Phase 2 and 3 of SA Connect;
- with concern that irregular expenditure increased from 16.5 million to 21 million;

- that BBI has no internal capacity to process the acquisition of the Electronic Communications Services (ECS) license application and therefore had to go on tender;
- with concern that the operating loss is linked to the increase in cost of sales;
- with concern that cost of sales are rising yet there is little profit; and
- that ESKOM has an unfavourable business relation with BBI whereas founding documents clearly stipulate that ESKOM cannot compete with BBI in the same market, and this impacts negatively on BBI cost of sales and profits.

7. Recommendations

The Committee recommended that the Minister should:

- ensure that the DCDT enforces compliance to regulations on tabling of reports to Parliament;
- ensure an integrated approach to policy formulation so that digital transformation is realisable and impacts across all sectors of business, government and society;
- provide quarterly reports on strategy to synergies government digital transformation policies across all sectors;
- ensure that the DCDT responds all written questions including those submitted by the Committee and through political parties upon adoption of this report; and
- continue to promote partnerships and collaboration within all the Entities of the DCDT including other government Entities as a strategy to minimise duplication.

The Committee further recommended that the Minister should:

On SITA

- expedite the appointment of a permanent Board with complimentary skills that can help to stabilise ongoing governance challenges at the Entity;
- put systems in place to instil zero tolerance for fraud and corruption;
- provide specific and measurable reforms to improve accountability;
- fast-track the repositioning and repurposing of SITA to deliver on its mandate;
- investigate all fraud, irregular, fruitless and wasteful expenditure and provide detailed quarterly updates to the Committee;

- present to the Committee a detailed report of all criminal cases at SITA upon adoption of this report;
- desist from setting targets that depend on outside factors, but where necessary strengthen partnership and collaboration to mitigate dependency;
- and adopt a more cautious approach in setting targets;
- implement acute consequence management at SITA and provide quarterly reports of successful convictions;
- address all material irregularities and provide quarterly reports of successful convictions;
- present to the Committee detailed mitigating strategy to improve staff morale, report on root causes for low staff morale and provide quarterly feedback to the Committee;
- provide quarterly reports on remedial actions to address Auditor General's findings;
- and put measures in place to improve financial reporting;
- ensure that the new Board guarantees a financially healthy Agency going forward;
- provide a detailed plan or strategy improve achievement of targets;
- instruct the DCDT to put measures in place to improve client confidence in SITA services and report back to the Committee upon adoption of this report;
- improve turnaround times for service provision to clients;
- prioritise restoring SITA confidence over the implementation of regulations that will erode the current 37% market share;
- champion collaboration and partnership with the Ministry in the Department of Public Service and Administration (DPSA) in the interest to promote Minimum Interoperability Standards and implementation e-government strategy vulnerabilities for government;
- present to the Committee upon adoption of this report, the government Chief Information Officer Dashboard;
- appear before the Committee together with DCDT to present on the implementation of the National Cybersecurity Policy Framework and the role of its Entities;
- upon adoption of this report, present strategy towards automation of supply chain at SITA; and

- once published, present the SITA regulations to the Committee.

On Postbank

- ensure that Postbank has a strategy to compete in mobile banking just like other banks;
- ensure that there is strategies to ensure ample support of local languages in banking services provided by the Bank;
- ensure that the approved structure is filled;
- ensure adequate human capital capacity for the Bank to function properly including recruitment of skilled personnel and upgrade of IT systems;
- guard against complacency and navigate Postbank away from political pressure, competitive influence and regulatory hurdles so that it emerges as a trustworthy State-owned bank;
- ensure that the Bank keeps services affordable for low-income individuals;
- ensure Postbank improves on achievement of set targets;
- continue to restore relations with SASSA; and
- present a funding strategy upon adoption of this report.

On SAPO

- ensure the survival of SAPO as a USO service Entity of government;
- resolve all matters related to SAPO staff and report quarterly to the Committee;
- ensure timeous and proper reporting of the Entity when required;
- guarantee existence of SAPO post the business rescue process; and
- ensure the sustainability of the remaining active 657 branches and continue to grow the business.

On Broadband Infraco

- avoid duplication of services;
- ensure implementation of consequence management;
- provide in writing a detail audit of BBI connectivity projects across the country including GPS coordinates;
- increase campaigns that market BBI projects as well as inform youth on how to participate in the BBI business enterprise model;

- provide detailed information on Entity contribution to job creation;
- put measures in place to ensure that BBI has a strategy to ensure long-term financial stability;
- that there is a declaration of interest signed by all Board members on an annual basis;
- engage counterpart departments to find a solution to infrastructure sharing between Transnet, ESKOM and BBI;
- upon adoption of this report, should appear before the Committee to present the commercialization model;
- that the DCDT ensure proper documentation related to SCM; and
- capacitate staff with relevant training to be able to do their jobs.

Report to be considered.

2. Report of the Portfolio Committee on Sport, Arts and Culture on Budget Vote 37: Department of Sport, Arts and Culture, Dated 04 July 2025

The Portfolio Committee on Sport, Arts and Culture (the "Committee"), having considered the 2025 – 2030 Strategic Plan, the 2025/26 Annual Performance Plan (APP), and the budget of the Department of Sport, Arts and Culture, Vote 37; reports as follows:

1. INTRODUCTION

Section 42(3) of the Constitution of the Republic of South Africa, 1996 bestows the oversight function over the national executive to the National Assembly (NA). The Committee considered the 2025/26 budget of the Department of Sport, Arts and Culture (DSAC) as part of its oversight function over the Department as mandated by Public Finance Management Act (No. 1 of 1999) and Money Bills Amendment Procedure and Related Matters Act (No. 9 of 2009).

The purpose of this document, therefore, is to table the Committee report after scrutiny of the budget allocated to Vote 37: Sport, Arts and Culture in the 2025 Estimates of National Expenditure (ENE). This Budget Vote Report thus provides a comprehensive analysis of the Department's allocated budget and examines the Department's 2025/26 budget in the ambit of its Strategic Plan for the period 2024/25 – 2029/30 and the 2025/26 APP. In addition, links are made to key Government policy documents, including, amongst others, the National Development Plan: Vision 2030 (NDP), the 2024 – 2029 Medium Term Development Plan (MTDP), and the 2025 State of the Nation Address (SONA).

1.1. Mandate of DSAC

The Department is mandated to provide leadership to the sport, arts and culture sector to accelerate its transformation; oversee the development and management of sport, arts and culture in South Africa; legislate on sports participation, sports infrastructure and safety, improve South Africa's international ranking in selected sports through a partnership with the South African Sports Confederation and Olympic Committee (SASCOC); preserve, develop, protect and promote the cultural, heritage, linguistic diversity and legacy of South Africa lead nation-building and social cohesion through social transformation; enhance archives and records management structures and systems; and promote access to information.

1.2. Purpose of the Vote 37

The purpose of the Vote is to provide an enabling environment for the sport, arts and culture sector by developing, transforming, preserving, protecting and promoting sport, arts and culture at all levels of participation to foster an active, winning, creative and socially cohesive nation.

2. METHOD

The Committee received and scrutinised the funds allocated to Vote 37 as outlined in the 2025 ENE, tabled by the Minister of Finance in Parliament in May 2025. The Speaker of Parliament referred the APPs of the Department and its entities to the Committee in line with Rule 338 of the National Assembly. The Department briefed the Committee on its Strategic Plan and 2024/25 APP on 24 June 2025. Further outstanding information was obtained from the Department to determine any other impact on the budget for 2025/26.

The Committee is thus reporting on the Department's APP and budget for 2025/26 in terms of Rule 340 of the National Assembly.

3. STRATEGIC OVERVIEW OF THE DEPARTMENT OF SPORT, ARTS AND CULTURE

The DSAC APP outlines how the Department's strategic outcomes align with the policy priorities of the NDP and the 2024 – 2029 MTDP, as well as policy documents which guide the work of the Department, namely the Revised White Paper on Arts, Culture and Heritage (RWPACH); the White Paper on Sport and Recreation (WPSR); the National Sport and Recreation Plan (NSRP); the Cultural and Creative Industries Masterplan (CCI Masterplan); and the Economic Reconstruction and Recovery Programme (ERRP).

In relation to the NDP, the Department responds chiefly to Chapter 15: *Transforming society and uniting the country*. Additionally, through initiatives that relate to job creation, transformation and infrastructure development, the Department responds to Chapter 3: *Economy and Employment*.

The MTDP priorities are designed to guide South Africa's development agenda over the next five years and aim to achieve the goals outlined in the NDP. The Government of National Unity (GNU) agreed on three (3) Strategic Priorities, namely:

1. Drive inclusive growth and job creation.
2. Reduce poverty and tackle the high cost of living.
3. Build a capable, ethical, and developmental state.

During the opening of Parliament on 18 July 2024, the President reaffirmed these priorities. Each priority has a range of strategic outcomes. One of the six outcomes of Strategic Priority 2 is "Social cohesion and nation-building". Nation-building, social cohesion and unity in diversity is one of the foundational principles of the Statement of Intent, echoing the NDP. Its minimum programme of priorities includes strengthening social cohesion, nation-building and democratic participation, and undertaking common programmes against racism, sexism, tribalism and other forms of intolerance.[1] Through including a range of key intervention indicators that respond to the following 2024 – 2029 MTDP strategic interventions, the Department will formally commit as a lead institution on these strategic interventions, including:

- *Create high-quality work opportunities through public employment programmes*.
  To contribute to this strategic intervention, the Department will create work opportunities through the creative sector stimulus.
- *Promote and protect South Africa's diverse languages and cultures*.
  The Department will support university students to study languages and will also support multi-year human language technology projects;
- *Implement a national civic education campaign on the Constitution, including at all public and private schools*.

[1] Department of Planning, Monitoring and Evaluation. (2025). *Medium Term Development Plan 2024 – 2029.* Pretoria, Department of Planning, Monitoring and Evaluation.

The intervention indicator comprises initiatives implemented to raise awareness of the national symbols.

- *Invest in shared public spaces such as parks and cultural institutions.*
  - Provide schools and clubs with sporting equipment.
    The Department plans to support hubs, clubs or schools provided with equipment and/or attire to enable participation in sport and/or recreation.
  - *National school sport championship programme*.
    The Department will enable learners to compete at the National School Sport Championships.
  - *Construct community outdoor gyms and children's play parks.*
    Through the construction of community outdoor gyms and children's play parks, the Department endeavours to enrich shared public spaces and promote active lifestyles.

The Department's Strategic Plan, informed by the priorities of the 7th Administration, ensures that its priorities align with the MTDP and the NDP. As such, key strategic focus areas for the Department include, but are not limited to:[2]

- Social cohesion and nation-building;
- Increasing participation within the sector through addressing barriers, designing inclusive programmes, and engaging communities;
- Sport as a tool for addressing a wide range of social, cultural, and developmental objectives;
- Economic contribution and job opportunities;
- Increasing funding for the sector through leveraging public and private resources, forming strategic partnerships, and tapping into innovative funding streams;
- Transformation and inclusivity;
- Enhancing accessibility;
- Infrastructure development; and
- Supporting youth development and education.

[2] Department of Sport, Arts and Culture. (2025). *Strategic Plan 2025/2030*. Pretoria, Department of Sport, Arts and Culture, pp.37-45.

The South African Economic Reconstruction and Recovery Plan (ERRP)[3] introduced in October 2020, was developed, in the short-term, to preserve lives through supporting livelihoods, distressed firms and financial systems and health care. In the long term, the ERRP focuses on economic recovery and reconstruction to be implemented by Government and social partners to stimulate equitable and inclusive growth. In pursuit of the NDP goals of reducing unemployment, poverty and inequality, the ERRP thus aims to build a new economy and unleash South Africa's true potential. The overarching goal of the plan is to create sustainable, resilient, and inclusive economy.

In terms of aligning and contributing to the ERRP, in its Strategic Plan the Department has identified priority areas where specific interventions can create an enabling environment towards economic recovery:[4]

- *Support job creation using the employment multiplier model*, which includes job opportunities created through the Presidential Employment Stimulus Plan (PESP);
- *Creating an enabling environment* through legislation and programmes that promote training, skills development and skills transfer to sector practioners;
- *Enabling access to local and international markets* realised through implementing programmes on an international platform such as the Cultural Seasons and the promotion of national and provincial flagship projects;
- *Reviving the Economy through Infrastructure Development* is a cross-cutting priority that is responded to through the range of sport facilities, theatres, heritage facilities, and libraries

In his State of the Nation Address on 06 February 2025, President Ramaphosa reiterated the country's focus on empowering target groups in the following statement:[5]

> *We want a nation in which prosperity and opportunity is shared by all. For many decades our economy has been held back by the exclusion of the vast majority of the South African people. Black South Africans were deprived of land, of capital, of skills, of opportunities. Our economy was starved of the potential of its*

[3] The Presidency. (2020). *The South African Economic Reconstruction and Recovery Plan*.

[4] Department of Sport, Arts and Culture. (2025). *Strategic Plan 2025/2030*. Pretoria, Department of Sport, Arts and Culture.

[5] Ramaphosa, MC. (2025). *State of the Nation Address*. Parliament, Cape Town, 06 February.

> *people…[We] need to* ***transform our economy and make it more inclusive****…[and] focus on empowering* ***black people****,* ***women*** *and* ***persons with disabilities*** *because they were deliberately excluded from playing a key role in the economy of their own country.*

Particularly in relation to the creative sector, the President acknowledged the importance of the sector by stating, "The services sector is now the largest part of our economy, ranging from financial services to retail, hospitality, tourism and the burgeoning creative industry".[6]

For the 2025/26 financial year, the Department has committed to focus on core projects which align with Government priorities. In its effort to translate the broad policy statements into implementable programmes, the Department's outcomes will be realised through the implementation of various projects and interventions. These projects focus on the economic contribution of the sector; the DSAC's lead role in building a diverse, socially cohesive society; transforming the sector through capacity building; providing integrated and accessible SAC infrastructure and information; and the ongoing strive for compliant and responsive governance.

3.1. DSAC Outcomes[7]

Guided by the constitutional and legislative mandate, the NDP, and the 2024 – 2029 MTDP, the Department will implement strategic interventions that contribute to five key outcomes. These outcomes and a brief outline of outputs are presented below.

Outcome 1: A diverse, socially cohesive society with a common national identity; Outcome 2: Increased economic impact of sport, recreation, arts, culture, and heritage sector; Outcome 3: Transformed, capable and professional sport, recreation, arts, culture and heritage sector; Outcome 4: Accessible sport, recreation, arts, culture and heritage infrastructure and information; Outcome 5: Compliant and responsive governance nationally and internationally.

[6] Ramaphosa, MC. (2025). *State of the Nation Address*. Parliament, Cape Town, 06 February.

[7] Department of Sport, Arts and Culture. (2025a). *Annual Performance Plan 2025/26*. Pretoria, Department of Sport, Arts and Culture.

DSAC Outcome 1: A diverse, socially cohesive society with a common national identity

During 2023/24, the Department with its various partners and stakeholders reviewed the National Strategy for Developing an Inclusive and a Cohesive South African Society to refocus efforts and improve the response to what the NDP calls for. Following this, the Department plans to support a range of projects across its budget programmes during 2025/26 including, but not limited to:

- programmes contributing to the transformation of the cultural and creative industry sector;
- initiatives against Gender-Based Violence and Femicide (GBVF);
- programmes promoting social cohesion and nation-building;
- initiatives to raise awareness of the national symbols;
- community sport and recreation programmes; and
- publishing Government Gazette notices on standardised geographical names published.

DSAC Outcome 2: ***Increased economic impact of sport, recreation, arts, culture, and heritage sector***

The sector has significant potential to create job opportunities, stimulate investment, and support local economies. With targeted investments and promotions, the sport, recreation, arts, culture, and heritage sector can drive tourism, entrepreneurship, and industry growth, and contribute to the national economy.

At the core of this outcome is the implementation of the Mzansi Golden Economy (MGE) strategy which fosters job creation, economic transformation, and inclusivity. The MGE strategy unlocks the potential for economic growth by exposing creative products to markets and audiences to promote artists and create access to opportunities.

In 2025/26, the Department aims to create 10 000 job opportunities through financially supporting 34 projects that facilitate local and international market access, empowering artists and creative practitioners to expand their reach. Additionally, 17 cultural and creative industry sector organisations will receive funding to strengthen intellectual property rights management.

Over the MTEF period, the MGE strategy aims to support 16 creative industry projects to improve access to finance and investment, fund 27 capacity building projects (linked to Outcome 3, see below) and develop 13 innovation hubs for product development at a projected cost of R229 million.[8]

DSAC Outcome 3: *Transformed, capable and professional sport, recreation, arts, culture and heritage sector*

This outcome aims to create a workforce equipped with expertise and a sector that mirrors the nation's demographics, promoting inclusivity and excellence. In 2025/26, outputs that contribute to this outcome include:

- awarding of bursaries in heritage and language practice;
- providing hubs, clubs or schools with equipment and/or attire to enable participation in sport and/or recreation;
- enabling learners to compete at the National School Sport Championships;
- supporting school sport programmes at a district and/or local level;
- facilitate athlete development programmes supported by the sport academies; and
- support all compliant sport and recreation bodies.

DSAC Outcome 4: *Accessible sport, recreation, arts, culture and heritage infrastructure and information*

This outcome aims to expand access to infrastructure and resources to ensure all South Africans can participate in and benefit from sectoral activities, empowering communities through opportunities for cultural expression, recreation, and engagement. For the current financial year, inputs that contribute to the achievement of this outcome include, among others:

- support provided to municipalities during the planning and implementation of sport infrastructure projects to ensure compliance with the applicable Norms and Standards;
- outdoor gyms and children's play parks constructed;
- analysed reports on the implementation of the National Policy on the Repatriation and Restitution of the Human Remains and Heritage Objects (new performance indicator);

[8] National Treasury. (2025). *Estimates of National Expenditure*. Pretoria, National Treasury.

- digitisation of archival records; and
- financial support provided to libraries.

DSAC Outcome 5: *Compliant and responsive governance nationally and internationally*

Outcome 5 aims to ensure effective governance to safeguard transparency, accountability, and adherence to regulations. In striving to achieve this outcome, the Department plans to develop systems to automate manual functions; pay invoices timeously; and implement sport and cultural initiatives to promote South African cultural values.

In its 2025/26 APP, the Department documents initiatives aimed to empower and promote the inclusion of marginalised groups, especially women, the youth, rural communities, and persons with disabilities.[9] These initiatives cut across all line functions and the Committee should monitor the implementation thereof.

3.2. Legislative and Policy Environment 2025/26

The Department highlighted the following bills and their respective status in the 2025/26 APP:

Bill	Status	Notes from 2024/25 APP
a. National Sport and Recreation Amendment Bill, 2021	State Law Advisor and Legal Services engaging.	Envisaged for completion in 2024/25.
b. South African Geographical Names Council Amendment Bill, 2021	Final draft of Bill being submitted to Minister requesting consultation through Gazette.	Envisaged for completion in 2025/26.
c. Heraldry Amendment Bill, 2023	Commencing with Socio-Economic Impact Assessment System (SEIAS).	Envisaged completion: 2025/26.
d. Use of Official Languages Amendment Bill, 2023	Under amendment.	Status unchanged from 2024/25.

Source: Department of Sport, Arts and Culture. (2024). *APP 2024/25,* p.30; Department of Sport, Arts and Culture (2025a), *APP 2025/26*, p.23.

[9] Department of Sport, Arts and Culture. (2025a). *Annual Performance Plan*, pp.57-71.

Two White Papers, namely the Revised White Paper for Arts, Culture, and Heritage and the White Paper for Sport and Recreation guide the Department's policy and legislative programme. The 2025/26 APP notes that the Department is in the process of developing and/or reviewing legislation, policies and framework documents. During the 7th Administration, the Department envisages revising and/or initiating policies, strategies, and key supporting plans in a range of areas including the National Sport and Recreation Plan; the School Sport blueprint; National Policy Framework for Heritage Memorialisation; and an integrated funding model. The Department notes that it has approved the Women in Sport Policy Framework in January 2025 for implementation, a key focus for the Department will be addressing gender inequality in sport, particularly ensuring equal pay and resource allocation for female athletes.[10]

The mandate of the Department is wide and inclusive of interventions that are central to the holistic advancement of the nation. The following section of the report outlines details of the budget allocation in relation to fulfilling this mandate.

4. SUMMARY OF BUDGET EXPENDITURE (2025/26)

The total budget allocation for the 2025/26 financial year is R6.31 billion. The Department organises its expenditure under four programmes:

- Programme 1: Administration (R516.2 million, or 8.2% of the total allocation);
- Programme 2: Recreation Development and Sport Promotion (R1.28 billion, or 20.3% of the total allocation);
- Programme 3: Arts and Culture Promotion and Development (R1.73 billion, or 27.3% of the total allocation); and
- Programme 4: Heritage Promotion and Preservation (R2.79 billion, or 44.2% of the total allocation).

The table below reflects the budget allocation for 2024/25 and over the medium term.

[10] Department of Sport, Arts and Culture. (2025a). *Annual Performance Plan 2025/2026*, p.104.

Table 1: Overall Budget Allocation 2024/25 – 2028/29

Programme	Programme purpose	Adjusted appropriation	Medium term expenditure estimate		
R million		2024/25	2025/26	2026/27	2027/28
1: Administration	Purpose: Provide strategic leadership, management and support services to the Department.	456,3	**516,2**	543,3	567,3
2: Recreation Development and Sport Promotion	Purpose: Support the provision of mass participation opportunities, the development of elite athletes, and the regulation and maintenance of facilities.	1 282,0	**1 281,1**	1 355,4	1 417,2
3: Arts and Culture Promotion and Development	Purpose: Promote and develop arts, culture and languages, and implement the national social cohesion strategy.	1 658,0	**1 725,5**	1 415,5	1 477,5
4: Heritage Promotion and Preservation	Purpose: Preserve and promote South African heritage, including archival and heraldic heritage. Oversee and transfer funds to libraries.	2 709,5	**2 787,1**	2 920,5	3 045,9
Total expenditure estimates		**6 105,7**	**6 309,9**	**6 234,8**	**6 516,8**

Source: National Treasury. (2025). *Estimates of National Expenditure.*

The table below provides an indication of the changes to the budget allocations across the medium term. When the projected inflation rates are applied, the difference between the nominal and inflation-adjusted amounts is determined. The cumulative growth rate is the average growth rate over the medium term.

Table 2: Budget allocation across the medium term showing inflation-adjusted amounts

	Budget allocation				
R million	**2024/25**	**2025/26**	**2026/27**	**2027/28**	
Budget allocation	6 105,7	6 309,9	6 234,8	6 516,8	
Projected inflation rate	-	4,7%	4,5%	4,4%	
Inflation factor	100,0%	104,7%	109,4%	114,2%	
					Cumulative growth rate
Nominal amounts	6 105,7	6 309,9	6 234,8	6 516,8	2,2%
Inflation-adjusted amounts	6 105,7	6 206,6	5 698,5	5 705,2	-2,2%

Source: National Treasury. (2025). *Estimates of National Expenditure, own calculations*

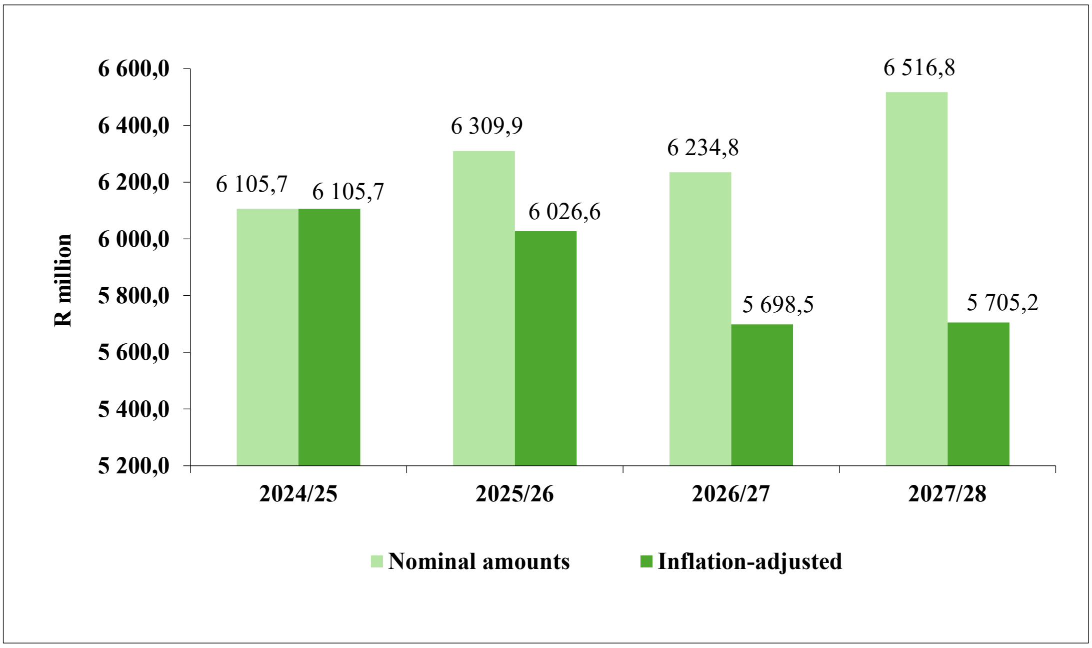


Figure 1: Budget allocations over the medium term showing nominal and inflation-adjusted amounts

The percentage of the total budget allocation per programme, as well as the percentage change in allocation between the 2024/25 and 2025/26 financial years are shown in the table below.

Table 3: Budget allocation per programme showing change in percent of total budget and change in number of targets 2024/25-2025/26.

Programme	**Budget**	**% of total budget per programme**	**Budget**	**% of total budget per programme**	**Change in % allocation**	**Number of annual targets**	
R million	**2024/25**		**2025/26**			**2024/25**	**2025/26**
Programme 1	456,3	7,5%	516,2	8,2%	0,7%	6	2
Programme 2	1 282,0	21,0%	1 281,1	20,3%	-0,7%	11	8
Programme 3	1 658,0	27,1%	1 725,5	27,3%	0,2%	19	9
Programme 4	2 709,5	44,4%	2 787,1	44,2%	-0,2%	9	6
Total	**6 105,7**	**100,0%**	**6 309,9**	**100,0%**	**0,0%**	**45**	**25**

Source: National Treasury. (2025). *Estimates of National Expenditure,* own calculations.

Taking the total budget allocation into consideration, Programme 4: Heritage Promotion and Preservation receives the largest allocation at R2.79 billion (44.2%), followed by Programme 3: Arts and Culture Promotion and Development with R1.73 billion (27.3%). The lowest allocation is directed towards Programme 1: Administration, which receives

R516.2 million (8.2%). Programme 2: Recreation Development and Sport Promotion receives the second lowest allocation at R1.28 billion (20.3%).

Compared to the 2024/25 financial year, Programmes 1, 3, and 4 have slightly higher allocations in 2025/26, while Programmes 2 has been allocated a slightly lower budget. The number of annual targets is reduced from 45 in 2024/25 to 25 in 2025/26. The Department provided the following reasons for the reduction of the indicators in the APP:[11]

- Some indicators, e.g. as in Programme 1, are compliance indicators and will be reported irrespective if they are in the APP or not.
- Indicators were consolidated into one.
- Indicators were too operational and therefore moved to the operational plan.
- In some cases, the mode of implementation changed and the target and/or the performance indicator was adjusted/excluded.
- Aligning to the 7th Administration; the MTDP and/or the strategic direction provided by the Executive Authority.

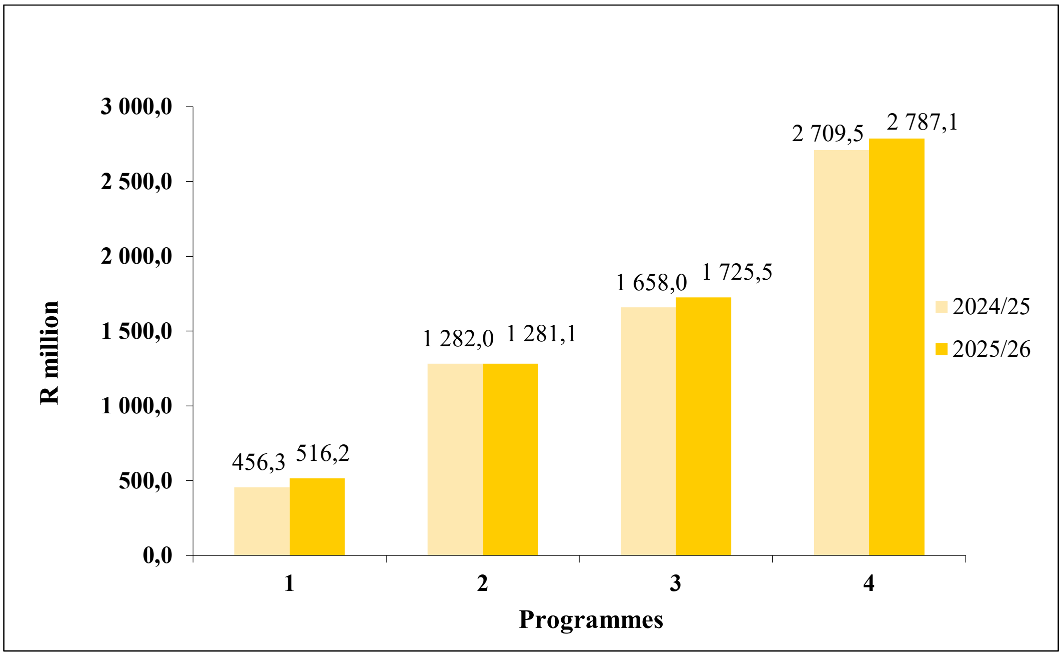


Figure 2: Change in budget allocations (nominal amounts) per programme between 2024/25 and 2025/56

[11] Department of Sport, Arts and Culture. (2025b). *Comparative summary: Performance Plan For 2024/2025 vs 2025/26*. Submitted to the Portfolio Committee on Sport, Arts and Culture via email, 25 June.

When inflation is considered, the changes in allocations differ in real terms compared to nominal changes. The table below provides a summary of the budget allocation per programme and reflects the change in allocation between the 2024/25 and 2025/26 financial years and reflects nominal and real changes.

Table 4: Budget allocation per programme showing change in allocation 2024/25-2025/26

Programme	Budget		Nominal Rand change	Real Rand change	Nominal per cent change	Real per cent change
R million	**2024/25**	**2025/26**	**2024/25 – 2025/26**		**2024/25 – 2025/26**	
Programme 1	456,3	516,2	59,9	36,7	13,1%	8,1%
Programme 2	1 282,0	1 281,1	-0,9	-58,4	-0,1%	-4,6%
Programme 3	1 658,0	1 725,5	67,5	-10,0	4,1%	-0,6%
Programme 4	2 709,5	2 787,1	77,6	-47,5	2,9%	-1,8%
Total	**6 105,7**	**6 309,9**	**204,1**	**-79,2**	**3,3%**	**-1,3%**

Source: National Treasury. (2025). *Estimates of National Expenditure, own calculations.*

Inflation adjusted figures, i.e. real change, show that only Programme 1 shows an increase in allocation between the 2024/25 and 2025/26 financial years, with an additional R36.7 million (8.1%). The allocations for all other programmes decrease when the inflation rate is applied.

Expenditure by economic classification

A high-level overview of expenditure per economic classification is provided in the table below.

Table 5: Expenditure by economic classification showing change in allocation 2024/25-2025/26 and budget allocation for the outer years of the MTEF

Economic classification	Budget		Nominal Rand change	Real Rand change	Nominal per cent change	Real per cent change	Budget	
R million	**2024/25**	**2025/26**	**2024/25 – 2025/26**		**2024/25 – 2025/26**		**2026/27**	**2027/28**
Current payments	**978,3**	**1 060,2**	**81,9**	**34,3**	**8,4%**	**3,5%**	**1 092,2**	**1 142,9**
Compensation of employees	412,5	434,4	21,9	2,4	**5,3%**	**0,6%**	**454,6**	**475,1**
Goods and services	565,9	625,8	59,9	31,8	10,6%	5,6%	637,5	667,8

Transfers and subsidies	**4 903,9**	**5 082,6**	**178,7**	**-49,5**	**3,6%**	**-1,0%**	**5 077,1**	**5 295,7**
Payments for capital assets	**223,5**	**167,1**	**-56,4**	**-63,9**	**-25,2%**	**-28,6%**	**65,6**	**76,4**
Payments for financial assets	**-**	**-**	**-**	**-**		**-**	**-**	**-**
Total	**6 105,7**	**6 309,9**	**204,2**	**-79,1**	**3,3%**	**-1,3%**	**6 234,8**	**6 516,8**

Source: National Treasury. /(2025). *Estimates of National* Expenditure, own calculations.

Compensation of employees increases from R978.3 million in 2024/25 to R1.06 billion in 2025/26. This represents a nominal increase of R81.9 million (8.4%). The budget grows to R454.6 million in 2026/27, and further to R475.1 million in 2027/28.

Goods and services sees an increase from R565.9 million in 2024/25 to R625.8 million in 2025/26, representing a nominal increase of R59.9 million (10.6%). The budget increases to R637.5 million in 2026/27, and then to R667.8 million in 2027/28.

The allocation for Transfers and subsidies increases from R4.90 billion in 2024/25 to R5.08 billion in 2025/25. This represents a nominal increase of R178.7 million (3.6%). For the outer years of the MTEF, the allocation decreases slightly in 2026/27 to R5.08 billion – a nominal decrease of R5.5 million and then increases to R5.29 billion in 2027/28.

Payments for Capital Assets decreases from R223.5 million in 2024/25 to R167.1 million in 2025/26. The allocation thus decreases by R56.4 million (25.2%). The allocation decreases further to R65.6 million in 2026/27 and then increases to R76.4 million in 2027/28.

Gender Responsive Budgeting

During the 2024 budget process, National Treasury launched the gender expenditure tagging pilot which focuses on the Women Economic Empowerment gap as a start to reflect Government's commitment to advance gender equality. This is the first step to having a gender responsive budget by identifying existing measures. Within available resources, departments have identified initiatives for their impacts on economic empowerment of women. The Department is one of the five pilot departments tagged during the 2025 MTEF.[12] National Treasury in its *Gender Budget Statement* provides a summary of submissions from pilot departments which details initiatives or interventions supporting women's economic empowerment.[13] These initiatives or interventions for the Department are detailed in the table below.

Table 6: Department of Sport, Arts and Culture budget interventions: activities advancing women's economic empowerment

Programme	Interventions/Initiatives supporting women's economic empowerment	R'000 2025/26	R'000 2026/27	R'000 2027/28
2: Recreation Development and Sport Promotion	Mass Participation and Sport Development Grant: Women boxing support provided	2 700	2 700	2 700
	Sport federations various women's sports programmes, including rugby, netball, football, and cricket, focus on developing young female athletes through talent identification, training, competition	19 000	19 000	19 000
3: Arts and Culture Promotion and Development	Women in Cultural & Creative Industries: This initiative encourages active participation and inclusion of ordinary women in the socio-economic development through cultural and creative arts programme platforms	3 500	3 500	3 500
	Sisters Working in Film & Television (SWIFT) is a non-profit championing empowerment and access to equal opportunities for women	639	673	703
	Woman writers programme: Projects that promote and support the work done by women writers	2 100	2 100	2 100
	Total	**27 939**	**27 973**	**28 003**

Source: National Treasury. (2025a). *Gender Budget Statement*.

Except for the Woman writers programme, the budgetary allocation for none of the other initiatives or interventions increase over the medium term. This raises questions about the approach and implementation of Gender Responsive Budgeting (GRB). As the Parliamentary Budget Office (PBO) pointed out, "Greater work is needed to understand how GRB can be implemented in the South African context to bring about meaningful

[12] The other departments include the Departments of Higher Education and Training; Employment and Labour; Trade, Industry and Competition; and Women, Youth and Persons with Disabilities.

[13] National Treasury. (2025a). *Gender Budget Statement* [Internet]. Available from: https://www.treasury.gov.za/documents/National%20Budget/2025May/review/Gender%20Budget%20Statement.pdf [Accessed 12 June 2025].

change. Without some of these considerations, GRB could become a performative tool rather than a transformative tool".[14]

The Department's Strategic Plan for the period 2025 – 2030 identifies a more detailed range of initiatives targeting women in its functional areas. These include, but are not limited to:

- targeted recruitment;
- safeguarding workshops hosted during school sport national championships and departmental strategic meetings;
- the G-Sport Awards focus exclusively on women's excellence;
- the indication of the inclusion of women appointed during planning and construction of infrastructure facilities by municipalities and public entities;
- opportunities for universities to support women students through the language bursary programme; and
- in partnership with the Oral History Association of South Africa, develop a coffee table publication that address issues affecting women.[15]

General considerations

The following points are for noting when considering the budget over the medium term:

- For the 2025/26 financial year, national departments collectively receive R916.1 billion. The Department's allocation of R6.31 billion thus equates to 0.7% of the total funds available for national departments.
- Annual budget allocations fluctuate across the MTEF with the allocation projected to decrease from R6.31 billion in 2024/25 to R6.23 billion in 2026/27 and then increase to R6.52 billion in 2027/28. Total expenditure is therefore expected to increase nominally at an average annual rate of 2.2%.

[14] Parliamentary Budget Office. (2025). *Considerations for Gender Responsive Budgeting in South Africa: Working Paper*. Cape Town, Parliament of the Republic of South Africa [Internet]. Available from: https://www.parliament.gov.za/storage/app/media/PBO/Occasional_Papers/2025/01-04-2025/PBO_Gender_Responsive_Budgeting_March_2025.pdf [Accessed 10 June 2025].

[15] Department of Sport, Arts and Culture. (2025). *Strategic Plan 2025/2030*. Pretoria, Department of Sport, Arts and Culture, pp.48-49.

- When the projected inflation rates (2025/26: 4.7%; 2026/27: 4.5%; and 2027/28: 4.4%) are taken into consideration, the cumulative growth rate between 2024/25 and 2027/28 is -2.2%. Thus, in real terms, the budget allocations decrease to R5.70 billion in 2026/27 and increase slightly to R5.71 billion in 2027/28 (see Figure 1).
- The Department's total budget over the medium term is R19.06 billion. Cabinet has approved increases to the Department's baseline of R350 million in 2025/26 for the creative industries stimulus, a programme of the presidential employment initiative (known as the Presidential Employment Stimulus Programme, or PESP); R3.8 million in 2025/26, R4 million in 2026/27 and R4.2 million in 2027/28 to cover cost-of-living adjustments for public servants; and R6.5 million in 2025/26, R7 million in 2026/27 and R7.4 million in 2027/28 to cover cost-of-living adjustments for personnel paid from the community library services grant and the mass participation and sport development grant.
- R36 million in 2025/26 is reprioritised to cover costs related to South Africa's Group of Twenty (G20) presidency, including hosting three (3) cultural working group meetings, the ministerial meeting and the G20 summit cultural performance.
- Transfers and subsidies account for an estimated 81.1% (R15.46 billion) of the Department's spending over the medium term. In 2025/26, Transfers and subsidies increases nominally by R178.7 million, from R4.90 billion in 2024/25 to R5.08 billion and represents 80.5% of the budget allocation. This remains unchanged from the previous financial year.
- The Department has identified specific budget interventions amounting to R27.9 million which will fund activities to advance women's economic empowerment. These budget interventions however remain relatively unchanged across the MTEF.

The report now considers budgetary allocations per programme.

4.1. Budgetary allocations per programme

Programme 1: Administration

Purpose: Provide strategic leadership, management and support services to the Department.

This programme plays an important role in giving effect to the first priority of the NDP, that is, building a capable, ethical and developmental state. This priority is also expressed in the MTDF for the five-year term 2020-2025, as a crucial mode that is required to achieve Vision 2030.

In the APP the Department states:

> "*The outputs delivered in Programme One contribute predominately to DSAC Outcome 3: Transformed, capable and professional sport, recreation, arts, culture and heritage sector; and to DSAC Outcome 5: Compliant and responsive governance nationally and internationally.*
>
> *Towards achieving compliant and responsive governance the Department capacitates human resources through the internship programme, whilst service delivery is enhanced by timeously paying invoices, and by modernising manual IT services. By increasing awareness of the sport, recreation art, culture and heritage offerings and opportunities the Department is contributing towards a transformed, capable, and professional sector.*
>
> *The Department has an approved Employment Equity (EE) Plan which is being monitored to ensure compliance with the national targets, and targeted recruitment is applied to address the underrepresentation of targeted groups in certain posts*."[16]

[16] Department of Sport, Arts and Culture. (2025a). *Annual Performance Plan 2025/2026*. Pretoria, Department of Sport, Arts and Culture, pp.97-98.

Table 7: Programme 1 Budget Allocation 2024/25 – 2025/26

Sub-programme	Budget		Nominal Rand change	Real Rand change	Nominal per cent change	Real per cent change
R million	**2024/25**	**2025/26**	**2024/25 – 2025/26**		**2024/25 – 2025/26**	
1: Ministry	4,6	5,5	0,9	0,7	19,6%	14,2%
2: Management	70,3	67,6	-2,7	-5,7	-3,8%	-8,2%
3: Strategic Management and Planning	18,6	19,5	0,9	0,0	4,8%	0,1%
4: Corporate Services	163,8	168,6	4,8	-2,8	2,9%	-1,7%
5: Office of the Chief Financial Officer	67,2	71,6	4,4	1,2	6,5%	1,8%
6: Office Accommodation	131,8	183,3	51,5	43,3	39,1%	32,8%
Total	**456,3**	**516,2**	**59,9**	**36,7**	**13,1%**	**8,0%**

Source: National Treasury. (2025). *Estimates of National Expenditure,* own calculations.

For the 2025/26 financial year, the budget allocation for this programme is R516.2 million, or 8.2% of the total budget allocation. Compared to the previous financial year, this represents a nominal increase of R59.9 million, or 36.7%. When considering the projected inflation rate of 4.7%, the allocation increases by R36.7 million, or 8.0%. The budget allocated to Programme 1 shows a cumulative growth rate of 4.1% over the MTEF but decreases by 0.4% when the allocations are adjusted for the projected inflation rates over the medium term. Should inflation rates remain unchanged, the Department will have less buying power over the medium term.

The number of output indicators for Programme 1 is reduced from six (6) in 2024/25 to two (2) in 2025/26. These indicators relate to the number of systems developed to automate manual functions and the percentage of valid invoices paid within 30 days. There are no indicators that relate to the internship programme; the Department's offerings and opportunities, or targets that speak to the implementation of its EE Plan. Further, the Department's APP no longer contains an indicator that speaks to the governance of the public entities that report to it. Previously, the APP included an output indicator that measured the percentage of councils/boards that are fully constituted. This output indicator is not included in the 2025/26 APP.

It its presentation to the Committee, the Department noted that while some performance indicators no longer reflect in the table that details outcomes, outputs and performance indicators and targets[17], these are monitored through the Operational Plans.

Programme 2: Recreation Development and Sport Promotion

Purpose: Support the provision of mass participation opportunities, the development of elite athletes, and the regulation and maintenance of facilities.

The outputs of Programme 2 are key to advancing the DSAC strategic outcomes, primarily focusing on fostering a diverse and cohesive society, developing a transformed and capable sport sector, and enhancing access to recreational and cultural infrastructure. Through strategic financial support, DSAC empowers community organisations to lead sustainable initiatives in organised community sport and recreation, promoting accessible, locally driven opportunities for participation.

The objectives of Programme 2 will ensure, amongst others:

- the construction of 100 community outdoor gyms (target increased by 90 from 10 in 2024/25); and
- assistance is provided to 52 municipalities over the medium term to comply with facility norms and standards by providing technical and/or management support during the construction phase of sport and recreation facilities (target remains unchanged).

National Treasury's selected performance indicators for the 2025/26 financial year include:

- 126 community-based sport and recreation activities supported (target increased by 36 from 90 in 2024/25 when it was first introduced);
- 3 500 hubs, clubs or schools provided with equipment and/or attire to enable participation in sport and/or recreation (target unchanged from 2024/25);

[17] Department of Sport, Arts and Culture. (2025c). *DSAC 2025/26 Annual Performance Plan; 2025-2030 Strategic Plan*. Presentation to the Portfolio Committee on Sport, Arts and Culture, 24 June 2025 [Internet]. Available from: https://pmg.org.za/committee-meeting/41059/ [Accessed 24 June 2025].

- All (100%) compliant sport and recreation bodies supported (new performance indicator).

The performance indicator that deals with monitoring reports compiled on the heritage facilities developed and/or maintained, introduced as a new performance indicator in 2024/25, does not find expression in the 2025/26 APP.

Table 8: Programme 2 Budget Allocation 2024/25 – 2025/26

Sub-programme	Budget		Nominal Rand change	Real Rand change	Nominal per cent change	Real per cent change
R million	**2024/25**	**2025/26**	**2024/25 – 2025/26**		**2024/25 – 2025/26**	
1: Wining Nation	258,6	240,7	-17,9	-28,7	-6.9%	-11.1%
2: Active Nation	687,1	712,6	25,5	-6,5	3.7%	-0.9%
3: Infrastructure Support	336,3	327,9	-8,4	-23,1	-2.5%	-6.9%
Total	**1 282.0**	**1 281.1**	**-0.9**	**-58.4**	**-0.1%**	**-4.6%**

Source: National Treasury. (2025). *Estimates of National Expenditure,* own calculations.

For the 2025/26 financial year, the budget allocation for Programme 2 is R1.28 billion, or 20.3% of the total budget allocation. When compared to 2024/25, this programme's budget allocation has decreased by R900 000, or 0.1% in nominal terms. Over the medium term, the estimated cumulative growth rate for Programme 2 is 3.4% in nominal terms, but in fact decreases by 1.1% when considering the impact of inflation.

Sub-programme 2: Active Nation receives the highest portion of the programme budget, i.e. R712.6 million (55.6%). This is also the sub-programme with the highest increase in allocation from R687.1 million in 2024/25 to R712.6 in 2025/26. This represents a nominal increase of R25.5 million (3.7%) and a real decrease of R6.5 million (0.9%).

The budget allocations for both sub-programme 1 and 3 have decreased. Sub-programme 1: Winning Nation receives the smallest allocation of R240.7 million (18.8% of the total budget) and sees a nominal decrease of R17.9 million (6.9%), with a real decrease of R28.7 million (11.1%). Sub-programme 2: Infrastructure Support has been allocated R327.9 million, or 25.6% of the total programme allocation. The allocation for this sub-programme sees a nominal reduction of R8.4 million (2.5%), with a real decrease of R23.1 million (6.9%).

Conditional Grant: Mass Participation and Sport Development Grant

The Department administers the Mass Participation and Sport Development Grant ("Mass Participation Grant), which is a Conditional Grant that is transferred to provinces to assist the sport sector in implementing the National Sport and Recreation Plan (NSRP) objectives. The purpose of the Mass Participation Grant is to facilitate sport and active recreation participation and empowerment in partnership with relevant stakeholders. The outcomes, as outlined in the Division of Revenue Bill [B15─2025], include increased and sustained mass participation in sport and active recreation as well as improved sector capacity to deliver sport and active recreation, with greater emphasis on provincial and district academies. The grant has been allocated R627 million in 2025/26, R656 million in 2026/27, and R686 million in 2027/28 and contributes primarily to Government Priority 6: Social Cohesion and Safe Communities.[18]

For information purposes, the table below provides an overview of allocations transferred to provinces.

[18] Division of Revenue Bill [B15─2025].

Table 9: Conditional Grant: Mass Participation and Sport Development Grant allocations to provinces showing change in allocations 2024/25 – 2025/26

Province	2024/25 R'000	2025/26 R'000	Forward estimates 2026/27 R'000	2027/28 R'000
Eastern Cape	76 624	75 137	81 400	85 227
Free State	44 243	48 583	46 164	47 794
Gauteng	111 291	120 256	119 392	125 710
KwaZulu-Natal	106 579	114 343	112 678	118 642
Limpopo	70 488	68 893	75 705	79 176
Mpumalanga	56 060	53 667	59 499	61 962
Northern Cape	36 705	34 079	37 856	38 657
North West	50 978	49 129	54 291	56 428
Western Cape	65 494	63 058	69 020	72 075
Total	**618 462**	**627 244**	**656 005**	**685 671**

Source: Division of Revenue Act (Act No. 24 of 2024); Division of Revenue Bill [B 15─2025].

The provincial allocation must be utilised as set out below. However, based on their provincial dynamics, provinces may apply to the transferring officer, i.e. the Department, to change these suballocations:

- school sport: 40%
- community sport and active recreation: 39%
- sport academies: 9%
- transversal matters (provincial programmes and activities implemented by provincial confederations): 4%
- management: 8%

While the Department will evaluate the performance for 2024/25 by the end of July 2025 for submission to National Treasury, the following is an outline of service delivery performance for 2023/24:

- 458 396 people actively participated in organised sport and active recreation events;
- 171 026 learners participated in school sport tournaments at district level;
- 4 421 schools, hubs and clubs were provided with equipment and/ or attire;
- 5 260 athletes were supported by the sport academy; and
- 50 sport academies were supported.

The grant continues until 2027/28, subject to review.

Programme 3: Arts and Culture Promotion and Development

Purpose: Promote and develop arts culture and languages and implement the national social cohesion strategy.

Programme 3 is key to advancing the Department's main outcomes, including economic transformation, social cohesion, national identity, and accessibility to cultural and recreational infrastructure. The core budget allocation is focused on expanding South Africa's cultural and creative industries, which is central to the Government's strategy to promote the arts and culture sector as a driver of economic growth and social development. The MGE strategy is central to this and through its programmes and activities focus on job creation, economic transformation, and inclusivity. The Department aims to create 10 000 job opportunities in 2025/26 through financially supporting 27 projects that facilitate local and international market access, empowering artists and creative practitioners to expand their reach. Additionally, 17 cultural and creative industry sector organisations will receive funding to strengthen intellectual property rights management, ensuring artists retain ownership and derive economic benefit from their work.

The outputs delivered in Programme 3, while contributing to all departmental outcomes, contributes predominantly to four departmental outcomes, including Outcome 1: A diverse, socially cohesive society with a common national identity; Outcome 2: Increased economic impact of sport, recreation, arts, culture, and heritage sector; Outcome 3: Transformed, capable and professional sport, recreation, arts, culture and heritage sector; Outcome 4: Accessible sport, recreation, arts, culture and heritage infrastructure and information.

These outputs will ensure, *inter alia*:[19]

- enhanced human resource capacity and promoting excellence in the arts and culture sector by awarding language bursaries; supporting capacity building programmes, including community art centre development programmes, incubators, academies and innovation hubs; and collaborating with the Department of Basic Education (DBE) to implement school-based arts education programmes;

[19] National Treasury. (2025). *Estimates of National Expenditure*, p.799.

- financial support to projects to facilitate local and international market access;
- integrated, outcomes-based research, planning, monitoring and evaluation across the sector based on reports produced by the South African Cultural Observatory (SACO); and
- the advancement of social cohesion and nation building efforts by commemorating national days, hosting community conversations, organising advocacy platforms and supporting Moral Regeneration Movement projects.

National Treasury's selected performance indicators for the 2025/26 financial year include:
- support 140 university students to study languages (target unchanged from 2024/25); and
- support 34 projects to enable local and international market access (target increased by 19 projects from 2024/25);

A key performance indicator within the MGE strategy, the Artists in Schools programme, is not included in the 2025/26 APP or budget and does not find expression in the planning for the medium term. In the last financial year, 340 artists were placed in schools to provide arts education in a range of arts including visual arts, performance, and dance. While the programme forms part of the Department's MoU with DBE, it is not allocated any budget. In the APP it is however listed as a departmental initiative targeting youth.[20]

[20] DSAC. (2025a). *Annual Performance Plan 2025/26*, p.64.

Table 10: Programme 3 Budget Allocation 2024/25 – 2025/26

Sub-programme	Budget		Nominal Rand change	Real Rand change	Nominal per cent change	Real per cent change
R million	2024/25	2025/26	2024/25 – 2025/26		2024/25 – 2025/26	
1: National Language Services	58,6	65,0	6,4	3,5	10,9%	5,9%
2: Pan South African Language Board	127,4	133,5	6,1	0,1	4,8%	0,1%
3: Cultural and Creative Industries Development	145,9	133,0	-12,9	-18,9	-8,8%	-12,9%
4: International Cooperation	39,0	71,1	32,1	28,9	82,3%	74,1%
5: Social Cohesion and Nation Building	59,5	58,9	-0,6	-3,2	-1,0%	-5,4%
6: Mzansi Golden Economy	578,1	625,9	47,8	19,7	8,3%	3,4%
7: Performing Arts Institutions	344,0	358,1	14,1	-2,0	4,1%	-0,6%
8: National Film and Video Foundation	178,4	153,7	-24,7	-31,6	-13,8%	-17,7%
9: National Arts Council	127,2	126,3	-0,9	-6,6	-0,7%	-5,2%
Total	**1 658,0**	**1 725,5**	**67,5**	**-10,0**	**4,1%**	**-0,6%**

Source: National Treasury. (2025). *Estimates of National Expenditure*, own calculations.

For the 2025/26 financial year, the budget allocation for this programme is R1.72 billion, or 27.3% of the total budget allocation. Compared to the 2024/25 financial year, in which the budget allocation was R1.66 billion, this represents a nominal increase of R67.5 million (4.1%). Over the medium term, the estimated allocation will decrease by 3.8%, and when considering the projected inflation rates, it will decrease by 7.9%.

The highest allocation within Programme 3 is to sub-programme 6: Mzansi Golden Economy (MGE) which receives R625.9 million (36.2%) of the total budget for the programme. This is a nominal increase of R47.8 million (8.3%) from the R578.1 million allocated in the last financial year. Allocations to the sub-programme are set to decrease at an average annual rate of 19.5 per cent, from R578.1 million in 2024/25 to R301.5 million in 2027/28, as a result of allocations in 2024/25 and 2025/26 for the presidential employment initiative. A significant portion of the sub-programme's total allocation of R1.2 billion over the medium term will be channelled into creating 10 000 job opportunities in the cultural and creative industries sector by March 2026 through Mzansi golden economy workstreams and cultural development programmes.[21]

[21] National Treasury. (2025). *Estimates of National Expenditure*, p.787.

The lowest allocation in the programme is directed towards sub-programme 5: Social Cohesion and Nation Building, which receives R58.9 million (3.4%) of the total programme budget. The allocation has decreased slightly from R59.5 million in the 2024/25 financial year. Sub-programme 4: International Cooperation shows the highest change in allocation. The allocation for this sub-programme increases from R39.0 million in 2024/25 to R71.1 million in 2025/26. This represents a nominal increase of R32.1 million (82.3%).

The economic classification Transfers and subsidies amounts to R1.44 billion, or (83.7%) of the total programme budget. An amount of R1.16 billion (or 67% of the total programme budget) within this economic classification is directed towards departmental agencies and accounts, which includes all performing arts institutions reporting to the Department; the National Arts Council (NAC); the National Film and Video Foundation (NAC); the Pan South African Language Board (PanSALB); and the MGE programmes.

The PESP, implemented by the NAC and NFVF for the Department, was launched in October 2020-to mitigate the economic impact of the COVID-19 pandemic. Cabinet has approved a baseline increase of R117 million in 2025/26 for NAC while the NFVF sees a baseline increase of R230 million for the creative industries stimulus.[22]

Programme 4: Heritage Promotion and Preservation

Purpose: Preserve and promote South African heritage, including archival and heraldic heritage. Oversee and transfer funds to libraries.

Programme Four plays a critical role in advancing DSAC's strategic outcomes, particularly fostering a diverse and socially cohesive society, transforming and professionalizing the heritage sector, and enhancing access to cultural infrastructure and information. By promoting heritage development, preservation, and protection, this programme ensures that South Africa's rich history and national identity are celebrated and safeguarded for future generations.

Through its sub-programmes, this Programme will, *inter alia*:

- publish gazette notices on the standardisation of geographical names;

[22] National Treasury. (2025). *Estimates of National Expenditure*.

- support tertiary students to study heritage practice at institution of higher learning, and facilitate the placement of unemployed heritage graduates within the sector;
- financially support libraries through the Community Library Services Conditional Grant; and
- analyse a report on the implementation of the National Policy on the Repatriation and Restitution of the Human Remains and Heritage Objects.

National Treasury's selected performance indicators for the 2025/26 financial year include:
- financially support 22 libraries (up from a target of 20 in 2024/25); and
- award 50 students with heritage bursaries (target increased from 48 in 2024/25).

Table 11: Programme 4 Budget Allocation 2024/25 – 2025/26.

Sub-programme	**Budget**		**Nominal Rand change**	**Real Rand change**	**Nominal per cent change**	**Real per cent change**
R million	**2024/25**	**2025/26**	**2024/25 – 2025/26**		**2024/25 – 2025/26**	
1: Heritage Promotion	53,4	52,2	-1,2	-3,5	-2,2	-6,6
2: National Archive Services	69,8	59,8	-10,0	-12,7	-14,3	-18,2
3: Heritage Institutions	657,8	686,7	28,9	-1,9	4,4	-0,3
4: National Library Services	158,1	164,8	6,7	-0,7	4,2	-0,4
5: Public Library Services	1 631,7	1 669,6	37,9	-37,0	2,3	-2,3
6: South African Heritage Resources Agency	60,3	72,0	11,7	8,5	19,4	14,0
7: South African Geographical Names Council	4,2	4,4	0,2	0,0	4,8	0,1
8: National Heritage Council	74,2	77,5	3,3	-0,2	4,4	-0,2
Total	**2 709,5**	**2 787,1**	**77,6**	**-47,5**	**2,9**	**-1,7**

Source: National Treasury. (2025). *Estimates of National Expenditure*, own calculations.

For the 2025/26 financial year, the budget allocation for this programme is R2.78 billion, or 44.2% of the total budget allocation. Compared to the 2024/25 financial year, in which the budget allocation was R2.71 billion, this represents a nominal increase of R77.6 million (2.9%), however when the projected inflation rate of 4.7% is taken into consideration, the allocation decreases by R47.5 million (1.7%). Over the medium term, the estimated allocation will increase by 4.1%, however when adjusting for inflation, the allocation will decrease by 0.4%.

Of the 2025/26 allocation for this programme, R2.68 billion, or 96%, is classifies as Transfers and subsidies. Through this programme, the Department funds a significant number of entities including national museums, the National Heritage Council (NHC), the South African Heritage Resources Agency (SAHRA), and public library services.

The highest allocation in Programme 4 is to sub-programme 5: Public Library Services which receives R1.67 billion (59.9%) of the total budget for the programme and presents a nominal increase of R37.9 million (2.3%) from the R1.63 billion allocated in the last financial year. This sub-programme transfers funds to provincial departments, through the Community Library Services Grant (CLSG) for constructing and upgrading libraries, hiring personnel and purchasing library materials. The CLSG is outlined later in this section of the report.

The lowest allocation in the programme is directed towards sub-programme 7: South African Geographical Names Council, which receives R4.4 million (0.2%) of the total programme budget. The allocation increases slightly from R4.2 million in 2024/25. This sub-programme transfers funds to the South African Geographical Names Council, an advisory body that facilitates name changes by consulting with communities to advise the Minister of Sport, Arts and Culture.

The highest percentage nominal increase in allocation is seen in sub-programme 6: South African Heritage Resources Agency which transfers funds to the entity of the same name to develop and implement norms and standards for managing heritage resources. This sub-programme sees an increase from R60.3 million in 2024/25 to R72.0 million in 2024/25, representing a nominal increase of R11.7 million, or 19.4%. Sub-programme 2: National Archives Services sees the biggest nominal decrease in budget allocation in the programme. The allocation for this sub-programme decreases from R69.8 million in 2024/25 to R59.8 million in 2025/26. This represents a decrease of R10.0 million, or 14.3%. The purpose of this sub-programme is to acquire, preserve and manage records with enduring value, and make them accessible.

Conditional Grant: Community Library Services Grant

The main purpose of the CLSG is to transform urban and rural library infrastructure and services through targeting previously disadvantaged communities through a recapitalised programme at provincial level in support of local government and national initiatives.

In respect of the CLSG, this grant is allocated to the relevant provincial department and administered by that department or through a service-level agreement with municipalities. In collaboration with provincial departments of education, the grant also funds libraries that serve both schools and the public. Funds from this grant may also be used to enable the shift of the libraries function between provinces and municipalities. The CLSG, which primarily contributes to Government Priority 6: Social Cohesion and Safe Communities, has been allocated R5.2 billion over the medium term. This grant is comprised of capital and current components. To expand access to knowledge and information, the Department plans to complete building 54 libraries over the next three years at an estimated cost of R584.6 million.

Table 12: Conditional Grant: Community Library Services Grant allocations to provinces showing change in allocations 2024/25 – 2025/26

Province	2024/25 R'000	2025/26 R'000	Forward estimates 2026/27 R'000	Forward estimates 2027/28 R'000
Eastern Cape	182 156	187 261	195 804	204 873
Free State	183 043	188 126	200 757	208 061
Gauteng	179 454	184 727	191 054	200 098
KwaZulu-Natal	195 617	197 862	207 346	216 161
Limpopo	157 664	161 431	168 876	176 870
Mpumalanga	174 793	179 385	187 199	196 060
Northern Cape	182 629	187 737	194 398	203 400
North West	155 383	160 181	167 940	176 850
Western Cape	201 168	202 279	211 316	220 319
Total	**1 611 907**	**1 648 989**	**1 724 690**	**1 802 692**

Source: Division of Revenue Act (Act No. 24 of 2024); Division of Revenue Bill [B 15─2025].

The conditional grants review process also recommended incorporating the community library services grant into the provincial equitable share. According to National Treasury, work on this integration is already under way in some of the provinces. The incorporation of the grant into the provincial equitable share, starting with the Compensation of Employees component at the end of the 2025/26 financial year, will be undertaken in a phased approach.

As per the Department's presentation to the Committee, the capital component of the grant is set at R257.2 million for 2025/26, but it decreases to R179.7 million in 2026/27 and is completely discontinued by 2027/28. This suggests a shift in funding priorities, likely focusing on operational support rather than new infrastructure investments. The current component, which supports ongoing operations, shows a notable increase over the three years. An amount of R1.39 billion is allocated for 2025/26, this rises to R1.54 billion in 2026/27 and jumps significantly to R1.80 billion in 2027/28. The Department further noted that the grant is being phased out in the outer years, and the funds will be reprioritised to provincial equitable shares and highlighted the need for careful planning to ensure continuity of service delivery with these adjustments.[23]

[23] Department of Sport, Arts and Culture. (2025c). *DSAC 2025/26 Annual Performance Plan; 2025-2030 Strategic Plan*. Presentation to the Portfolio Committee on Sport, Arts and Culture, 24 June 2025 [Internet]. Available from: https://pmg.org.za/committee-meeting/41059/ [Accessed 24 June 2025].

By the end of the 2025/26 financial year, the Department plans to finance 22 newly built and/or modular libraries. A budget of R1.39 billion (current) and R257.2 million (capital) is directed towards provincial revenue funds for the implementation of this project. The outputs, as outlined in the Division of Revenue Bill [B 15─2025] for the CLSG for the 2025/26 financial year includes, among others:[24]

- 40 maintained library structures completed;
- 270 000 library materials purchased;
- new services established for the visually impaired at five identified community libraries in all provinces
- five upgraded library structures completed;
- 2 700 existing contract library staff maintained in all provinces; and
- 35 new staff appointed at public libraries to support the shifting of the function to provinces.

5. COMMITTEE OBSERVATIONS AND RECOMMENDATIONS

Having considered and examined the Departmental 2025 – 2030 Strategic Plan and 2025/26 Annual Performance Plan with associated budgets, the Committee made the following observations and recommendations detailed below. Unless otherwise indicated, the Committee requests that the Minister of Sport, Arts and Culture considers the following recommendations and reports back to it by no later than 30 September 2025.

5.1. Annual Performance Plan 2025/26

Observation: The Committee expressed concern that the number of performance indicators have been reduced from 45 in the 2024/25 financial year to 25 performance indicators in 2025/26. While the Department provided the rationale for the reduction in targets, the Committee is still of the view that the 2025/26 APP should be revised to better facilitate the tracking of the Department's initiatives

[24] Division of Revenue Bill [B 15─2025], pp. 194-196.

and interventions. One particular performance indicator highlighted is that linked to monitoring the constitution of boards within Programme 1: Administration.

Recommendation: The Department to revise the 2025/26 APP to reflect how it plans to implement its programmes, projects and initiatives.

5.2. Report of the Auditor-General of South Africa: Compliance management

Observation: The Auditor-General of South Africa (AGSA) has highlighted internal audit report on the follow-up on the audit of oversight on public entities identified significant findings in relation to the lack of support by the Department to the entities reporting to it. This has potential implications for the implementation of the funds transferred to the entities.

Recommendation: The Department should provide the Committee with its plan to improve oversight and monitoring of public entities. The Committee further requests that the Department provide a report on the implementation of the post-audit action plan.

5.3. Report of the Auditor-General of South Africa: Consequence management, prolonged investigations

Observation: The Committee echoes the AGSA's concerns in relation to consequence management and prolonged investigations. The latter hinders the potential recovery of resources, where applicable.

Recommendation: The Department should ensure that all ongoing investigations are concluded, finalised and reported on as a matter of urgency.

5.4. Human Resources: Vacancies

Observation: The Committee notes that the Department has been led by an Acting Director-General for more than two years, since September 2022. Additionally, the Committee expresses concern that several top management officials have been deployed to act at various entities. The Committee is of the opinion that the Department has been acting in contravention of the Public Service Act (Act No.103 of 1994).

The Committee reiterates its concerns regarding the number of vacancies in the Department, driving the need for staff to act in key positions. The Department has provided a report on the status of filling these vacancies, but the Committee notes that the prolonged vacancies may hamper service delivery. Additionally, the Committee expresses concerns that some entities are plagued by the same challenges where key strategic positions have gone unfilled for prolonged periods.

Recommendation: The Department should provide quarterly reports on the filling of vacancies for key positions within the Department and the entities reporting to it. This should form part of the Department's report on quarterly performance. The Committee further requests that the Department promptly send official communication when it affects changes in leadership at the public entities reporting to it. In addition, the Department should submit a comprehensive report on its plan to fill all vacancies.

5.5. Human Resources: Ministry

Observation: The Committee notes the lack of transparency in relation to staffing costs and personnel structure within the Ministry. The increased budget allocation to sub-programme: Ministry within Programme 1: Administration necessitates the better understanding of the composition of employees within the offices of the Minister and Deputy Minister.

Recommendation: The Department should provide the Committee with a breakdown of staffing costs within the Ministry as well as an indication of the number of permanent and contract positions. This list should reflect the positions held by the staff in the offices of both the Minister and Deputy Minister, including their qualifications, skills, salary notches, and benefits.

5.6. National Sporting Federations: Funding model

Observation: The Committee highlights the need for deeper understanding of the funding model used in the determination of transferring allocations to national federations.

Recommendation: The Department should submit its funding model to the Committee.

5.7. Sporting Federations: Delayed transfers

Observation: The Committee expresses concerns about the delayed transfer of allocations to some federations. These delays impact on the functioning and performance of the affected federations and a direct impact on the intended purposes of these funds. Further, the delays affect all stakeholders in the value chain and ultimately affecting the creation of job opportunities and employment.

Recommendation: Where federations are complaint, the Department should ensure that allocations are timeously transferred to entities. The Department should also exercise oversight on these transferred funds and provide the Committee with assurance that the funds are used for their intended purposes and that there is value for money.

5.8. Mzansi Golden Economy Strategy: Artists in Schools programme

Observation: The effectiveness of the Artists in Schools programme has been hindered by inadequate budgeting and potential gaps which may impact the equity and fairness of the MGE Strategy. The programme speaks directly to the mandate of the Department which seeks to develop arts and culture programmes in schools, particularly in marginalised areas. During an oversight visit to the North West Province in February 2025, the Committee was informed that this programme will no longer be funded. Despite this programme finding expression in the Memorandum of Understanding between the Department of Sport, Arts and Culture and the Department of Basic Education, signed in September 2024, and it being listed as departmental initiative targeting youth in the 2025/26 APP, the Department has made no financial allocation towards this programme over the medium term. The programme has been abruptly halted. The approximate budget allocation for this programme in 2024/25 was R20 million.

Recommendation: The Committee requests that the decision to halt the Artists in Schools programme be reviewed and that an appropriate budget allocation is set aside for the implementation thereof. Based on the MoU with the DBE, the

Committee further recommends that the programme should be extended to all public schools, and the Department should increase the budget allocated to the programme. The Committee therefore recommends as per observation/recommendation 5.16, that the R20 million reprioritised for the VAR project should be utilised towards the implementation of the Artists in Schools programme.

5.9. Mzansi Golden Economy Strategy: Appeals process

Observation: The Committee expresses concern that while the Department's Arts, Culture, Promotion and Development Funding and Transfers policy outlines the composition of the MGE appeals committee. However, due to budgetary constraints, the appeals committee has been unable to convene from 2019/20 to 2024/25.

Recommendation: Going forward, the Department should ensure that the MGE appeals committee is sufficiently budgeted for and constituted to facilitate the MGE appeals process.

5.10. Revised White Paper on Arts, Culture and Heritage: Governance of entities

Observation: The Committee notes that during the 6th Administration and based on the advice of National Treasury, the Department was to implement a shared services model to make funding available for service delivery within entities. Additionally, the Revised White Paper on Arts, Culture and Heritage recommended the rationalisation of governance structures of public entities reporting to the Department in an attempt to reduce the burden of governance. In the 7th Administration the Department cancelled the after a feasibility study on the amalgamation was procured in the previous administration at a cost of R3.1 million. The Department thus continues to appoint boards or councils to entities reporting to it. The Committee will explore a meeting with National Treasury to make a determination about the viability of the amalgamation project.

Recommendation: The Department should consider exploring ways to reduce the burden of governance as this negatively affects funding available for service delivery within the entities. The Committee requests that the Department provides a report on the reasons for cancelling the amalgamation project. A detailed report on the reasons for the cancellation will provide valuable insights into the Department's decision-making process.

5.11. Governance of entities Dissolution of the board of the South African Institute for Drug-Free Sport

The Committee expressed serious concerns around the dissolution of the board of the South African Institute for Drug-Free Sport (SAIDS) and notes that the Minster has proceeded with the calls for nominations to reconstitute the board without affording the Committee the opportunity to fully assess the reasons for the dissolution.

Recommendation: The Minister and the Department should halt the process of reconstituting the SAIDS board until the Committee can schedule a meeting to consider the motives for dissolving the board.

5.12. Empowering and promoting the inclusion of marginalised groups: Persons with Disabilities

Observation: While the 2025/26 APP outlines initiatives that target marginalised groups, the Committee expresses concern that performance indicators do not adequately detail how this will be achieved.

Recommendation: The Department should consider revising the 2025/26 APP to include quantifiable performance indicators that seek to address the inclusion of marginalised groups.

5.13. Empowering and promoting the inclusion of marginalised groups: Gender Responsive Budgeting

Observation: The Committee notes with appreciation that the Department has been selected as a pilot national department to reflect Government's commitment to advance gender equality. However, the budgetary allocations towards identified initiatives remain relatively unchanged over the MTEF.

Recommendation: The Committee requests that the Department, in its forward planning, ensure that the budget allocation towards the identified initiatives are increased and that Gender Responsive Budgeting does not merely become a matter of compliance.

5.14. Implementation of the National Policy on the Repatriation and Restitution of Human Remains and Heritage Objects

Observation: The Committee welcomes the implementation of this project of national significance. As a vehicle for restorative justice and transformation, the Committee take cognisance of the far-reaching implications of the successful implementation of this key national policy which is also a new performance indicator in the 2025/26 APP.

Recommendation: The Department should ensure that any challenges that may arise relating to the implementation of this national policy are dealt with swiftly and further requests that any reports emanating from this project are shared with the Committee as soon as these become available. This recommendation stands for the duration of the implementation of this project.

5.15. Flagship national sport and recreation events: The Big Walk

Observation: The Committee expresses concern about the R20 million budget allocation for the Big Walk. The Department has submitted a written response to indicate that this allocation has been reprioritised for the Video Assistant Refereeing (VAR), as such this allocation no longer forms part of the 2025/26 budget. Provinces will be undertaking the Big Walks as part of their #IChoose2BeActive Programmes funded through their Conditional Grant Allocations based on the 2025/26 Conditional Grant Framework.

Recommendation: The Committee notes that the 2025/26 ENE states that the Big Walk is one of five national sport and recreation events planned per year over the MTEF. If the Big Walk will form part of the 2026/27 budget, the Committee recommends that the budget for this event be curtailed. The Department should solicit external funding to implement the Big Walk, should it be planned over the medium term. The Committee further recommends that the Department reprioritises the budget of R20 million set aside for the VAR project to fund the Artists in Schools Programme.

5.16. Video Assistant Refereeing (VAR)

Observation: The Committee notes that the Department has a constrained budget. In a Committee meeting, the Department confirmed that the VAR project did not form part of its 2024/25 APP, however the Department continued to proceed with the project. Following on from this, South African Football Association (SAFA) initiated the process to call for bids to tender for the supply of VAR equipment, preparation of VAR training programmes, and training of video and match officials with a closing date of 21 April 2025. The Committee has since been informed that this process is in its final stages.

The Committee further notes with concern that the Department plans to implement the Video Assistant Refereeing (VAR) through the SAFA at a projected cost of R80 million. The Committee is aware that the Fédération Internationale de Football Association (FIFA) has funded VAR technology in other countries, like Mauritania and China.

Recommendation: The Department should conduct further research into how VAR technology can be implemented without the project being wholly funded through its already constrained budget allocation. For example, with the support of the FIFA’s Forward Development Programme, the Super D1 league in Mauritania, as well as the Hong Kong Football Association (HKFA) in China, have both implemented VAR technology within the last two years. The Committee recommends that the Department, through SAFA, should explore this option.

Additionally, the Committee recommends that SAFA should apply to FIFA for funding to maintain the VAR technology, should the project be implemented.

5.17. Project 350: Holistic development of athletes

Observation: The Committee is apprehensive about promising athletes who may potentially not be developed holistically. This concern is raised particularly regarding impoverished minors who may not have access to adequate nutrition, equipment and facilities.

Recommendation: The Department should consider working with the Department Basic Education to ensure that minor athletes who show potential are developed holistically. Additionally, the Department needs to outline to the Committee how its budget addresses grassroots sports development to realise Project 350.

6. CONCLUSION

The Portfolio Committee on Sport, Arts and Culture acknowledges the significance of its constitutional mandate of exercising oversight over the executive. This will ensure that in its implementation of the prevailing Strategic Plan, Annual Performance Plan, and budget allocation, the Department of Sport, Arts and Culture’s outputs are successfully attained with maximum impact. The Committee wishes to express its concern that the certain targets contained within the 2025/26 Annual Performance Plan do not speak to the budget allocations and recommends that the Department revisits it planning and budgeting. The Committee will continue to engage in meaningful oversight during the 7th Parliament.

Having engaged with the Department on the Annual Performance Plan and the Budget, the Portfolio Committee recommends that the House approves Budget Vote 37.

Report to be considered.

ABBREVIATIONS AND ACRONYMS	
ACH	Arts, Culture and Heritage
AGSA	Auditor-General of South Africa
APP	Annual Performance Plan
CCI	Cultural and Creative Industries
DBE	Department of Basic Education
DoRA	Division of Revenue Act
DPWI	Department of Public Works and Infrastructure
DSAC	Department of Sport, Arts and Culture
ENE	Estimates of National Expenditure
ERRP	Economic Reconstruction and Recovery Programme
FIFA	Fédération Internationale de Football Association
GBVF	Gender-Based Violence and Femicide
GNU	Government of National Unity
GRB	Gender Responsive Budgeting
HKFA	Hong Kong Football Association
MGE	Mzansi Golden Economy
MIG	Municipal Infrastructure Grant
MoU	Memorandum of Understanding
MTDP	Medium Term Development Plan
MTEF	Medium Term Expenditure Framework
NA	National Assembly
NAC	National Arts Council
NDP	National Development Plan: Vision 2030
NFVF	National Film and Video Foundation
NFVF	National Film and Video Foundation
NHC	National Heritage Council
NSRP	National Sport and Recreation Plan
PanSALB	Pan South African Language Board
PBO	Parliamentary Budget Office
PESP	Presidential Employment Stimulus Programme
PFMA	Public Finance Management Act
RWPACH	Revised White Paper on Arts, Culture and Heritage
SACO	South African Cultural Observatory
SAFA	South African Football Association
SAHRA	South African Heritage Resources Agency
SAIDS	South African Institute for Drug-Free Sport
SONA	State of the Nation Address
VAR	Video Assistant Referee
WPSR	White Paper on Sport and Recreation

PARLIAMENT
OF THE REPUBLIC OF SOUTH AFRICA

COMMITTEES
PO Box 15 Cape Town 8000 Republic of South Africa
Tel: 27 (21) 403 2597 Fax: 27 (21) 403 3205
www.parliament.gov.za

REPORT OF THE PORTFOLIO COMMITTEE ON AGRICULTURE ON THE 2025/26 ANNUAL PERFORMANCE PLANS AND THE BUDGET OF THE DEPARMENT OF AGRICULTURE AND ITS ENTITIES: VOTE 29, DATED 04 JULY 2025.

The Portfolio Committee on Agriculture (hereinafter referred to as the Committee) examined Vote 29: Agriculture 2025/26 budget and budget projections for the Medium-Term Expenditure Framework (MTEF) period ending in the 2027/28 financial year. The process entailed scrutiny of the 2025/26 Annual Performance Plan (APP) and Budget of the Department of Agriculture (hereinafter referred to as the Department) and summary of the relevant National Public Entities during briefings held on 22 April and 01 July 2025. The Committee reports as follows:

1. Introduction

This report accounts for the process embarked upon by the Portfolio Committee on Agriculture to consider Vote 29: Agriculture as tabled by the Minister of Finance, and the Strategic and Annual Performance Plans (APPs) of the Department of Agriculture (hereinafter referred to as the Department) and relevant public entities. The Committee process followed the tabling of Strategic Plans, APPs and budget allocations by the Department and its national public entities in Parliament as required in terms of the Public Finance Management Act (PFMA), 1999 (Act No. 1 of 1999). The APPs outline the annual plans in line with the five-year Strategic Plans and the allocated budget as per the Estimates of National Expenditure (ENE) tabled by the Minister of Finance. The planning documents were first tabled in April 2025 and the revised plans on 18 June 2025. The plans were presented at briefing sessions held on 22 April and 01 July 2025 as indicated in Table 1 below.

Table 1: Briefing Sessions by the Auditor-General, Department and its Public Entities

Department and Public Entities	Date of briefing
Auditor-General of South Africa	22 April 2025
Department of Agriculture, Land Reform and Rural Development	22 April 2025

	01 July 2025 (Revised Plans)
Onderstepoort Biological Products	22 April 2025
National Agricultural Marketing Council	22 April 2025 01 July 2025 (Revised Plans)
Perishable Products Export Control Board	22 April 2025
Agricultural Research Council	01 July 2025
South African Veterinary Council	01 July 2025

2. Overview of the Strategic Focus of the Department of Agriculture, the 2025/26 Annual Performance Plan and Budget Allocation

2.1 The Department of Agriculture and its Core Functions

The core mandate of the Department of Agriculture is derived from Section 27 (1)(b) and 24(b)(iii) of the Constitution of the Republic of South Africa. The Department is responsible for no less than 29 pieces of legislation that inform its operations. Its purpose is to lead, support and promote the management of agricultural resources through policies, strategies and programmes to enhance sustainable use and achievement of economic growth, job creation, food security, rural development and transformation.

The strategic focus of the Department in the current five-year strategic framework period is food security, increased production, expanded market access and agricultural transformation. Its five-year Strategic Plan aligns with the following Medium-Term Development Plan (MTDP) strategic priorities:

- **Strategic Priority 1:** Driving inclusive growth and job creation.
- **Strategic Priority 2:** Reducing poverty and tackling the high cost of living.
- **Strategic Priority 3:** Building a capable, ethical and developmental state.

Based on the strategic focus and to achieve the desired impact, i.e. *improved food security and market access through a sustained and responsive agricultural sector*, the Department developed the following Outcomes for the current five-year period that are aligned to the MTDP priorities as shown in Table 2 below.

Table 2: Alignment of Department Outcomes and the 2024-2029 MTDP Strategic Priorities

Department Outcome	MTDP Strategic Priority (SP)
1. Improved governance and modernised service delivery.	SP3: Capable, ethical and developmental state.
2. Increased production in the agricultural sector.	SP1: Inclusive growth and job creation.
3. Improved Food and Nutrition Security.	SP2: Reduce poverty and tackle the high cost of living.
4. Increased production share of Black producers in overall production to stimulate meaningful transformation.	SP1: Inclusive growth and job creation.
5. Increased market access.	SP1: Inclusive growth and job creation.
6. Strengthened biosecurity and effective disaster risk reduction.	SP1: Inclusive growth and job creation.

2.1.1 Sectoral Strategic Priorities for the Medium-Term Development Plan (2024-2029) Period

To achieve the MTDP strategic priorities, the agricultural sector has identified ***seven strategic priorities*** for the five-year period, namely:

1) Strengthening Partnerships for Growth.
2) Modernising Legislation and Reducing Red Tape.
3) Expanding Market Access and Trade Opportunities.
4) Supporting Farmers with Resources and Infrastructure.
5) Strengthening Biosecurity and Disease Prevention.
6) Advocacy for Rural Development and Agricultural Growth.
7) Strengthening Food Security and Reducing Food Waste.

2.1.2 Interventions for the Achievement of the Five-year Sectoral Strategic Priorities

The following reflects the interventions that will be implemented for the agricultural sector to achieve the strategic priorities as listed in 2.1.1 above:

- Avail state land to smallholder producers for production to realise the Agriculture and Agroprocessing Master Plan (AAMP) targets and land ownership security in a safe environment.

- Infrastructure improvement for the commercialisation of smallholder producers with potential and those who have bought their farms, and access to funds and provision of production inputs.
- Total overhaul of the Marketing of Agricultural Produce Act, 1996 (Act No. 47 of 1996) to effectively support the development of smallholder producers.
- Establishment and effective participation of smallholder producers in agricultural commodity organisations in the Just Energy Transition.
- The advancement of urban and rural community agriculture to realise food sovereignty, including the building of fresh produce market infrastructure in previously disadvantaged communities.
- Review of statutory levies and trusts to create a once-off transformation levy.
- Support with planning and commodities to those institutions representing smallholder producers and access to value chain integration.
- Access to best production technology by harmonising the SA new breeding technology regulation with the rest of the world.
- Facilitate smallholder producers' access to formal markets, both locally and internationally, while promoting value-added opportunities and solving the logistical challenges plaguing the sector.
- Opening markets such as hospitals, schools and correctional services.
- Establishment of abattoirs and access to abattoirs for smallholder producers.
- Establishment of a goat value chain, starting with production input at primary level and processing.
- Effective government service delivery in regulatory implementation, licencing and other administrative application processing, etc.
- Varieties that were submitted for approval must be granted permission for commercialisation in the following season.

2.2 Presentation by the Auditor-General of South Africa on the 2025/26 Annual Performance Plans for the Agriculture Portfolio

The Auditor-General of South Africa (AGSA) presented an assessment of the Annual Performance Plans (APPs) to provide an early warning regarding the usefulness of the set indictors and targets; and focused on whether targets and indicators are SMART (specific, measurable, achievable, relevant and time bound), as per the Framework for Managing Programme Performance Information (FMPPI) and the Revised Framework for Strategic Plans and Annual Performance Plans (R-FSAPP) requirements. AGSA highlighted findings, root causes and made recommendations for the APPs of the Department of Agriculture, Agricultural Research Council (ARC), National Agricultural Marketing Council (NAMC) and the Onderstepoort Biological Products (OBP).

The findings by AGSA across the portfolio were largely in respect of usefulness of performance information, ambiguous means of verification and indicators that do not meet the SMART principle. AGSA highlighted that these findings undermine the usefulness of the performance indicators for monitoring progress and evaluating performance. For the Department, there were also a misalignment between the Strategic Plan and the APP; and some targets outlined in the MTDP were not reflected in the APP. These include among others, number of self-employment opportunities created through support to subsistence farmers, growth in value of agricultural exports to target countries (measured within identified key sub-sectors) and establishment of a Biosecurity Council made up of government, academics, practitioners, scientists, international agencies to advise on measures to improve biosecurity. The Auditor-General made the following recommendations:

Minister of Agriculture (Executive Authority)

- Provides strategic oversight to ensure that the planning process reflects the priorities of the national development agenda.
- Support efforts to enhance indicator formulation and alignment with sectoral goals by advocating for capacity building within the Department on results-based planning and performance measurement.
- Ensure that the Annual Performance Plans serve as a credible basis for accountability and service delivery, especially in relation to public value, animal health, and agricultural productivity.
- Encourage interdepartmental coordination where necessary (e.g., with Treasury and the Department of Planning, Monitoring and Evaluation (DPME)) to strengthen performance planning and integration across programmes.

The Accounting Officers (Director-General and Entities' Chief Executive Officers)

- Ensuring all performance indicators are clearly defined, specific, and measurable, with unambiguous terminology and clear links to strategic outcomes.
- Confirming that data sources and means of verification are properly identified and differentiated, ensuring alignment with performance standards.
- Strengthening internal processes for quality assurance, validation and approval of performance indicators before submission to DPME and other structures.

On the resolution of the Committee, the Department subsequently met with AGSA and DPME to discuss the areas of concern and to accordingly revise its Plans for re-submission to Parliament. The Department and the relevant entities tabled the revised Plans in Parliament on 18 June 2025, and these were presented to the Committee on 01 July 2025.

2.3 Overview of the 2025/26 Budget Allocation and the Medium-Term Expenditure Framework Estimates of the Department

The Department of Agriculture has been appropriated R7.6 billion for the 2025/26 financial year, which is a reduction from the previous financial year's R7.9 billion (see Table 2). Over the medium-term expenditure framework (MTEF) period, the Department's budget is expected to increase at an average annual rate of 1.2 per cent from R7.9 billion in 2024/25 to R8.2 billion in 2027/28. During this period, average growth will be realised across all programmes except Programme 3: Food Security and Support, which will see a 3.7 per cent average decline from R3.9 billion in 2024/25 to R3.5 billion in 2027/28. Despite the decline, Programme 3 accounts for approximately 45 per cent of the Department's total budget for the MTEF period.

Table 3: Medium-Term Expenditure Framework including 2024/25 Adjusted Appropriation

Programme	**Adjusted Appropriation**	**Medium Term Expenditure Estimates**		
R million	**2024/25**	**2025/26**	**2026/27**	**2027/28**
1. Administration	897.4	973.9	1 016.0	1 061.9
2. Agricultural Production, Biosecurity and Natural Resources	2 284.9	2 482.6	2 549.7	2 665.1
3. Food Security and Support	3 945.0	3 270.0	3 357.8	3 518.4
4. Economic Development, Trade and Marketing	788.4	883.1	925.4	967.3
Total	**7 915.7**	**7 609.6**	**7 848.9**	**8 212.7**

Source: National Treasury – Estimates of National Expenditure (ENE) 2025

As Agriculture is a concurrent function, approximately R4.4 billion (58 per cent) of the total appropriation during the 2025/26 financial year will go to transfers and subsidies, which constitute conditional grants to provinces and households, transfers to some of the Department entities and other agencies as well as payment of fees to foreign governments and international organisations. Conditional grants account for 56 per cent of total transfers and subsidies and 32 per cent of the total Vote appropriation. However, the Department's APP does not have specific targets for the utilisation of each grant by different provinces.

Compensation of employees (CoE) accounts for an estimated 20.8 per cent (R5 billion) of the Department's medium-term budget, increasing at an average annual rate of 4.1 per cent during the medium-term period, from R1.5 billion in 2024/25 to R1.7 billion in 2027/28. For the 2025/26 financial year, approximately R1.6 billion will go to CoE, accounting for 21 per cent of the annual budget.

2.4 Overview of the 2025/26 Budget Allocations and Programme Performance Plans

2.4.1 Programme 1: Administration

The purpose of the Administration Programme is to provide strategic leadership, management and support services to the Department through the following sub-programmes:

- *Ministry* – manages and renders a support service to the Executive Authority.
- *Department Management* – manages and provides strategic direction to the Department.
- *Internal Audit* – evaluates the adequacy and effectiveness of internal controls, governance, and risk management of all business processes through specialised internal audit services.
- *Financial Management Services* – provides the Department with sound financial management.
- *Corporate Support Services* – provides corporate support services.
- *Office Accommodation* – provides office accommodation.

The Administration Programme has been appropriated R973.9 million for the 2025/26 financial year, a slight increase from the prior year's adjusted appropriation of R897.4 million (see Table 4 below).

Table 4: Programme 1 Medium-Term Expenditure Framework including 2024/25 Adjusted Appropriation

Sub-programme	**Adjusted Appropriation**	**Medium Term Expenditure Estimates**		
R thousand	**2024/25**	**2025/26**	**2026/27**	**2027/28**
Ministry	12 727	29 856	30 890	32 287
Department Management	56 816	63 477	65 977	68 968
Internal Audit	21 678	25 299	26 262	27 452
Financial Management	104 016	110 380	114 777	119 983
Corporate Services	346 166	352 871	367 728	384 694
Office Accommodation	355 995	392 045	410 372	428 516
Total	**897 398**	**973 928**	**1 016 006**	**1 061 900**

Source: Department of Agriculture (2025)

The Administration budget accounts for 12.8 per cent of the total Vote appropriation for the 2025/26 financial year. The Programme's budget will increase at an average growth rate of 5.8 per cent during the MTEF period ending in 2027/28. The Ministry sub-programme will see a more than two-fold increase in its annual budget from R12.7 million in 2024/25 to approximately R30 million in 2025/26. For the 3-year medium term, the sub-programme will realise the largest average budgetary growth rate of 36.4 per cent in the Administration Programme, from R12.7 million in 2024/25 to R32 million in 2027/28 (Table 4). For the financial year under review (2025/26), approximately 40 per cent (R392 million) of the Administration's budget will go to the Office Accommodation sub-programme, followed by Corporate Services sub-programme, which accounts for 36 per cent of the Programme's annual budget. The Department's Internal Audit sub-programme will receive the smallest budget of R25 million (2.5 per cent of the Programme total) during the 2025/26 financial year.

In terms of economic classification for the financial year under review, approximately 99 per cent (R962.9 million) of the total Administration Programme's budget will be for current payments in the form of goods and services (R616.6 million, which is 63 per cent of total Programme budget) and compensation of employees (R346.3 million, which is 36 per cent of the total Programme budget). The rest is for payment for capital assets and transfers and subsidies.

The Department has 4 planned annual targets for the 2025/26 financial year under the Administration Programme, namely:

- Unqualified audit opinion on the 2024/25 annual financial statements of the former Department of Agriculture, Land Reform and Rural Development (DALRRD).
- 100% of valid invoices paid within 30 days.
- Fit-for-purpose structure signed by the Director-General.
- 4% increase in the digitalisation of departmental systems.

2.4.2 Programme 2: Agricultural Production, Biosecurity and Natural Resources Management

The purpose of Programme 2 is to oversee livestock production, game farming, animal and plant health, natural resources and disaster management. The Programme carries out its mandate through the following sub-programmes:

- *Inspection and Quarantine Services* – enforces and ensures compliance with agricultural production, biosecurity, biosafety and food safety laws in South Africa.
- *Plant Production and Health* – develops policy, norms and standards, regulates and promotes plant production and plant health.
- *Animal Production and Health* – provides policies, norms and standards to bio-secure, regulate and promote livestock production, animal production and game farming while ensuring their health and safety of their products.
- *Natural Resources and Disaster Management* – facilitates the development of infrastructure and the sustainable use of natural resources; and integrates, coordinates and implements disaster management policies and frameworks, with special emphasis on the mitigation of disasters in rural and agricultural areas.
- *Biosecurity* – provides for measures taken towards the effective and efficient management of biosecurity threats relating to the agricultural sector.
- *Agricultural Research Council (ARC)* – manages transfers to the ARC.

While the *Onderstepoort Biological Products (OBP)* and the *Perishable Products Export Control Board (PPECB)* do not receive budgetary allocations from the Departmental Vote, the two entities have been included under Programme 2 in the Annual Performance Plan (APP) as their mandates fall within Programme 2; and on occasion, maybe commissioned to perform certain functions on behalf of the Department.

Programme 2 received R2.5 billion for the 2025/26 financial year, a slight increase from the adjusted appropriation of R2.3 billion received in 2024/25 (Table 5). For the financial year under review, Programme 2's budget allocation accounts for 33 per cent of the Department's total Vote and is the second largest allocation after Programme 3 (Food Security and Support).

Table 5: Programme 2 Medium-Term Expenditure Framework including 2024/25 Adjusted Appropriation

Sub-programme	**Adjusted Appropriation**	**Medium Term Expenditure Estimates**		
R thousand	**2024/25**	**2025/26**	**2026/27**	**2027/28**
Inspection and Quarantine Services	398 839	357 452	370 712	387 858
Plant Production and Health	174 893	171 228	181 170	189 300
Animal Production and Health	326 691	356 166	370 187	387 015
Natural Resources and Disaster Management	296 476	351 004	365 575	381 982
Biosecurity	6 774	9 843	10 088	10 410
Agricultural Research Council	1 081 184	1 236 922	1 251 959	1 308 573
Onderstepoort Biological Products	1	1	1	1
Total	**2 284 858**	**2 482 616**	**2 549 692**	**2 665 139**

Source: Department of Agriculture (2025)

Approximately 50 per cent of the total budget for Programme 2 (R1.2 billion) is the Parliamentary Grant transfer to the Agricultural Research Council (ARC) while the rest is allocated to the five sub-programmes through which the Programme's functions are implemented. Programme 2 will realise a 5 per cent average budgetary growth during the medium term from R2.2 billion in 2024/25 to R2.6 billion in 2027/28. A significant average budgetary growth rate of 15.4 per cent during the MTEF period will be in the Biosecurity sub-programme, which accounts for only 0.4 per cent of the total budget for Programme 2. The LandCare conditional grant will receive R94.3 million through this Programme during 2025/26, which is an increase from the prior year's R90 million.

The planned annual performance targets under Programme 2 for the 2025/26 financial year are:

- Establishment of 6 hemp demonstration sites (a decrease from the prior year's 9 sites).
- Draft Greenhouse Gas (GHG) Emission Reduction Plan for agriculture developed.
- Approved research report on promotion of efficient irrigation technologies to smallholder producers.
- Approved research report on sustainable land management practices (i.e. Conservation Agriculture (CA) and Agroforestry) promoted.

- 2 regulatory frameworks approved i.e. for the Preservation and Development of Agricultural Land Act (PDALA) and the Conservation of Agricultural Resources Act (CARA).
- 10 neglected and underutilised species (NUS) promoted, namely, sweet sorghum, grain sorghum, pearl millet, finger millet, bambara, cowpea, mungbean, okra, taro and cassava.
- Approved research report on genomic identification on reproduction in non-descript smallholders.
- National Biosecurity Hub approved.
- 3 plant pest risk surveillances conducted i.e. Exotic fruit fly, Citrus greening survey and Banana bunchy top virus (BBTV).
- 3 animal disease risk surveillances conducted i.e. Foot-and-mouth Disease (FMD), Peste des Petits Ruminants (PPR) and Contagious Bovine Pleuropneumonia (CBPP).

2.4.3 Programme 3: Food Security and Support

The Food Security and Support Programme's purpose is to facilitate and promote food security and agrarian reform programmes and initiatives through the following 3 sub-programmes:

- *Farmer Support* – provides national frameworks to promote sustainable household food security.
- *National Extension Support Services* – provides national extension support services.
- *Sector Capacity Development* – facilitates the provision of agriculture education and training in support of sustainable growth and equitable participation in the sector.

Table 6: Programme 3 Medium-Term Expenditure Framework including 2024/25 Adjusted Appropriation

Sub-programme	**Adjusted Appropriation**	**Medium Term Expenditure Estimates**		
R thousand	**2024/25**	**2025/26**	**2026/27**	**2027/28**
Farmer Support	3 323 828	2 526 587	2 585 235	2 715 452
National Extension Support Services	353 998	477 287	493 955	511 822
Sector Capacity Development	267 141	266 164	278 593	291 131
Total	**3 944 967**	**3 270 038**	**3 357 783**	**3 518 405**

Source: Department of Agriculture (2025)

The Food Security and Support Programme was appropriated approximately R3.3 billion for the 2025/26 financial year, which is a decrease from the previous financial year's R3.9 billion (Table 6). Despite the decline, the Programme receives the largest allocation from the Vote and accounts for 43 per cent of the Department's total appropriation for the 2025/26 financial year. For the MTEF period, Food Security and Support Programme will realise an average budgetary reduction of 3.7 per cent, which is driven by the 6.5 per cent decline in the Farmer Support sub-programme from R3.3 billion in 2024/25 to R2.7 billion in 2027/28. Despite the budgetary reduction in the medium term, the Farmer Support sub-programme accounts for 79 per cent of Programme 3's budget and 33 per cent of the Departmental Vote. The National Extension Support and Sector Capacity Development sub-programmes respectively account for 13 per cent and 7.8 per cent of Programme 3's total budget.

During the 2025/26 financial year, R2.9 billion (88 per cent) of the Food Security and Support Programme will go to transfers and subsidies, which mainly comprise of the conditional grants, namely, Comprehensive Agricultural Support Programme (CASP) and Ilima/Letsema as well as transfers to the Land Bank for the Blended Finance Scheme (BFS). Considering that 88 per cent of Programme 3's total budget (and 38 per cent of the total departmental Vote) is transferred to provinces and the Land Bank, there are no specific monitoring and evaluation (M&E) targets including an accountability framework to ensure efficient utilisation of the transferred funds.

For the 2025/26 financial year, the R2.9 billion worth of transfers and subsidies comprise of approximately R1.7 billion for CASP; R677.4 million for Ilima/Letsema and R546.3 million to the Land Bank for the BFS. The two conditional grants (CASP and Ilima/Letsema) constitute 73 per cent of the total budget for Programme 3, but, the Department's APP does not have measurable annual targets for provinces on the use of the grants. This also applies to the LandCare grant whose funds are transferred through Programme 2. The reason that has been cited for lack of annual targets for the utilisation of grants is that provinces have not yet tabled their APPs.

The R1.7 billion worth of transfers for CASP (52 per cent of Programme 3's total budget) comprised of R1.1 billion for infrastructure, R439.7 million for Extension Recovery Planning and R103.8 million for upgrading of Agricultural Colleges. Despite infrastructure support and improvement being highlighted as one of the strategic priorities and highlighted as an intervention area for the five-year term, the CASP transfers for infrastructure will decline on average, by 2.7 per cent during the medium term.

The transfers to the Land Bank for the BFS will realise a significant average growth rate of 16 per cent during the MTEF period, from R375 million in 2024/25 to R585 million in 2027/28. This is despite challenges that have been reported by the Department regarding reporting and full accountability by the Land Bank in respect of BFS funds that have been transferred by the Department. Additionally, the Department does not have a Monitoring and Evaluation Framework that effectively assesses the utilisation of the funds and implementation of BFS.

The Committee oversight visit to some of the BFS supported farms in North West Province highlighted serious challenges and lack of accountability with the implementation of the BFS, from both the Department and the Land Bank. For BFS funds transferred to the Land Bank, the Department relies on quarterly performance reports, which it struggled to receive for the 2024/25 financial year. While there is a challenge of accountability for the BFS funds transferred to the Land Bank including the R375 million the Bank received for BFS in 2024/25, the Committee questioned the justification for the continued transfer of funds to the Land Bank in the medium term.

The Department's planned annual targets for 2025/26 under Programme 3 are:

- The approval of the 2024-2029 National Food and Nutrition Security Plan (NFNSP) by the Minister.
- National Food and Nutrition Security Council adopted and functional.
- 100 producers supported through the Blended Finance Scheme (BFS).
- 800 new students enrolled at Agricultural Colleges.

2.4.4 Programme 4: Economic Development, Trade and Marketing

The Economic Development, Trade and Marketing Programme is responsible for promoting economic development, trade and market access for agricultural products and fosters international relations for the sector. The Programme undertakes its functions through the following sub-programmes:

- *International Relations and Trade* – promotes, coordinates, and supports international relations and trade through the development and implementation of appropriate policies and programmes.

- *Cooperatives Development* – facilitates and supports the implementation of programmes and initiatives to promote the participation of cooperatives in economic development.
- *Agroprocessing and Marketing* – ensures the transformation of primary product commodities into value-added products, and domestic and international market access.
- *National Agricultural Marketing Council (NAMC)* – manages transfers to the NAMC.

Table 7: Programme 4 Medium-Term Expenditure Framework including 2024/25 Adjusted Appropriation

Sub-programme	**Adjusted Appropriation**	**Medium Term Expenditure Estimates**		
R thousand	**2024/25**	**2025/26**	**2026/27**	**2027/28**
International Relations and Trade	169 200	144 840	151 180	158 028
Cooperatives Development	81 266	112 306	117 094	122 400
Agroprocessing and Marketing	492 167	578 109	607 081	634 556
National Agricultural Marketing Council	45 765	47 816	50 006	52 267
Total	**788 398**	**883 071**	**925 361**	**967 251**

Source: Department of Agriculture (2025)

The Programme was appropriated R883 million during the 2025/26 financial year and its budget will grow by 7 per cent on average during the MTEF period, from R788 million in 2024/25 to R967 million in 2027/28. Across sub-programmes, Cooperative Development will realise a significant budgetary growth of 15 per cent on average while the budget for International Relations and Trade will drop by 2 per cent during the MTEF period. Approximately 65 per cent of Programme 4's budget will go to the Agroprocessing and Marketing sub-programme during the 2025/26 financial year (see Table 7).

The transfer to the National Agricultural Marketing Council (NAMC) accounts for 6 per cent of the Programme's budget at R47.8 million during 2025/26. The Department also makes a transfer to the Land Bank for the AgriBEE Fund through Programme 4. For the 2025/26 financial year, the transfer to the Land Bank is R46.6 million (5 per cent of Programme 5's total budget), a R2 million increase from the prior year's R44.6 million. Similarly to the BFS under Programme 3, there is no M&E Framework for the AgriBEE Fund that is administered by the Land Bank; the focus is on disbursement of the funds without assessing the value that the Fund adds to transformation and whether it is targeting the right recipients.

In terms of economic classification, R300 million (35 per cent of Programme 5's budget) will go to compensation of employees (CoE) while R433 million (48 per cent of Programme budget) will be for goods and services. Of the R433 million for goods and services, R339 million (38 per cent of Programme 4 budget) will be for farming supplies. There was no explanation of what the farming supplies are for considering Programme 4 is not responsible for production activities but for promoting economic development, trade and market access for agricultural products and fostering international relations.

Despite a significant portion of the budget going to the Agroprocessing and Marketing sub-programme that is responsible for ensuring the transformation of primary product commodities into value-added products, and domestic and international market access, there is no planned target on agroprocessing. Furthermore, there is no target on the development of cooperatives to ensure their participation in economic development although the Cooperative Development sub-programme will realise an average budgetary growth of 15 per cent during the MTEF period. The current Plan does not have a target on Farmer Production Support Units (FPSUs)

The 2025/26 planned annual targets for Programme 4 are:

- Annual report on implementation of the AgriBEE Fund.
- 5 bilateral engagements in which agriculture participates.
- 6 multilateral engagements in which agriculture participates.
- 300 smallholder farmers capacitated in agricultural marketing.

3. Overview of the Strategic Focus of the Public Entities of the Department, their 2025/26 Annual Performance Plans and Budget Allocation

The Department oversees several national public entities. Table 8 below illustrates budget allocation for the entities receiving departmental transfers for the medium term.

Table 8. Budget Allocation to Entities for the MTEF Period 2024/25 – 2027/28

Entity *R'million*	**2024/25 Adjusted Appropriation**	**MTEF Period Estimates**		
		2025/26	**2026/27**	**2027/28**
1. Agricultural Research Council	1 081	1 236	1 252	1 308
2. Onderstepoort Biological Products	-	-	-	-
3. National Agricultural Marketing Council	45.7	47.8	50.0	52.3
4. Perishable Products Export Control Board	-	-	-	-
5. South African Veterinary Council	-	-	-	-

Source: Department of Agriculture – Annual Performance Plan 2025 - 2026

3.1 Agricultural Research Council

The Agricultural Research Council (ARC) was established in terms of Section 2 of the Agricultural Research Act, 1990 (Act No. 86 of 1990) and is listed under Schedule 3A (national public entity) of the Public Finance Management Act (PFMA), Act No.1 of 1999. The ARC is the principal agricultural research institution in the county that is mandated by the Act to conduct agricultural research and development, technology transfer to promote and support the agricultural community, and to facilitate and ensure conservation of natural resources. In addition, the ARC is responsible for the maintenance of national assets and is the custodian of the country's national collection of insects.

The ARC's activities for the 5-year term are informed by the NDP, strategic priorities as outlined in the MTDP, the Department of Science and Innovation Bio-economy Strategy 2013 -2030, the Agriculture and Agroprocessing Master Plan (AAMP), continental and international programmes in line with its Vision 2050. The entity redefined its previous Outcomes and adopted new Strategic Outcomes with specific indicators that inform its annual outputs and targets for the 5-year strategic period. The Strategic Outcomes are:

1. Research Excellence in Agricultural Science and Innovation.
2. Climate-resilient Agriculture and Ecosystems.
3. Food and Nutritional Security.
4. Biosafety and Biosecurity.
5. Agricultural Support and Capacity Development.
6. A High Performing, Sustainable and Financially Viable Organisation.

The ARC has signed a Service Level Agreement (SLA) with the Department of Agriculture, which aims to deliver high-impact scientific solutions to the challenges of the agricultural sector. Through the SLA, the ARC and the Department plan to establish an innovation hub with Centres of Excellence to centralise expertise, foster best practices, and lead in crucial agricultural research areas. The SLA is managed and overseen by a Steering Committee that comprises representatives from both the ARC and the Department. The ARC will also prioritise key institutional interventions including work on the Organisational Re-design following a 2022 Institutional Review. In the medium-term, the ARC will address capacity alignment through a phased approach including validation, gap analysis, structural integration and full implementation supported by change management and performance monitoring. Currently, at the Executive Management level, 3 out of the 7 positions are held by acting managers.

For the current financial year, 2025/26, the ARC has been appropriated a Parliamentary Grant (PG) of R1.2 billion (Tables 5 and 8) through the Department's Programme 2. The ARC's total revenue for the current financial year is R2.25 billion, which comprises of the PG, external revenue worth R1 billion and R77 million from other income. The budget for 2025/26 is R1.98 billion and 30 per cent of the budget will go towards activities for Outcome 5: Agricultural Support and Capacity Development. The ARC anticipates an operating surplus of R263 million for 2025/26, which is an increase from the previous year's R99 million. To augment the stagnant PG and to diversify its revenue base, the ARC will implement the Commercialisation Strategy that was adopted in 2023 focusing on property portfolio optimisation, training and capacity building, as well as sale of farm and processed products. Engagements on the establishment of a Commercialisation Entity are ongoing with relevant authorities including National Treasury.

3.2 Onderstepoort Biological Products

The Onderstepoort Biological Products (OBP) was established in terms of the Onderstepoort Biological Products Incorporation Act, 1999 (Act No.19 of 1999). It is listed under Schedule 3B of the PFMA, i.e. national Government business enterprise and is also a National Key Point. The OBP is a state-owned bio-technical company that prevents and controls animal diseases that affect food security, human health and livelihoods through continued development and the efficient manufacturing of innovative animal related pharmaceuticals (including vaccines) and related products.

The policy mandate of the OBP for the medium-term period is derived from the new Government strategic priorities including the following policy instruments, the NDP, MTDP, AAMP, the Department of Science and Innovation Bio-economy Strategy 2013 -2030 and the South African Veterinary Strategy 2016-2026. The OBP has redefined its programmes and will implement its Corporate and Annual Performance Plan through 5 Strategic Outcomes. The Strategic Outcomes are:

1. Sustainable Financial Growth.
2. Improved Product Availability.

3. Improved Customer Satisfaction.
4. Capable, Ethical and Developmental Organisation.
5. Improved Infrastructure and Facilities.

The Strategic Outcome on Improved Infrastructure and Facilities is a new programme/outcome that aims to enhance the OBP's physical assets such as buildings, production plants, laboratories and equipment. Through this Outcome, the OBP is expected to fast-track the finalisation of the GMP Project to ensure that it enhances its production capacity and efficiency while meeting international manufacturing standards.

The OBP does not get a Parliamentary Grant in the form of a financial transfer from the Department but funds all its operations from self-generated revenue, mostly from sale of vaccines. Challenges with aged equipment breakages and slow progress in the finalisation of the Good Manufacturing Practice (GMP) project means that the OBP continues to suffer revenue losses as it could not timeously produce some vaccines in the required amounts. The acquisition of the new freeze driers is expected to assist in addressing some of the production challenges.

The Committee learned that the Chief Executive Officer (CEO) of the OBP resigned at the end of March 2025 and the Minister appointed Dr Modumo, who is the Acting Marketing, Sales and Business Development Officer as the Acting CEO while an advertisement has been placed for a new CEO. The Minister also reported that he will be briefed by the Board on resignations and is still waiting for a response from the SIU on the OBP investigation and will update the Committee when the report becomes available.

The OBP's operational budget for the 2025/26 financial year is R269.4 million, which does not differ much from the previous financial year's R270.8 million. The OBP's focus is to ensure a steady supply of vaccines and sustainable revenue generation. A significant proportion of the OBP's budget will go towards two Programmes, namely, Improved Product Availability, which accounts for 30 per cent of the annual budget and Sustainable Financial Growth, which accounts for 26 per cent of the annual budget.

The OBP provided an update on the new freeze driers and the GMP Project. It reported that the installation of the GEA freeze drier will commence on 24 April 2025. The second freeze drier, the Telstar, was expected to arrive at OBP on 23 May 2025 and installation to commence on 02 June 2025. The first commercial batch for the GEA freeze drier is expected in January 2026 but for the smaller Telstar, which came in one piece and will therefore, be quicker to install, the first commercial batch can be expected in November 2025. Regarding the GMP Project, the OBP reported that specifications for the Specialist Advisor were finalised and the advertisement of the tender for the Specialist Advisor was planned for 30 April 2025. It further highlighted that GMP compliance certification can take 6 to 10 years, however, the process can be compartmentalised, for example, starting with the area with freeze driers, which can take up to 5 years.

3.3 National Agricultural Marketing Council

The National Agricultural Marketing Council (NAMC) was established in terms of Section 3 and 4 of the Marketing of Agricultural Products (MAP) Act, 1996 (Act No. 47 of 1996) as amended by Act No. 52 of 2001. It is listed under Schedule 3A of the PFMA. The core mandate of the NAMC is to investigate and advise the Minister of Agriculture on agricultural marketing policies and their application, and to coordinate agricultural marketing policy in relation to national economic, social and development policies and international trends and developments. The NAMC is also responsible for investigating and overseeing the application of statutory and other regulatory measures; and to report and make recommendations to the Minister on the measures.

During the five-year planning period, the NAMC will be guided by, and contribute to, the strategic priorities as outlined in the MTDP and the AAMP; and will also contribute to the revision and implementation of specific policies of the Department. The NAMC's institutional performance over the five-year term and during the current financial year will be measured against the following Outcomes/Programmes:

1. NAMC Delivers on its Mandate and Core Function.
2. A Viable and Efficient Agricultural Sector Generating Optimal Earnings (Domestic and International).
3. Enhanced Market Access for the Agricultural Sector.

The NAMC has a total budget of R51.8 million for the 2025/26 financial year, which comprises the Parliamentary Grant (PG) of R47.8 million that is transferred through programme 5 of the

Department, R3.2 million from interest earned and 800 thousand from other income. The NAMC highlighted that 90 per cent of the budget is from the PG and the majority of which goes to compensation of employees (71 per cent in the current financial year). The Resource Mobilisation Strategy that the entity developed to assist the NAMC with additional sources of funding is awaiting the Minister's approval. The Committee flagged the high vacancy rate of 27 per cent at the NAMC where 45 out of 62 funded posts have been filled.

There were concerns from the Committee regarding the NAMC's Revised Plans that did not have approvals and signatures of the Accounting Authority (the Board). The Committee learned during the briefing on 01 July 2025 that the term of the NAMC Board expired on 26 May 2025 and the NAMC does not have a Board as the Minister did not approve of the process that was followed for Board nominations. The governance vacuum because of the absence of a Board at the NAMC was flagged as a very serious governance matter considering Section 4(5) of the Marketing of Agricultural Products (MAP) Act No. 47 of 1996 as amended allows the Minister to temporarily reappoint members of the Board whose terms of office have expired until the Selection Committee recommends suitable candidates.

3.4 Perishable Products Export Control Board

The Perishable Products Export Control Board (PPECB) is a national public entity that is listed under Schedule 3A of the PFMA. It was established in terms of Section 2 of the Perishable Products Export Control Act, 1983 (Act No. 9 of 1983). Its purpose is to ensure the orderly export of perishable products and monitors the proper maintenance of continuous cold chains for exports. The PPECB's focus areas are:

- To further improve the customer experience.
- Provision of relevant and timeous information.
- Continuous improvement through transformation, innovation and digitalisation.
- Improve business efficiencies to ensure effective service delivery and to contain costs.
- Improve business sustainability of black smallholder farmers and suppliers.

The PPECB does not receive a Parliamentary Grant but generates its own revenue through fees and levies charged for inspections done on perishable products that are due for export, issuance of export certificates and laboratory services. As a result, 99 per cent of its revenue is derived from sale of goods and services and 1 per cent from interest and transfers received. For the 2025/26, the PPECB has a budget of R780.5 million, which will be allocated amongst its programmes as follows:

Programme *R Thousand*	**Budget 2025/26**	**% of Total**
Statutory Operations	502 067	64%
Food Safety	55 127	7%
Development	13 110	2%
Information Technology	122 906	16%
Corporate Services	87 243	11%
Total	**780 453**	**100%**

The PPECB highlighted that the situation at the ports, which has always impacted on its operations, has improved from previous years but there are still bottlenecks that are a concern to the entity. The PPECB participates in initiatives to address challenges at ports but there is a need to improve efficiency and invest in infrastructure. The PPECB also reported that tariffs, protectionism and misinformation globally are also a concern. Its focus is to look at alternative markets, which is slow, but some progress has been made.

3.5 The South African Veterinary Council (SAVC)

The South African Veterinary Council (SAVC) is a statutory professional body that was established in terms of the Veterinary and Para-Veterinary Professions Act, (Act No. 19 of 1982) to regulate the veterinary and para-veterinary professions in South Africa. SAVC is the custodian of the veterinary and para-veterinary professions in the country that enables the veterinary professionals to practice ethically by setting and monitoring veterinary standards, to create a safe environment for animals and people. SAVC is a member of the World Veterinary Association (WVA); and its President, Dr Nandipha Ndudane, was elected in 2024 to serve as the representative of Africa in the WVA Council.

It has four Strategic Objectives (SOs) for the medium-term period from 2023 to 2026:

- Transformation of the veterinary and para-veterinary professions.
- Service excellence and customer care.
- Stakeholder engagement.
- Digitalisation of SAVC processes and systems.

SAVC carries out its legislated mandate through four programmes, namely,

1. *Legal and Compliance:* To support the Registrar and the objectives of the Council providing legal advice to the veterinary and para-veterinary professions, Council, Registrar and Administration
2. *Registration:* To manage and oversee the comprehensive administration value chain of registrations, facility inspections and authorisation processes rendered to the veterinary and para-veterinary professions, the Council, stakeholders and institutions in accordance with legislation.
3. *Education:* To manage and oversee all education and training activities relating to veterinary and para-veterinary education.
4. *Support Services (Finance, ICT and Corporate Services):* Finance to oversee all financial activities, ICT to manage the SAVC's Information Technology infrastructure and Corporate Services to develop champion and manage the SAVC human resources management strategy.

Its income is mainly derived from membership fees from veterinarians (Vets) and other para-veterinary (Para-Vets) professionals that are registered with SAVC as well as from interest received, authorisation fees, facility inspections, student registrations and maintenance fees. Its total budget for the 2025/26 financial year is R14 million. SAVC is amending its legislation and one of the issues it seeks to address is enabling funding from the government. Without funding to assist SAVC in meeting its financial obligations, it reported that it will be forced to put a strain on veterinary and para-veterinary professionals by increasing annual membership fees.

The Committee raised a concern with the serious shortage of veterinarians that is also compounded by emigration, most notably, to Australia and New Zealand due to better remuneration. SAVC mentioned that it is also holding engagements with interested universities for the opening of a second veterinary faculty in the country; and has a partnership agreement with Namibia, which produces more veterinarians than it needs. SAVC also highlighted a challenge with provinces and the Department of Higher Education and Training (DHET) that sends students to overseas countries for veterinary training without consulting SAVC regarding the efficacy or suitability of such degrees. Some are conferred without practical training and SAVC cannot register such graduates to practice as veterinarians without the necessary expertise. It is addressing the matter with the relevant authorities and has allowed some of the graduates to practice under authorisation for 2 years, after which, they will write the mandatory SAVC examinations for registration.

4. Response of the Minister of Finance to the 2024 Budgetary Review and Recommendation Report (BRRR)

Recommendation 1

Consider for approval, the Agricultural Research Council (ARC)'s funding application from the Budget Facility for Infrastructure (BFI) that was submitted in May 2024 for the construction of the Foot-and-Mouth Disease (FMD) Vaccine Facility, whose delay has a negative impact on local availability of the vaccine and the health of the national herd.

Response

The National Treasury is collaborating with the Council and the Department to enhance compliance and explore funding options, including reprioritising funds towards infrastructure projects. Despite an initial R500 million allocation over a decade ago, construction has progressed slowly. Recently, the Council secured approval to retain an accumulated surplus of R13.6 million, raising the total allocation for the facility to R885.1 million. Efforts are ongoing to expedite the project's completion.

Recommendation 2

Consider a budget allocation to the Onderstepoort Biological Products (OBP) for the Good Manufacturing Practice (GMP) Facility.

Response

Onderstepoort Biological Products was allocated over R492 million in 2018/19 to upgrade equipment and build the vaccine manufacturing facility; however, progress has been slow. According to the report presented to the Onderstepoort Biological Products shareholders on 31 October 2024, R153.4 million remained unspent for the Good Manufacturing Practice project. The National Treasury also noted that the entity's sales revenue increased significantly from R170.1 million in 2021/22 to R232.3 million at the end of 2023/24, driven by the sale of vaccines in the export market.

The National Treasury's standard response to most recommendations for additional funding (from other Parliamentary Committees) was that Reprioritisation remains the primary mechanism to fund spending pressures and emerging priorities as Government finances are currently operating with an unsustainable deficit that will exceed R374 billion by the end of March 2025.

5. Summary of Key Observations drawn from the Committee Deliberations on the 2025/26 APPs and MTEF Budget of the Department and its Entities

The Committee made the following observations on the 2025/26 Annual Performance Plans (APPs) and budget allocations of the Department and Public Entities:

5.1 The Department of Agriculture

5.1.1 The shortcomings that have been raised by the AGSA on the APPs of the Department (and some of the entities) are not new and have been the source of repeat audit findings in prior years. This shows the Department's disregard for AGSA's recommendations and a reluctance to effectively address planning matters and repeat audit findings by AGSA, thus continuing to rely on the annual audit process to correct performance information.

5.1.2 Lack of accountability in the Department, for example, in respect of late submission of documents in Parliament, absence of required presentations for Parliamentary meetings and not following legislative prescripts is indicative of poor consequence management or lack of it thereof.

5.1.3 Biosecurity remains one of the greatest challenges to the development and growth of the agricultural sector with negative consequences for export revenue and sector employment. This is more so as the country continues to suffer from disease outbreaks particularly the foot-and-mouth disease (FMD) outbreaks that government has been unable to effectively control for more than 5 years.

5.1.4 The plan to approve a National Biosecurity Hub is acknowledged. However, the initiative, which is premised on the MTDP priorities, is not accompanied by significant resources as Biosecurity accounts for only 0.4 per cent of the total budget for Programme 2, which at R9.8 million, is not even a fraction of the Department’s R7.6 billion budget.

5.1.5 The alarming shortage of veterinarians (Vets) and other veterinary professionals that the country loses through emigration considering the disease outbreaks and other biosecurity threats was highlighted. SAVC reported that South Africa has 60 to 70 Vets for a million citizens, which is not even a fraction of the international norm of 200 to 400 Vets per million citizens. The role of the Compulsory Community Service (CCS) Programme for Vets was questioned.

5.1.6 Lack of proactiveness in the development and review of regulatory frameworks to ensure that important legislation, once passed, is effectively implemented. While a legislation to prevent loss of agricultural land has been passed (Preservation and Development of Agricultural Land Act, Act No. 39 of 2024), the Department plans to have the Regulations that will enforce the commencement of the Act approved by the end of this financial year, that is end of March 2026.

5.1.7 For the Plant Health Act (Act No. 35 of 2024), which is expected to play a significant role in biosecurity for plant production, which was signed into law in February 2025, there are no communicated plans for the development of the regulatory framework.

5.1.8 The employment of 230 extension personnel was acknowledged but the Committee highlighted that it is a drop in the ocean considering that there are more than 5 000 former Agricultural Assistant Practitioners (AAPs) including other agricultural graduates that remain unemployed.

5.1.9 Lack of specific and measurable targets in the APP to address food insecurity including the utilisation of the conditional grants (CASP and Ilima/Letsema), which at R2.4 billion, constitute 73 per cent of Programme 3’s budget and 31 per cent of the total Vote.

5.1.10 Lack of an accountability framework for funds that are transferred to provinces and other agencies. In Programme 3 (Food Security and Support), R2.9 billion of the R3.3

billion budget (88 per cent) will be transferred to provinces and the Land Bank, yet there are no targets to monitor and evaluate the utilisation of the funds.

5.1.11 Lack of justification for the continued transfer of funds to the Land Bank for the BFS when the Department has a serious challenge with the entity accounting, on a quarterly basis, for the BFS funds that have been transferred. To date, the Committee has not received any quarterly or other report on the R375 million that was transferred to the Land Bank for BFS in the previous financial year.

5.1.12 The APP does not have measurable targets for agroprocessing despite the significant budget allocation to the sub-programme under Programme 5. There is also no target for the development of cooperatives including an explanation for the utilisation of R339 million for farming supplies in a Programme that is not responsible for production activities.

5.2 Observations on the Department's Public Entities

Agricultural Research Council (ARC)

5.2.1 The negative impact of the delays in the construction of the FMD Vaccine Facility and the need for the ARC to intensify efforts for the required additional funding in light of the FMD burden that is also compounded by vaccine shortages.

5.2.2 Concern with delays in the production of blood vaccines and the impact on OBP supplies.

5.2.3 The impact of the vacancies at Executive Management level, where 3 out of 7 Executive Managers are in an acting capacity.

Onderstepoort Biological Products (OBP)

5.2.4 Management instability at the OBP remains a concern as the CEO resigned at the end of March 2025, after a few months in the position. The incumbent Acting CEO is acting in the position that he holds while the entity also does not have a Chief Financial Officer (CFO).

5.2.5 Acknowledged that the OBP managed to produce vaccines and address some of the backlogs while operating with the old freeze drier during the time of reporting in April. However, the Committee emphasised the prioritisation of local markets, the need for timeous and constant communication with stakeholders; and contingency plans for the period when production will be low due to the installation of the new freeze driers.

5.2.6 Concern with the slow process of the appointment of the Specialist Advisor for the GMP Project and emphasis on specific timelines for achieving full GMP-compliance instead of projected improvement.

National Agricultural Marketing Council (NAMC)

5.2.7 Serious concern with the governance vacuum at the NAMC as it was reported that the term of the Board expired on 26 May 2025 and the entity does not have a Board. This was seen as lack of oversight by the Minister, who is responsible for the appointment of the Board.

5.2.8 Delays in the approval of the NAMC's Resource Mobilisation Strategy that is aimed at turning around the entity's financial constraints as it is dependent on the small Parliamentary Grant.

5.2.9 The need to address the 27% vacancy rate at NAMC.

6. Committee Recommendations

The Committee makes the following recommendations to the National Assembly (NA) for the attention of the Minister of Agriculture:

6.1 Ensure capacity building within the Department and entities while encouraging coordination between the Department, entities and other departments such as DPME and National Treasury to strengthen performance planning and integration across programmes.

6.2 Establish mechanisms or systems for effective liaison with Parliament and other sectoral stakeholders including effective handling of queries in line with Priority 3 of the MTDP (a capable, ethical and developmental organisation) while ensuring that consequence management is implemented for transgressions.

6.3 In liaison with the Minister of Finance, consider reprioritisation of funds from underperforming programmes and non-critical activities to address biosecurity challenges including the ongoing FMD outbreaks while intensifying efforts to acquire additional funding for the FMD Vaccine Facility at the ARC. For the previous financial year for example, the Department is going to return approximately R179.2 million worth of unspent funds to the National Revenue. The amount is inclusive of unspent funds from conditional grants, AgriBEE Fund and vacancies. The Minister can also relook at the utilisation of the funds that have been and are going to be transferred to the Land Bank for Blended Finance.

6.4 Update Parliament on a quarterly basis on the activities for the approval of the National Biosecurity Hub – stating the stakeholder consultation process, stakeholders involved, activities, resources and source of resources for implementing activities under the Bio-Hub.

6.5 Submit a progress report on the implementation of the CCS Programme for veterinarians including the impact of the programme particularly in rural areas since inception. Further submit an Action Plan to address the shortage of veterinary professionals in the country particularly losses due to emigration.

6.6 Submit to Parliament Legislation and Policy Review Programmes with clear timelines and resources for processing and finalisation; and in the case of legislation, include timeframes for planned introduction to Parliament.

6.7 Conduct a comprehensive assessment of the status of Farmer Production Support Units (FPSUs) including a detailed account of financial resources that have been invested in the FPSUs by the Department since inception; and submit a report in this regard to Parliament.

6.8 Submit a detailed annual plan for 2025/26 of specific and measurable targets including resource allocation for the implementation of the 3 conditional grants (CASP, Ilima and LandCare) by each province. This can be an Addendum to the Department's APP.

6.9 Strengthen Reporting Guidelines and ensure the development of Monitoring and Evaluation (M&E) Frameworks for conditional grants and all funds that have been transferred to other service providers (e.g. Land Bank, infrastructure contractors, consultants) for the implementation of Departmental programmes/projects. The Department should report to Parliament on its M&E activities during each quarterly briefing.

6.10 Submit to Parliament comprehensive progress reports on the implementation of the Blended Finance Scheme (BFS) and transformation activities through the AgriBEE Fund; including an account of the funds that have been transferred to the Land Bank for the AgriBEE Fund and the BFS.

6.11 Submit to Parliament a detailed report with beneficiary and commodity details on specific agroprocessing and cooperative development activities that are undertaken by the Department through Programme 5.

6.12 Engage with entities on a quarterly basis to address governance matters and to prevent management instability by fast tracking the filling of critical vacancies, particularly at OBP, ARC and NAMC.

6.13 Engage with the Minister of Higher Education and Training to discuss the transfer of Agricultural Colleges and their elevation to the level of other higher education institutions so that they can be properly resourced and administered.

6.14 Urgently consider reinstating trading accounts for management by Agricultural Colleges to enable the colleges to effectively resource their facilities particularly for students' practical activities and training of farmers.

6.15 Prioritise the review of livestock free trade agreements as the open market access disadvantages local livestock farmers who are competing with subsidised farmers from other countries; and further develop mechanisms to protect local livestock farmers from unfair competition particularly from neighbouring countries.

6.16 Engage with the Minister of Finance to discuss the reporting and accountability challenges in respect of funds transferred to the Land Bank by the Department of Agriculture and the role of the Land Bank in meeting its objectives as a development finance institution for the agricultural sector.

6.17 Prioritise farm workers as a category in the Department's farmer development and support programmes including in the skills training programmes through Agricultural Colleges.

The Committee further recommends that, unless otherwise indicated, within 30 days after the adoption of this report by the National Assembly, the Minister should submit to Parliament, responses to the above recommendations.

The Economic Freedom Fighters and UMkhonto Wesizwe rejected the report.

Report to be considered.

4. REPORT OF THE PORTFOLIO COMMITTEE ON DEFENCE AND MILITARY VETERANS ON BUDGET VOTE 23 (DEPARTMENT OF DEFENCE), DATED 4 JULY 2025

The Portfolio Committee on Defence and Military Veterans (PCDMV), having considered Budget Vote 23 of the Department of Defence (DOD), reports as follows:

INTRODUCTION

Mandate of the Committee

Section 55 (2) of the Constitution of the Republic of South Africa (1996) states that "The National Assembly must provide for mechanisms (a) to ensure that all executive organs of state in the national sphere of government are accountable to it and (b) to maintain oversight of (i) the exercise of national executive authority, including the implementation of legislation; and (ii) any organ of state."

Process

The PCDMV considered the 2025 Strategic Plan and 2025/26 Annual Performance Plans (APP) of the DOD on 18 June 2025. It further considered the Corporate Plans and budget of the Armaments Corporation of South Africa (Armscor) and Denel on 25 June 2025 as well as the budget, Strategic Plan and APP of the Castle Control Board (CCB) on 2 July 2025. This Report includes observations and recommendations from the Committee during the engagements of 18 June 2025, 25 June 2025 and 2 July 2025.

PART A: DEPARTMENT OF DEFENCE

1. MANDATE OF THE DEPARTMENT OF DEFENCE

Section 200(2) of the Constitution dictates that the mandate of the DOD is to defend and protect the country, its territorial integrity and its people, in accordance with the Constitution and the principles of international law. This aligns with the mission of the DOD that is to provide, manage, prepare and employ Defence capabilities commensurate with the needs of South Africa as regulated by the Constitution, national legislation, parliamentary and executive direction. The above is provided through the proper management, provision, preparedness and employment of defence capabilities, which are in line with the domestic and global needs of South Africa.

2. COMMITTEE 2024/25 BUDGET REPORT

In order to include a holistic review by the Committee, past recommendations are included. The Committee made the following recommendations in terms of the 2024/25 APP of the DOD:

a) The Committee urges a revision of the current defence allocation when the mid-term budget is considered to ensure more appropriate funding of the country's defence capabilities. The Committee recommends renewed engagements by Cabinet and between the DOD and National Treasury regarding the appropriate funding of the SANDF.
b) In the short-term, the Committee recommends that funding for current SANDF deployments be re-evaluated to ensure that the SANDF is sufficiently funded to carry out the mandate of the respective deployments.
c) The Committee undertakes to have further engagements with the Standing Committee on Finance on the current budget allocation of the Department of Defence and the Portfolio Committee on International Relations on the current deployment in the DRC.
d) The Committee urges the Minister of Defence and Military Veterans to ensure that the re-evaluation and planning around the 2015 Defence Review be completed by 31 October 2024. The Department should brief the Committee on the outcome thereof and the way forward in November 2024.

e) The Committee notes that the current SANDF deployment in the DRC remains unfunded and needs to be funded as a matter of urgency. National Treasury should provide feedback to this Committee in writing by 15 August 2024 as to the status of funding for this deployment. Furthermore, given current challenges as a result of limited funding and logistical support, the Committee advises that consideration should be given to the withdrawal of the SANDF from the DRC.

f) The Committee advises that the target for flying hours and sea hours be increased gradually over the MTEF as maintenance and repair programmes for the SA Air Force and SA Navy come into effect.

g) The Committee recommends that the border safeguarding sub-units be increased to the required 22 and that this be funded over the MTEF, along with technology force multipliers.

3. DEPARTMENT OF DEFENCE STRATEGIC PLAN AND ANNUAL PERFORMANCE PLAN FOR 2025/26

The 2025 DOD Strategic Plan and APP is aligned to the 2024-2029 Medium-term Development Plan (MTDP) and other government priorities. The sections below provide a high-level overview of broad strategic planning and key performance indicators of the DOD for 2025/26, aligned to overarching governmental priorities.

3.1 DOD contributions to national imperatives

The DOD will support the following Strategic Priorities of the MTDP:

- **Strategic Priority 1: Building a Capable, Ethical and Developmental State** Strengthen civil oversight over defence through improved governance, accountability, and compliance measures.
- **Strategic Priority 2: Economic Growth, Job Creation and Infrastructure Investment** Catalyse localised defence manufacturing and stimulate job creation through partnerships with the defence industry.

- **Strategic Priority 3: Reducing Poverty and Inequality**
  Contribute through community outreach, military support to rural development, and implementation of the National Strategic Plan on Gender-Based Violence.

- **Strategic Priority 4: Tackling Crime and Corruption**
  Support border safeguarding, maritime security, and internal security operations, including supporting the SAPS and providing military aid to civil power.
- **Strategic Priority 5: Building a Better Africa and World**
  Deploy peacekeeping forces and engage in defence diplomacy to support regional and continental peace and security mechanisms.

In addition to the DOD's direct support to the MTDP, the Department also provides support to a number of other government and international initiatives, including the following:

- **The National Development Plan (NDP) Vision 2030**
  The DOD supports youth employment through the Military Skills Development System (MSDS), enhances peace and security through regional deployments, and invests in education, training, and innovation.
- **United Nations Sustainable Development Goals (SDGs)**
  The DOD contributes to SDG 16 (*Peace, Justice and Strong Institutions*) through defence diplomacy, peacekeeping missions, and support to international humanitarian operations.
- **African Union Agenda 2063**
  The DOD strengthens continental security by participating in AU peace missions, supporting the African Peace and Security Architecture, and promoting good governance and democracy.
- **Southern African Development Community (SADC) Regional Indicative Strategic Development Plan (RISDP) 2020–2030**
  The DOD contributes to regional stability by participating in SADC peace support operations and maintaining defence readiness.
- **SADC Integrated Maritime Strategy (IMS) 2050**
  The DOD supports maritime security by conducting coastal patrols and anti-piracy operations under initiatives like Operation COPPER.

- **National Security Strategy (NSS) of South Africa**
  The DOD aligns its operations with the NSS to ensure national security through internal and external defence missions, disaster relief, and cyber resilience efforts.

- **National Cybersecurity Policy Framework (NCPF)**
  The DOD advances cyber defence capabilities by finalising its Cyber Strategy and Implementation Plan, supporting national cybersecurity initiatives.
- **District Development Model (DDM)**
  The DOD integrates defence community outreach projects and support services at district level to contribute to local development and social cohesion.

3.2 Ministerial priorities and departmental direction

In the foreword of the 2025 APP, the Minister, acting Secretary for Defence and the Chief of the SANDF note strategic priorities for the DOD and SANDF:

The Minister of Defence and Military Veterans (Ms M.A. Motshekga)
The Minister honours the fallen SANDF members in the DRC and frames the Annual Performance Plan against the twin challenges of rising operational demands and constrained budgets. She stresses the continued importance of the constitutional mandate, the commitment to regional peace efforts, and the necessity for modernisation amid cyber threats, climate crises, and instability. Critically, she highlights that defence policy must be reframed within current and projected fiscal realities, referencing the ongoing reconsideration of the 2015 Defence Review. She notes that this process will culminate in the promulgation of a second White Paper on Defence and Defence Strategy, which will be followed by a revised South African Military Strategy

Acting Secretary for Defence (Dr T. Gamede)
The Acting Secretary commits to supporting the strategic priorities of the 7th Administration, particularly inclusive growth, poverty reduction, and state capability. Acknowledging fiscal and operational pressures, he emphasises that the Department will reconsider chapters of the 2015 Defence Review to ensure alignment with the national

security context and the state's financial means. He also stresses the urgent need to improve internal governance and control measures, as demanded by Parliament and the Auditor-General, and to finalise digital transformation through an integrated Department of Defence Enterprise Architecture.

Chief of the SANDF (General Rudzani Maphwanya)

The Chief of the SANDF situates the Defence Force in an era of hybrid warfare, technological advancement, and geopolitical volatility, reaffirming its role in securing national sovereignty, promoting regional stability, and supporting national development goals. He echoes the need for modernisation and readiness within fiscal constraints and refers to the SANDF's "Journey to Greatness" Plan for long-term capability development. While he does not directly mention the 2015 Defence Review or the forthcoming White Paper, he underlines the strategic importance of coherent defence planning and investment, warning that creative solutions must be found to adequately fund the military instrument of government

4. DEPARTMENT OF DEFENCE BUDGET OVERVIEW

4.1 Overview of planned expenditure

The total allocation for the DOD for 2025/26 is R57.184 billion, which is higher than the adjusted appropriation of R55.507 billion for 2024/25. The latest allocation is also higher than the original allocation for the previous year of R51.801 billion. This demonstrates the trend in recent years that National Treasury reimburses the DOD for deployments during the mid-year adjustments budget process. However, a significant allocation for operations was already made within the current allocation with R3.0 billion allocated for the withdrawal from the SADC mission in the DRC. The allocation is set to cover the immediate costs of ensuring an orderly and safe withdrawal of troops and mission equipment. Compared to the adjusted budget of 2024/25, the DOD budget increases by 3.0% in nominal terms, which results in a decrease of 1.6% in real terms when adjusted for inflation from 2024/25 to 2025/26.

The defence allocation for 2025/26 represents 2.21% of the country's total expenditure of R2.592 trillion (2.28% in the 2024/25 main appropriation). However, as a percentage of GDP for 2023/24 (R7.006 trillion), defence expenditure stands at 0.82% (0.73% in 2024/25). The withdrawal cost from the DRC of R3 billion does, however, impact on this figure and without the R3.0 billion allocation, defence spending would only have equated to 0.77% of GDP.

Table 1 reflects the nominal and real percentage changes per programme for the DOD's 2023/24 budget. The real percentage changes are adjusted for Consumer Price Inflation (CPI) and do not take into account other forms of inflation such as medical or the concept of 'defence inflation' which are generally considered higher than CPI. Individual programmes will be discussed in subsequent sections.

Table 1: Increase/decrease per programme from 2024/25 to 2025/26

Programme	**Budget**		**Nominal Increase / Decrease in 2025/26**	**Real Increase / Decrease in 2025/26**	**Nominal Percent change in 2025/26**	**Real Percent change in 2025/26 2024/25**
R million	**2024/25**	**2025/26**				
Programme 1: Administration	5 609,2	5 839,9	230,7	- 31,5	4,11%	5 609,2
Programme 2: Force employment	7 422,0	5 904,0	- 1 518,0	- 1 783,0	-20,45%	7 422,0
Programme 3: Landward Defence	16 995,2	18 134,4	1 139,2	325,1	6,70%	16 995,2
Programme 4: Air Defence	6 695,1	7 193,7	498,6	175,7	7,45%	6 695,1
Programme 5: Maritime Defence	4 443,8	4 978,3	534,5	311,0	12,03%	4 443,8
Programme 5: Military Health Support	5 816,6	6 289,4	472,8	190,5	8,13%	5 816,6
Programme 7: Defence Intelligence	1 128,4	1 184,2	55,8	2,6	4,95%	1 128,4
Programme 8: General Support	7 396,4	7 659,9	263,5	- 80,4	3,56%	7 396,4
TOTAL	**55 506,6**	**57 183,7**	**1677,1**	**- 889,9**	**3,0%**	**55 506,6**

4.2 Overview of planned expenditure and related performance targets per programme

The DOD has eight budget programmes related to the different functions of the SANDF. Planned expenditure for 2025/26 remained largely aligned to expenditure in the previous year, except for changes in the Force Employment prorgamme due to the withdrawal from the DRC. Further noticeable changes in allocation are noted below.

Programme 1: Administration

This programme provides strategic leadership, management and support services to the department and consist of 14 sub-programmes. The programme received a nominal increase of

R230.7 million from R5.609 billion in 2024/25 to R5.840 billion in 2025/26. This decrease translates to a real percentage decrease of 0.56% when adjusted for inflation. the allocation to most subprogrammes remained relatively stable, except for the Ministry subprogramme that increased from R56 million in 2023/24 to R135.6 million in 2024/25 and now further to R153 million in 2025/26.

In terms of economic classifications, allocations also remained static. However, Advertising spending is set at R60.7 million for 2025/26. While slightly lower than in 2024/25, it is still significantly higher than in previous financial years. Travel and Subsistence expenditure will increase by more than 10% from R100 million in 2024/25 to R111.3 million in 2025/26.

Programme 1 has been set a total of nine targets for 2025/26. This includes five new targets not previously included in the performance management of the Programme. New targets relate to the percentage of women employed in the DOD (Target for 2025/26: 33%); the percentage of women in active SMS posts (Target for 2025/26: 26%); the percentage of youth employed in the DOD (Target for 2025/26: 34%); the percentage audits completed in terms of the resourced Risk Based Internal Audit Plan (Target for 2025/26: 100%); and, the Percentage compliance to the Department of Defence Interim Policy on Preferential Procurement (Target for 2025/26: 100%).

Programme 2: Force employment

This programme provides and employs defence capabilities, including an operational capability, to successfully conduct all operations as well as joint, interdepartmental, interagency and multinational military exercises. Programme 2 contains five subprogrammes that includes the spheres of deployment of the SANDF, be it for regional security, domestic deployments or special operations.

The allocation for the Force Employment programme decreased by R1.518 billion, resulting in a nominal percentage decrease of 20.5% from 2024/25 to 2025/26. This can largely be attributed to a decrease in the allocation to Subprogramme 4 (Regional Security) that previously included an allocation for South Africa's participation in the SADC mission in Mozambique. National Treasury noted the following regarding the deployment of the SANDF to the DRC.

> 'The initial R5 billion allocation for the SANDF for the Southern African Development Community Mission in the Democratic Republic of Congo

(SAMIDRC) announced in the 12 March 2025 Budget, has been revised to align with the SANDF's phased withdrawal plan from the DRC. While the overall medium-term allocation has been reduced, the allocation for 2025/26 has been increased from R1.8 billion to R3 billion. This increase is intended to cover the immediate costs of ensuring an orderly and safe withdrawal of troops and mission equipment. This spending is mainly in the Regional Security subprogramme in the Force Employment programme.'

In terms of economic classifications, most reductions are aligned with a reduced deployment need. This results in a decreased allocation for contractors, food and food supplies, fuel, consumables, travel and subsistence and operating payments.

The Force Employment Programme previously had 12 set targets, which increases to 15 in 2025/26. Five of the 13 targets are considered classified and therefore not reported on in the Annual Reports of the Department. Four newly developed indicators include: The percentage implementation of the DOD Border Safeguarding Optimisation Plan (Target for 2025/26: 25%); The percentage Air Border Patrols conducted per year (Target for 2025/26: 100%); the percentage compliance with self-sustainment of personnel for external operations (Target classified); and the percentage compliance with serviceability of main equipment for external operations (Target classified).

Programme 3: Landward Defence

This programme provides prepared and supported landward defence capabilities for the defence and protection of South Africa and is the largest programme in the DOD. It houses the SA Army and its various divisions and, since it is manpower-heavy, constitutes the bulk of DOD expenditure in terms of CoE. The 11 subprogrammes of the programme represents the strategic direction of the SA Army as well as its various divisions such as infantry, armour, artillery, air defence, engineering, intelligence and signal.

For 2025/26, the programme received a nominal increase of R1.139 billion (6.7%). When adjusted for inflation, this results in a real percentage increase of 1.91%. The allocation to most subprogrammes in the Landward Defence programme remains relatively stable for 2025/26 when compared to the previous financial year. The exception are major shifts in the following two subprogrammes:

- The allocation to the Air Defence Artillery increases from R513.9 million in 2024/25 to R605.7 million (17.9% increase) in 2025/26.
- The allocation for the Operational Intelligence increased from R292.9 million in 2024/25 to R325.7 million in 2025/26 (11.2% increase).

In terms of economic classifications, the allocations remained stable from 2024/25 to 2025/26. The overall allocation to CoE increases in 2025/26 and, given that the Landward Defence programme houses the most personnel, it follows that the CoE allocation increases from R14.255 billion in 2024/25 to R15.064 billion in 2025/26. Furthermore, the allocation for Travel and Subsistence is projected at R235.8 million in 2025/26, although this is significantly lower than the spending patterns in previous years. Finally, the transfer from the Landward Defence programme to the Special Defence Account increases from R699.8 million in 2024/25 to R932 million in 2025/26.

As in the previous MTSF, the MTDP outlook for the Landward Defence programme contains the same four performance targets. The target related to the percentage combat ready capabilities available to the SANDF as well as the target related to Joint Force employment requirements remain classified. The two other targets set for 2025/26 remain in line with the preceding year. The SA Army will conduct four unique Landward Defence training exercises, which is the same as in previous years. The target "Percentage compliance with DOD Training targets" is 100% (5 105 learning opportunities).

Programme 4: Air Defence

This programme provides prepared and supported air defence capabilities for the defence and protection of South Africa. The programme's subprogrammes constitutes the various functions and capabilities of the SA Air Force, including its helicopter, transport, air combat and training capabilities. The Air Defence programme has come under increasing scrutiny in recent years due to the reduced aircraft availability rates and the resultant libation in flying hours for the SA Air Force. This has a direct impact on force readiness and on the combat readiness of the SANDF as forces are often left without air superiority or air support in an operational area.

Overall, the allocation to the programme increases from R6.695 billion in 2024/25 to R7.194 billion in 2025/26, which reflects a 7.4% increase in nominal terms, and a 2.4% increase when adjusted for inflation. Previous increases in 2023/24 related to the special allocation for the repair of the C130 medium transport fleet which is currently under way. Significant changes in allocations can be noted in the following subprogrammes:

- Subprogramme 1 (Strategic Direction) received a reduction from R74 million in 24/25 to R34.9 million in 2025/26. However, the 2025/26 allocation align with previous years' expenditure patters.
- Subprogramme 2 (Operational Direction) received a major increase from R56.4 million in 2024/25 to R145.7 million in 2025/26.
- Subprogramme 3 (Helicopter Capability) received a marginal increase in its allocation from R908.6 million in 2025/26 to R925 million in 2025/26.
- Subprogramme 4 (Transport and Maritime Capability) received an increase in its allocation from R495.4 million in 2024/25 to R711.7 million in 2025/26.
- Subprogramme 5 (Air Combat Capability) received an increased allocation from R649.4 million in 2024/25 to R781.3 million in 2025/26.

In terms of economic classifications, the allocation for Contractors decreases from R982.6 million to R734.9 million. The allocation for Fuel, oil and gas increases from R71.8 million to R138.7 million. Furthermore, the allocation for Training and Development increases from R39.8 million R55.7 million. R1.198 billion is allocated from the Air Defence programme to the SDA in 2025/26, which is higher than the R615.8 allocated in the previous financial year.

Five targets have been set for the Air Defence Programme during the MTDP, which is the same targets as during the previous MTSF. Two targets remain classified ('percentage combat-ready capabilities available to the SANDF' and 'percentage compliance with Joint Force Employment requirements'). The target for percentage compliance with DOD training targets for 2025/26 is set at 100% (823 training opportunities). The SA Air Force will also conduct one (1) unique force training

Exercise in 2025/26. The target on flying hours for the year is set for 12 000, which is the same as in the previous year. The 12 000 planned hours for 2025/26 is set to include force preparation (7 000 hours), force employment (4 000 hours) and (1 000 VVIP hours).

Programme 5: Maritime Defence

This programme provides prepared and supported maritime defence capabilities for the defence and protection of South Africa. It has six subprogrammes aligned with the functions of the SA Navy, namely its combat capability, logistics support capability, training and base support. The overall allocation to the Maritime Defence programme has remained stable in recent years. This, however, results in a general decrease in real allocation to the prorgamme due to the impact of inflation. The current allocation reflects a slight change in trajectory as it increases from R4.443 billion in 2024/25 to R4.978 billion in 2025/26 (12.0% increase). Adjusted for inflation, this results in a 7.0% increase in allocation.

The allocation to the various subprogrammes remain largely in line with the previous year. The largest change is in the Maritime Logistics Support subprogramme which had its allocation increase from R1.497 billion in 2024/25 to R1.859 billion in 2025/26 (24.17% increase).

In terms of economic classifications, the allocation for Contractors increases significantly from R251.8 million to R328 million. Machinery and Equipment decreases from R45.4 million to R19.1 million. The higher than projected programme allocation is largely reflected in the increased allocation to the SDA which increases from R613.5 million in 2024/25 to R888.5 million in 2025/26.

Five targets were set for the programme over the MTDP, which is the same as in the previous MTSF. Two targets are classified (‘percentage combat-ready capabilities available to the SANDF’ and ‘percentage compliance with Joint Force Employment requirements’). The percentage compliance with maritime defence training targets remain at 80% (398 learning opportunities). The SA Navy is planning once unique force training exercise. The target for the number of sea hours was reduced from 10 000 for 2020/21 to 8 000 in 2021/22 and remains at this level since, including over the MTDP. It includes 3 840 hours for Force Preparation and 4 160 hours for Force Employment. However, the SA Navy has not been able to meet its target for the past financial years.

Programme 6: Military Health Support

This programme provides prepared and supported health capabilities and services for the defence and protection of South Africa. The programme has 7 subprogrammes related to its main functions, including military health support, area military health services, specialist services, product support, training and military health maintenance. The programme’s allocation remains relatively stable in 2025/26 compared to the previous year. The allocation increases from R5.817 billion in 2024/25 to R6.289 billion in 2025/26, which is an 8.1% nominal increase and a 3.3% real increase when adjusted for inflation.

In terms of the various subprogrammes, the largest increase is being reported in the Specialist Health Services subprogramme which increased from R2.206 billion in 2024/25 to R2.592 billion in 2025/26 (11.65%). The Area Military Health Service subprogramme also increased by R192.8 million (8.74%) compared to the preceding year. This subprogramme provides a comprehensive, self-supporting, multidisciplinary geographic military health service through formation headquarters and commanding and controlling military health units to ensure a healthy military community. There has been no allocation for the Military Health Capability Maintenance subprogramme since 2021/22. This subprogramme provides general base support services to identified military health service units to sustain and maintain the approved force design and structure.

In terms of economic classifications, one key change can be noted. The allocation for Outsourced Services increases from R579 million from 2024/25 to R728.8 million in 2025/26. This aligns with the information received during the PCDMV oversight visit to 1 Military Hospital where it was indicated that outsourcing is increasing due to the non-finalisation of the refurbishment project at the Hospital. There are also significant increases on planned spending for medical supplies from R109.9 million in 2024/25 to R166.9 million in 2025/26 and for medicine from R252.2 million to R320.1 million over the same period.

For the MTDP, only four targets were set for Programme 6 of which three are considered classified. This aligns with the targets set over the previous MTSF. Only the target related to training is not classified (80% compliance for 2025/26 which includes 648 learning opportunities).

Programme 7: Defence Intelligence

This programme provides defence intelligence and counterintelligence capabilities, and defence diplomacy administrative support to the department. The programme is the smallest of the DOD's programmes and only has two subprogrammes (Operations and Intelligence Support and Services). The allocation for Defence Intelligence reflects an increase from R1.128 billion in 2024/25 to R1.184 billion in 2025/26. The main decrease is in terms of the Support Services subprogramme which sees its allocation increase by R48.4 million (5.93%) in 2025/26 compared to the preceding year.

In terms of economic classifications, a large increase in CoE expenditure in recent years from R479.6 million in 2022/23 to R705.9 million in 2023/24. The expenditure has since stabilised and will be at R7072.2 million for 2025/26. In 2021/22 and 2022/23, Travel and Subsistence expenditure was relatively low at less than R8 million per annum. This increased since 2023/24 to R30.3 million per year, with expected expenditure of R21.2 million in 2025/26. The expected transfer to the SDA for 2025/26 is R320.1 million, which is a substantial percentage of the Defence Intelligence Programme's total allocation.

For the MTDP, the number of targets for the programme was increased from two to four. Previously included targets for 2025/26 included the number of vetting decisions taken (6 000 for 2025//26) and the total number of Defence Attache offices remain at 44, as in previous years. New Defence Intelligence targets include the Cyber Defence Strategy Status (expected to be developed and approved in 2025/26) and the Cyber Defence Implementation Action Plan Status (expected to be developed and approved in 2025/26).

Programme 8: General support

This programme provides general support capabilities and services to the department. This includes logistics services to the department in terms of warehousing for ammunition, main equipment and stores; and provide the defence works capability, the capital works programme and the defence facility refurbishment programme. It further provides command and management information systems and related services to the department as well as a military policing capability. The programme's allocation was increased marginally by 3.6% from R7.396 billion in 2024/25 to R7.660 billion in 2025/25. The R263.5 million increase translates to a 1.09% reduction in real terms when adjusted for inflation. The allocation to most programmes remained stable, but one programme (Technology Development) received a significant decrease from R411.3 million in 2024/25 to R353.6 million in 2025/26. The Technology Development Programme's allocation will remain subdued throughout the MTEF and will decrease by 11.1% on average over the next three financial years. The allocation for Programme 8 remains the same as in the March 2025 tabled budget.

In terms of economic classifications, the allocation for Computer equipment increases from R718.4 million to R816.8 million. Travel and Subsistence expenditure increases from R56.4 million to R138.5 million. Food and food supplies increases from R26.2 million to R77.4 million while R371.4 million will be transferred from the programme to the SDA in 2025/26, which is lower than the R433.9 million transferred in 2024/25.

No new targets were introduced for Programme 8 in the new MTDP as they remain in line with the previous MTSF. Targets set for 2025/26 are as follows:

Joint Logistics Services Performance:

- Percentage procurement requests fully completed within 90 days from registration (80%).
- Percentage expenditure in accordance with facilities plan (100%).

Command Management Information Systems Performance:

- Percentage compliance with DOD ICT Plan (100%).

Military Police Performance:

- Number of crime prevention operations (124 operations).
- Percentage criminal cases investigated (backlog) (50%).
- Percentage criminal cases investigated (in-year) (30%).

4.3 Key cost drivers in the DOD for 2025/26

Key cost drivers and other concerns of the DOD 2025/26 budget include the following (in terms of broad economic classifications):

- **Compensation of employees.** Spending on CoE remains a concern for the DOD, as in recent years, resulting in irregular and unauthorised expenditure as the DOD is unable to bring CoE to levels below the ceiling imposed by National Treasury based on prior Cabinet decisions. This will continue to affect the Department in 2025/26, where the allocation for spending on CoE (as per National Treasury) is set to increase from R35.148 billion in 2024/25 to R36.7 billion in the current financial year. Interventions related to CoE announced include the plan to control commuted overtime in the Military Health Service, capping it at 30% of an employee's annual salary; the use natural attrition to keep personnel numbers below 73 000; and the facilitation of early retirement of 2 200 eligible SANDF members without pension penalties over the next two years.

- **SAMIDRC Withdrawal.** A total of R3 billion was allocated in the 2025/26 financial year for the withdrawal of SANDF forces and equipment from the DRC.
- **SADC Secretariat.** The National Treasury Estimates of National Expenditure notes a projected payment of R487 million to the SADC Secretariat in 2025/26. This is significantly higher than the R77.6 million paid in the preceding year and likely relates to the SANDF participation in SAMIDRC.
- **Contractors.** The allocation for spending on contractors continues to increase on previous years from R1.215 billion in 2021/22, R1.377 billion in 2022/23 and R1.180 billion in 2023/24 to R1.620 billion in 2025/26. Although slightly lower than the projected expenditure for 2024/25, the comparative rising expenditure on contractors remains of concern. In previous years, the DOD used funds allocated to Contractors to pay salaries and cover the shortfall in the CoE.
- **Property payments.** The allocation for property payments is significantly higher than expenditure in recent years. Between 2021/22 and 2023/24, expenditure on this item ranged from R1.4 billion to R1.6 billion. The allocation for 2025/26 is R2.319 billion, although slightly below the allocation of the preceding year.
- **Travel and Subsistence.** In 2023/24, the DOD spent a significantly higher amount on Subsistence and Travel than in previous years at R1.970 billion. The projected expenditure for 2025/26 is R1.007 billion.

4.4 DOD income for 2025/26

One of the Minister of Defence's key priorities is to **increase revenue generation** for the DOD to boost the current allocation.[1] However, the Estimates of National Expenditure forecasts only a marginal increase in Departmental Receipts from R1.319 billion in 2022/23 to R1.346 billion in 2025/26. Some of the income to be generated includes:

- Rental of Capital Assets: R114.3 million
- Services rendered: R383.5 million
- Sale of Goods: R15.5 million
- Transfers received: R704.6 million
- Sale of Capital Assets: R33.9 million

[1] DOD (2025a) p. 88.

- Sale of scrap: R1.7 million (the PCDMV of the 6th Parliament noted the need for faster disposal of old and dysfunctional vehicles at military bases).

5. COMMITTEE OBSERVATIONS

During deliberations with the DOD on 23 April 2025 and further engagements on 18 June 2025, Members of the PCDMV made the following observations related to the budget allocation, the performance indicators and the targets set in the APP and Strategic Plan:

a) The Committee expressed its continued concern about the low levels of funding of the DOD and the impact this has on the state of defence readiness and the capacity of the SANDF to fulfil its constitutional mandate. The Committee cited the absence of the SANDF in the Eastern Cape to assist flood victims as a recent example of the lack of capacity in the DOD.
b) The Committee highlighted a lack of innovation in the current APP and Strategic Plans and noted that it does not offer new means of addressing shortcomings in the Department and remaining in the fiscal framework.
c) The Committee observed that the Strategic Plan and APP of the DOD do not offer new initiatives, particularly in addressing issues related to compensation of employees and rejuvenation plans.
d) The Committee repeated the urgent need for the overdue evaluation of the 2015 Defence Review to be completed and presented to the Committee.
e) The Committee expressed concern over the lack of prioritisation of 1 Military Hospital and noted the absence of consequence management regarding the incomplete project. The Committee similarly observed the increased spending on outsourcing in the Military Health Services environment, which is linked to the non-finalisation of upgrades at 1 Military Hospital.
f) The Committee welcomed plans to automate the Human Resource system and that some of these aspects are set for implementation by the end of the financial year.
g) The Committee indicated that it remains difficult to analyse the DOD’s budget without access to long-term strategic plans, such as the Defence Capstone Policy Concept, and the Military Strategy, Force Design and Force Structure documents as well as the Journey to Greatness, which have not yet been submitted to the Committee.

h) The Committee acknowledged that the possibility of allocating 1.5% of GDP to the SANDF will form part of upcoming discussions between the SANDF and the Presidency regarding long-term strategic documents. The Committee acknowledged receipt of information from the Deputy Minister on the status of development of these documents in consultation with the President, National Treasury, and the South African National Security Secretariat.
i) The Committee expressed concern that while the DOD has a cyber defence capability intended for national protection rather than departmental use, it cannot be implemented due to a lack of funding.
j) The Committee welcomed the withdrawal of the SANDF members who formed part of the SADC mission in the DRC and urged the responsible use of the funds allocated for the withdrawal.

6. RECOMMENDATIONS

The PCDMV identified the following areas that will be subject to monitoring by the Committee throughout the 2025/26 financial year:

a. The Committee remains concerned about the low levels of defence funding, but acknowledges that engagements between the DOD, the South African National Security Secretariat, National Treasury, and the Presidency are under way to address this matter. Given the urgency of funding certainty for the DOD, the Committee will write to the President noting the need for an urgent final decision on the funding projections for the DOD. The Committee will request feedback from the Presidency and the DOD on the projected timelines for finalising current engagements. The Committee expresses the need for this process to be concluded so that implementation can start in the 2026/27 financial year.
b. While acknowledging current engagements between the DOD, the South African National Security Secretariat, National Treasury and the Presidency, the Committee requests that key planning documents such as the Defence Capstone Policy Concept, South African Military Strategy, Force Design and Force Structure and the Journey to Greatness be tabled in parliament by the end of 2025 to allow alignment with the next fiscal cycle.

c. While future funding engagements are ongoing, the Committee urges the DOD to resolve audit queries noted by the Auditor-General to limit the risk to any potential future increase in funding. The Minister must submit a comprehensive audit recovery plan by the end of September 2025, with quarterly updates thereafter. The Committee also insists on consequence management by both the Secretary for Defence and the Chief of the SANDF in cases of persistent governance failures, with a written update on this by the end of October 2025.
d. The Committee noted that the Strategic Plan and APP of the DOD lack new initiatives, particularly in addressing issues related to compensation of employees and rejuvenation plans. The Committee previously instructed the Minister of Defence and Military Veterans and the Minister of Finance to jointly develop a rejuvenation mechanism that does away with the concept of 'soldier for life', in line with the recommendations of the 6th Parliament. As stated previously, the Committee undertakes to re-engage the Ministers on the matter in the third term of 2025/26 and urges the DOD to prioritise the development of this plan to both ensure force rejuvenation and address over-expenditure on Compensation of Employees, with implementation starting by the end of 2025.
e. Given current fiscal constraints, the Committee urges the DOD, including SANDF leadership, to drastically minimise unnecessary spending and divert all discretionary funds towards the operational effectiveness of the SANDF, specifically equipment availability and training.
f. The Committee undertakes to engage the DOD, in conjunction with Armscor, on the defence portfolio's cyber defence capabilities.
g. The Committee requests the Minister to submit a full withdrawal report to the Committee within 30 days following the final withdrawal of all SANDF troops and equipment from the DRC.

PART B: DEFENCE ENTITIES

The Portfolio Committee on Defence and Military Veterans (PCDMV), having considered the 2025/26 Corporate Plan of the Armaments Corporation of South Africa (Armscor), the 2025 Strategic Plan and Annual Performance Plan (APP) the Castle Control Board (CCB), and having engaged on the submitted Corporate Plan of Denel, reports as follows:

ARMAMENTS CORPORATION OF SOUTH AFRICA (ARMSCOR)

The PCDMV, having considered the 2025 Corporate Plan of Armscor on 25 June 2025, reports as follows:

1. INTRODUCTION

Armscor was established in terms of the Armaments Production and Development Act (No. 57 of 1968) to satisfy the requirements of the South African National Defence Force (SANDF) in respect of Defence Matériel.

The objectives and mandate of Armscor are defined in the Armaments Corporation of South Africa Limited Act of 2003 and includes the objective of meeting the defence matériel requirements of the Department of Defence (DOD) effectively, efficiently, and economically. Furthermore, Armscor are to meet the defence technology, research, development, analysis, and test and evaluation requirements of the DOD effectively, efficiently, and economically.

2. ARMSCOR CONTRIBUTION TO NATIONAL GOVERNMENT PLANNING

Armscor will seek to contribute to several Government outcomes as per the National Development Plan (NDP) and the Medium-Term Development Plan (MTDP) (2024-2029).

Armscor contributions to the NDP:

- Sharpening South Africa's innovative edge by contributing to global scientific and technological advancement;
- Investing in Research and Development;
- Facilitating cooperation between public service and technology institutions;
- Committing to procurement approaches that stimulate domestic industry and job creation; and
- Procuring from and supporting SMMEs, black-owned and black managed enterprises and female-led enterprises, the youth and military veterans.

Armscor contributions to the 2024-2029 MTDP Strategic Priority 3:

- **Trust in the public sector:** Armscor will seek to review and improve processes and policies to ensure good governance and alignment with public service prescripts emanating from the Department of Public Service Administration, the National Treasury, and other governance frameworks.
- **South Africa's borders are effectively defended, protected, secured, and well-managed:** Armscor supports this outcome by providing technology and equipment to the DOD in support of the overarching strategy to defend, protect, secure, and ensure well-managed borders by securing the land, airspace, and maritime borders.
- **Secure cyber space:** Armscor provides support for capacitating a Cyber Security Institution in the establishment of the Cyber Command Centre Headquarters. Armscor also offers its cybersecurity capabilities to the broader public service.
- **Corruption in the public and private sectors is reduced:** Armscor will prevent corruption where prevalent and in the execution of Armscor's mandate.
- **Political cohesion in Southern Africa to ensure a peaceful, secure, and stable Southern African region:** Armscor supports the DOD by supplying the necessary security equipment to enable successful operations within the region. This is ultimately aligned to the core mandate of Armscor.

3. ARMSCOR BUDGET ANALYSIS

The projected revenue for the Armscor Group in 2025/26 (R1.965 billion) is higher than that which was projected for 2024/25 (R1.825 billion). After the inclusion of depreciation, Armscor is expected to have a net surplus of only R500 000.00 for 2025/26. However, this is an improvement on the projected R88.7 million deficit for the end of 2024/25.

The main cost drivers for Armscor in the 2025/26 financial year include the following:

- Direct personnel cost increases from a projected R1.240 billion in 2024/25 to R1.296 billion in 2025/26.
- Depreciation is projected to decrease from R112.0 million in 2024/25 to R98.0 million in 2025/26.
- Cost of sales is expected to decrease marginally from R171.3 million in 2024/25 to R170.4 million in 2025/26

- General expenses are projected to increase from R388.1 million in 2024/25 to R398.2 million in 2025/26.

In terms of the breakdown of Group Capital Expenditure for Armscor, this is expected to increase from R407.1 million on 2024/25 to R482.8 million in 2025/26, of which the following can be noted:

- Office equipment increases from R8.672 million to R57.5 million.
- Computer equipment increases from R58.5 million to R104.3 million.
- Computer software decreases from R95.3 million to R70.4 million.
- Buildings and infrastructure decrease from R120.6 million to R107.9 million.
- Capital assets increase from R7.08 million to R35.73 million.
- Motor vehicles decrease from R12.5 million to R8.0 million.
- Capital assets increase from R36.8 million to R62.4 million.

Armscor's funding

Armscor is largely funded from state finances through a transfer payment. The reduced defence allocation is pressuring Armscor to supplement this income with other commercial projects. For 2025/26, Armscor planned funding comprises the following:

- Transfer payment: R1.224 billion (R1.169 billion in 2024/25)
- Sale of goods: R16.7 million (R15.7 million in 2024/25)
- Rendering of services: R473.2 million (R424.1 million in 2024/25)
- Rental income: R74.8 million (R74.1 million in 2024/25)
- Other income: R34.9 million (R25.7 million in 2024/25)

4. SELECTED PERFORMANCE INDICATORS

The tale below highlights a number of service delivery performance targets across Armscor's six output areas (goals). The output areas for Armscor in 2025/26 and over the medium-term are largely aligned to those utilised under the previous MTDP, with only minor changes in the wording of output area. The six focus areas for Armscor include:

- Output A1: Provide Defence Acquisition and Supply Chain Management: Acquisition activities (Goal 1 and 2)
- Output A1: Provide Defence Acquisition and Supply Chain Management: Schedule Placement (Goal 3)
- Output A1: Provide Defence Acquisition and Supply Chain Management: Management of Defence Industrial (Participation (Goal 4)
- Output A2: Provide Defence Research and Development: Management and execution of defence technology, research, and test and evaluation requirements of the DOD (Goal 5)
- Output A3: Goal 5: Manage Defence related strategic facilities: Performance against mandate (Goal 6)
- Output A4: Management of DOD owned Intellectual Property: Effective Technology and IP Management.

Table 1: Selected performance indicators per Armscor goal for 2025/26

Performance indicator	2023/24 Achievement	2024/25 Target	2025/26 Target
Percentage of DOD capital requirements converted into orders placed	97.14%	95%	95%
Execution of contracts measured through cash flow on DOD orders placed	108.06%	95%	95%
Percentage of DOD system support and procurement requirements converted into orders placed	97.9%	95%	95%
Execution of contracts measured through cash flow on DOD orders placed	98.92%	95%	95%
Average time from receipt of requirement to placement of contract	80 days for shortened process items 95 days for standard acquisition 96 days for SDA programmes	90 days for shortened process items 120 days for standard acquisition 140 days for SDA programmes	90 days for shortened process items 120 days for standard acquisition 140 days for SDA programmes
Value of Defence Industrial Participation (DIP) credits granted	R1.85 million	R1.21 million	R1.16 million
Percentage of execution of technology requirements	84.5%	95%	95%
Percentage of project tasking and job cards	75%	90%	90%

Performance indicator	2023/24 Achievement	2024/25 Target	2025/26 Target
executed.			
Percentage compliance to project finance	85%	90%	90%
Provision of Ancillary Services executed (determined by SA Navy as per Dockyard funded business plan)	100%	95%	95%
Training provided in accordance with the plan and requirements submitted by South African Navy	100%	100%	100%
Percentage compliance with quarterly report timelines	100%	100%	100%
Percentage compliance with DOD contracted work, in accordance with SLA between Armscor and DOD.	94.2%	90%	90%
Maintain a complete and comprehensive IP register	31 March 2024	31 March 2025	31 March 2026
Commercialise one IP Technology.	11 Dec 2024	31 March 2025	31 March 2026

In addition to the service delivery performance indicators, Armscor also set itself a number of targets in terms of its strategic output. These are summarised in the Table below.

Table 2: Selected performance indicators per Armscor goal for 2025/26

Outcome	Output	2023/24 Achievement	2024/25 Target	2025/26 Target
Armscor administration	Review and finalise DOD and Armscor Service Level Agreement	New target	31 March 2025	31 March 2026
Revenue generation	Group revenue	R1.468 billion	R1.825 billion	R1.912 billion
	Revenue from Armscor R&D	R362.2 million	R424.7 million	R445.9 million
	Revenue from Business Enablement Unit	R37.5 million	R59.1 million	R59 million
	Percentage Payments within 30 days of receipt of legitimate invoices.	New target	95%	95%
Cost Management	Improve net financial position	R150.9 million surplus	R88.8 million deficit	R290.5 million deficit
Efficient and effective delivery	Complete digitisation of data reporting and non-corporate business processes.	-	-	31 March 2026
	Complete implementation of the Finance ERP module.	-	-	31 March 2026
	Complete implementation of Supply Chain Management module.	-	-	31 March 2026

Outcome	Output	2023/24 Achievement	2024/25 Target	2025/26 Target
Armscor administration	Review and finalise DOD and Armscor Service Level Agreement	New target	31 March 2025	31 March 2026
	Improve Cybersecurity Capability (% Implementation of the annually approved Cybersecurity Capability)	39.7%	80%	80%
	Achievement of approved Employment Equity Plan that is directed towards % improvement for female representation	42%	40%	40%
	Controllable staff turnover in technical positions, excluding retirements	4.88%	<4%	<4%
	Provision of bursaries for full-time studies (culminative)	27	23 (budget constraints)	23 (budget constraints)
	Total number of people employed with disabilities	28	28	28
Stakeholder management	Stakeholder satisfaction improvement survey	NA	1% improvement	NA
	Employee engagement survey to determine baseline	-	100%	Survey to be conducted
	Preferential procurement from Military Veterans entities	New indicator	2%	2%

5. PERSONNEL INFORMATION SUMMARY

Armscor's personnel component has seen a significant reduction in recent years. However, there is some improvement projected for 2025/26 with an additional 27 personnel members expected in the system. The biggest change is in the Research and Development Division. A limited increase in capacity of the Armscor Dockyard can be noted.

Table 3: Armscor Personnel figure comparison

Armscor Group	Total Permanent employees projected in the 2025/26 Corporate Plan	Total Permanent employees provided for in the previous (2024/25) Corporate Plan
Armscor (excluding R&D)	603	596
Research & Development	317	293

Armscor Dockyard	382	386
TOTAL	**1 302**	**1 275**

6. COMMITTEE OBSERVATIONS

During deliberations with Armscor on 25 June 2025, Members of the PCDMV made the following observations related to Armscor's Corporate Plan:

a) The Committee observed poor levels of cooperation between Denel and Armscor.
b) The Committee questioned Armscor on its international partnerships and engagement with international role-players. The Committee noted Armscor's processes for assessing of foreign companies' policies and business models. The Committee further noted that Armscor is currently exploring partnerships with companies in Brazil and Turkey
c) The Committee expresses its ongoing concern regarding the Armscor Dockyard, noting that it is not effectively contributing to the SA Navy's force readiness.
d) In terms of contract management, the Committee expressed its deep concern about the protracted contracting period for the refurbishment of some of the SA Navy submarines, despite funding being available.
e) The Committee noted Armscor's intention to increase commercial work at the Armscor Dockyard with the aim of attracting more personnel and, in so doing, expanding its service offerings to the SA Navy.
f) The Committee noted Armscor's struggle to secure bank guarantees but welcomed the Minister's engagement with the Industrial Development Corporation on the matter.
g) The Committee raised concerns on the R0.5 million surplus for the 2025/26 financial year, stating that the outlook of only reaching a break-even point annually over the medium term is cause for concern.
h) The Committee expressed concern regarding the defence portfolio's cyber defence capabilities, although it noted Armscor's limited capacity, albeit limited, in this regard.

7. RECOMMENDATIONS

The PCDMV makes the following recommendation that will be subject to monitoring by the Committee throughout the 2025/26 financial year:

a) The Committee recommends the establishment of a permanent steering committee to better manage relations and project cooperation between Denel and Armscor.
b) The Committee recommends closer cooperation between Armscor and the DOD/SANDF regarding the development of a cyber defence capability, noting that the pooling of resources and capacity is essential.
c) The Committee encourages the responsible exploration of commercial activity within the Armscor Dockyard with the clear understanding that it must be aimed at improving the fiscal position of the Dockyard, attract more skills and ultimately create capacity to better serve the SA Navy.
d) The Committee requests the Minister of Defence and Military Veterans to submit the outcome of the engagement with the Industrial Development Corporation regarding guarantees for Armscor by 31 August 2025.
e) The Committee requests the urgent finalisation of the sourcing of a contractor for the refit of the submarines and, should a suitable supplier not be found or the Original Equipment Manufacturer be unavailable or contracting with them not be viable, the Minister should inform the Committee as such. The Committee will then engage on the future of the fleet with the Minister during a closed session.

DENEL

On 25 June 2025, the Portfolio Committee on Defence and Military Veterans (PCDMV) undertook to engage Denel on its submitted Corporate Plan for 2025/26. However, the Committee noted that the submitted Corporate Plan was not in line with the standards and requirements for such reports. Most notably, Denel's Corporate Plan did not adhere to the various regulations issued by National Treasury on the compilation and submission of Corporate Plan.

RECOMMENDATIONS

The Committee makes the following recommendations as it relates to Denel:

a. The PCDMV resolved that Denel should resubmit its Corporate Plan, aligned with National Treasury regulations, by the end of July 2025. Denel would be invited to brief the Committee on the revised Corporate Plan in the next parliamentary term.
b. Denel should consider the future possibility of creating a Denel Maritime Division to align the functions of the entity with DOD requirements. Alternatively, the Minister of Defence should explore the optimisation of exiting capabilities in both Denel and Armscor to find the best arrangement to serve the SA Navy needs.

THE CASTLE CONTROL BOARD (CCB)

1. INTRODUCTION

The Castle Management Act, 1993 (No. 207 of 1993) provides for a CCB to govern and manage the Castle of Good Hope (CGH), South Africa's oldest architectural structure, on behalf of the Minister of Defence and Military Veterans. The National Heritage Resources Act (No. 25 of 1999) provides for the management of the Castle as a national heritage site. The Castle's objectives are set out in the Castle Management Act as follows:

- To preserve and protect the military and cultural heritage of the Castle;
- To optimise the tourist potential of the Castle; and
- To maximise accessibility to the public.

The CCB is proposing to amend the Castle Management Act and the Defence Endowment Property and Account Act. The 2025 APP repeats the statement of the previous five APPs by noting 'the Board has identified that the current founding legislation is outdated and submitted a review document to the MOD&MV. The outcome of this legislative review process will provide much-needed clarity to the CCB and its stakeholders'.

2. EXECUTIVE PRIORITIES FOR 2025/26

2.1 The Minister Minister of Defence

The Minister emphasises that the CCB operates within a constrained and unstable economic and geopolitical environment, both locally and continentally. Key risks include limited resources, fiscal constraints, and growing inequality. To mitigate financial strain, the Minister has allocated R5 million (2025/26) and R4 million per year for the outlying medium-term financial years to support CCB operations. Strategic priorities include:

- Strengthening internal controls for clean governance and service delivery.
- Enhancing inclusivity by targeting youth, women, and people with disabilities.
- Promoting social cohesion, safety, education, and universal access to the Castle.

2.2 The Castle Chief Executive Officer

The CEO reaffirms commitment to the accuracy and transparency of the CCB's performance information and confirms compliance with Department of Defence policies and audit requirements. The CEO highlights that all performance information is backed by auditable systems and stored in the CCB's Performance Management System. Strategic priorities include:

- Accurate and auditable performance reporting.
- Continued efforts to ensure inclusivity and accessibility for women, youth, and persons with disabilities.

2.3 The CCB Board Chairperson

The Chairperson underscores that the CCB's financial sustainability is severely threatened due to its high reliance (95%) on tourism, which was devastated by COVID-19. Recovery hinges on increased tourism and aggressive marketing. Key strategic risks and priorities include:

- Restoring financial sustainability through tourism, events, and balanced use of the Castle
- Addressing persistent safety and security concerns, especially at the Castle's perimeter
- Securing UNESCO World Heritage status by improving infrastructure and cultural protection
- Prioritising education, heritage promotion, and stakeholder engagement, especially with military veterans
- Mobilising R3.5 million for urgent security upgrades and infrastructure maintenance through the Defence Logistics Division.

3. CCB CONTRIBUTIONS TO GOVERNMENT PRIORITIES

The CCB notes that it will continue to support the government's priorities and, ultimately, the National Development Plan (NDP), Vision 2030 as well as the 5-year Implementation Plan, the Medium-term Development Programme (MTDP). The CCB aims to address the following MTDP pillars over the medium-term:

- MTDP Pillar 1: "*A Strong and Inclusive Economic Growth*".
    - MTDP Priority 1: "*Economic Transformation and Job Creation*".

- MTDP Pillar 3: "*A Capable State*".
    - MTDP Priority 6: "*A Capable, Ethical and Developmental State*".
    - MTDP Priority 7: "*A Better Africa and World*".

Furthermore, the CCB aligns its programmes with the Ministry of Defence and Military Veterans' priorities for 2025/26 by promoting clean governance and accountability to Parliament. It contributes to national imperatives by supporting youth skills development through internships in tourism, marketing, and events. Operationally, the CCB is committed to paying suppliers within 30 days, maintaining a clean audit by addressing findings, and submitting all accountability documents, including performance agreements, financial disclosures, and reports. It also ensures compliance with national planning frameworks and timely responses to parliamentary processes.

4. CCB PERFORMANCE INDICATORS

The table below highlights selected CCB's planned output indicators per programme between 2023/24 (audited outcome) and 2025/26 (planned targets)

Output indicator	Performance 2023/24	Performance 2024/25 (estimated)	Target 2025/26
Programme 1: Administration			
Number of corporate governance policies approved per annum	3	2	2
Percentage of significant prior year audit findings resolved.	85%	90%	95%
Percentage reduction in the number of irregular expenditures within the CCB.	64%	85%	95%
Percentage reduction in the number of fruitless and wasteful expenditures within the CCB.	100%	100%	100%
Percentage payments within 30 days from receipt of legitimate invoices	100%	100%	100%
Programme 2: Maintenance and Conservation of the Castle of Good Hope			
Number of preventative and regulation maintenance projects completed	152	8	9
Number of non-commercial, cultural events Hosted annually at the Castle of Good Hope	46	15	17
Number of exhibitions hosted annually at the Castle of Good Hope	7	6	6
Programme 3: Maximizing the Castle's Tourism Potential			
The annual number of visitors and tourists attracted to the Castle of Good Hope	102 326	130 000	170 000
Gross revenue generated through tourism and events	R10.944 million	R10.705 million	R11.366 million
Number of commercial events hosted at the Castle of Good Hope	25	30	35
Number of film and fashion shoots accommodated at the Castle of Good Hope	15	15	16
Number of tourism infrastructure upgrades completed	1	2	3
Number of Joint Marketing Initiatives undertaken	2	2	3
Number of fulltime jobs sustained by the Castle of Good Hope's Heritage Tourism sector	New	New	37
Number of temporary employment opportunities created through the Castle of Good Hope's filming and hospitality sector	New	New	1 200
Programme 4: Increase Public Access to the CGH			
The annual number of potential visitors reached through the media	1.8 billion	1.3 billion	120 000
Number of student interns hosted at the CGH per annum	18	13	12
Number of heritage-educational programmes	19	58	22

Output indicator	Performance 2023/24	Performance 2024/25 (estimated)	Target 2025/26
organised for women, unemployed youth, disabled and traditional communities			
Number of heritage programmes organised for Military Veterans	14	11	6

5. RESOURCE ALLOCATIONS PER PROGRAMME

The projected expenditure for 2025/26 is R11.366 million, an increase of R661 000 from the previous year. The Administration Programme remains the largest programme with expected expenditure of R9.234 million for 2025/26. The Administration Programme is the most significant spending programme given that within this programme employment cost is the primary expenditure driver. A significant increase in spending can be observed in the Conservation Management programme (59.66%) and the Tourism Management programme (35.54%). The allocation for the Public Access subprogramme decreases by 44.7%. The CCB notes the following trends per programme in terms of planned expenditure:[2]

Programme 1: Administration (R9.234 million)

This is the largest expenditure area, primarily driven by employment costs for 25 staff members and essential facility maintenance. Key planned spending includes:

- Enhanced visitor services (e.g. upgraded info centre, signage, maps, and guidebooks).
- Security improvements and establishment of an outdoor restaurant/kiosk.
- Upgraded website and diverse tour options to attract broader audiences.
- Continued maintenance through a full-time facilities manager and contract services to prevent disrepair of the Castle's 420 rooms.

Programme 2: Conservation Management (R1.504 million)

The second-largest spending item focuses on preserving and showcasing the Castle’s heritage. Planned priorities:

- Hosting innovative public heritage and cultural events.
- Active marketing to increase local and learner visits.
- Heritage skills training workshops for military veterans.

[2] CCB (2025) p.38-39.

- Expansion of museum and chapel spaces, and efforts to achieve UNESCO World Heritage Site status.

Programme 3: Tourism Management (R213 000)

Though small in budget, this programme is critical to boosting tourism revenue. Planned actions include:

- Expanded and child-friendly tour products.
- Better signage and cultural product displays.
- Aggressive marketing campaigns.
- Acquisition of a 2,500-seater marquee in partnership with the DOD Logistics Division to host major functions and reduce venue wear and long-term costs.

Programme 4: Public Access (R415 000)

This programme focuses on social inclusion and outreach. Key spending will go towards:

- Community events and school outreach.
- Programmes for vulnerable groups (e.g. orphans, pensioners, abused women and children).
- Internships and youth empowerment initiatives.

In terms of Revenue projected to be generated, the Table below highlights expected sources of income. The income from sales is expected to increase significantly in 2025/26 while rental income is expected to be lower than the last audited figures of 2023/24. Other income will rise substantially while the DOD grant will be lowered over the medium-term.

CCB Revenue (Projected)

Item	2023/24 (R'000)	2024/25 (R'000)	2025/26 (R'000)
Sales	2 697	2 828	4 137
Rental income	1 483	1 047	1 289
Other income	406	520	620
Interest income	359	310	320
Grant	6 000	6 000	5 000
TOTALS	10 584	10 705	11 366

6. COMMITTEE OBSERVATIONS

During deliberations with the CCB on 2 July 2025, Members of the PCDMV made observations related to the budgetary allocation, the performance indicators and the targets set in the Strategic Plan and APP of the CCB. The following were noted:

a. The Committee noted concerns regarding the cleanliness of the Castle Premises and surrounds and highlighted safety concerns around the premises.

b. The Committee questioned why a very high percentage of the CCB's budget is allocated to administration.

c. The Committee raised concerns regarding the CCB's procurement practices which resulted in irregular expenditure. Specifically, the Committee noted procurement from suppliers whose tax information was not compliant.

d. The Committee noted misprints in the CCB APP budget and requested corrected figures to be submitted.

a. The Committee noted observations that the Board has identified the current founding legislation as outdated but questioned the delays in submitting new legislation to address this.

b. The Committee noted the need for the CCB to focus on revenue-raising initiatives to ensure the financial sustainability of the Castle.

7. RECOMMENDATIONS

The PCDMV identified the following areas that will be subject to monitoring by the Committee throughout the 2025/26 financial year and beyond:

a. The CCB should implement measures to ensure full compliance with legislation during procurement processes, notably that service providers meet all necessary requirements.
b. The CCB is requested to submit the updated and corrected financial projections per programme and economic classification for 2024/25, 2025/26 and the MTDP to the Committee by 9 July 2025.

c. The Minister of Defence and the CCB should submit to the Committee, by 30 July 2025, the envisaged process (roadmap) to address the identified outdated legislation related to the Castle of Good Hope.
d. The Committee recommends closer engagement between the CCB, the South African Police Service, the City of Cape Town and the City Improvement District to improve the safety of tourists in the areas surrounding the Castle.

The Portfolio Committee on Defence and Military Veterans (PCDMV) supports the budgets of the Department of Defence, Armscor and the Castle Control Board for 2025/26 and recommends that the Budget Vote 23 be adopted.

Reservation of Rights by Political Parties on Vote 23:

- The Economic Freedom Fighters (EFF) reserve its rights on Vote 23.

Report to be considered.

5. REPORT OF THE PORTFOLIO COMMITTEE ON DEFENCE AND MILITARY VETERANS ON BUDGET VOTE 26, DEPARTMENT OF MILITARY VETERANS, DATED 4 JULY 2025

The Portfolio Committee on Defence and Military Veterans (PCDMV), having considered Budget Vote 26 on the Department of Military Veterans (DMV), and its 2025/26 Annual Performance Plan (APP) and Strategic Plan on 2 July 2025, reports as follows:

1. INTRODUCTION

Section 55 (2) of the Constitution of the Republic of South Africa (1996) states that "The National Assembly must provide for mechanisms (a) to ensure that all executive organs of state in the national sphere of government are accountable to it and (b) to maintain oversight of (i) the exercise of national executive authority, including the implementation of legislation; and (ii) any organ of state."

The Portfolio Committee considered the DMV 2025/26 APP, Strategic Plan as well as its budget allocation on 2 July 2025. The Committee made observations that led to recommendations to the DMV, to enhance their performance for the remainder of the financial year. The Department's annual budget allocation is outlined in National Treasury's Estimates of National Expenditure (ENE) as Vote 26.

2. CONTRIBUTIONS OF THE DMV

The DMV has aligned its strategic direction for 2025/26 with both the National Development Plan (NDP) 2030 and the 2024–2029 Medium-Term Development Plan (MTDP). Its three strategic priorities include (1) improving the socio-economic status of military veterans, (2) facilitating economic opportunities for veterans, and (3) strengthening governance, legislation, and operational efficiency within the department. Each priority is directly linked to specific NDP chapters and MTDP themes to ensure coherent and measurable progress (see table below).

Table 1: DMV priorities linked to NDP and MTDP

DMV Priority	Linked NDP Chapters	Linked MTDP Priorities
Priority 1: **Improved socio-economic status of Military Veterans**	Chapters 3 (Economy), 11 (Social Protection), 13 (Building a capable state)	Reduce poverty and tackle the high cost of living
Priority 2. **Facilitate economic opportunities for Military Veterans**	Chapters 3 (Inclusive economy), 9 (Improving education), 15 (Nation building)	Drive inclusive growth and job creation
Priority 3. **Strengthen governance, legislation, and efficiency at DMV**	Chapters 13 (Building a capable state), 14 (Fighting corruption), 15 (Nation building)	Build a capable, ethical and developmental state

3. COMMITTEE 2023/24 BUDGET REPORT

In order to include a holistic review by the Committee, past recommendations are included. The Committee made the following recommendations in terms of the 2024/25 APP of the DMV:

i. The Department should provide the Committee with a list of all outstanding payments to educational institutions for the education benefit for 2023/24 and to date for 2024/25. This should be provided to the Committee by 15 August 2024.
ii. The Department should provide the Committee with the number of veterans currently receiving the pension benefit and planned projections to grow this number over the MTEF. This should be provided to the Committee by 15 August 2024.
iii. The Department should provide the Committee with a status update on the military veterans database. This should include progress towards the establishment of a secure, electronic database. The feedback should include the status of processing of verified lists of veterans as received from organisations. The feedback should also include information as to the criteria required to be included of the database. This should be provided to the Committee by 15 August 2024.
iv. The Department should provide the Committee with a summary of all outstanding court cases in which the Department is involved, including the current status of these cases and legal costs involved. This should be provided to the Committee by 15 August 2024.

v. The Department should provide the Committee with a detail around the housing benefit, including the number of veterans approved for this benefit per province that have not yet receive housing and when they are likely to receive this benefit as per the DMV's medium-term planning. This should be provided to the Committee by 15 August 2024.

vi. The Department should ensure that the SANMVA conference is funded and takes place as a matter of urgency, as the DMV noted that a committee was formed in February 2024 to fast track this conference.

vii. The Committee urges the Minister of Defence and Military Veterans to finalise the appointment of a permanent Director-General and ensure that other senior posts are filled.

4. DMV 2025/26 BUDGET OVERVIEW

4.1 Overview of planned expenditure

The DMV's 2025/26 budget has increased with R63.1 million from the previous, which is a 7.8% increase in nominal terms and an increase of 2.93% after adjustment for inflation. The biggest increase in nominal terms was in Programme 2 with an additional R42.9 million (23.8%) allocated. Programme 1 also received an increase of R16.7 million (8.6%) increase.

VOTE 26: MILITARY VETERANS						
Programme	**Budget**		**Nominal Increase / Decrease in 2025/26**	**Real Increase / Decrease in 2025/26**	**Nominal Percent change in 2025/26**	**Real Percent change in 2025/26**
R million	**2024/25**	**2025/26**				
Programme 1: Administration	164,7	181,4	16,7	8,6	10,14%	5,20%
Programme 2: Socio-economic Support	383,0	425,9	42,9	23,8	11,20%	6,21%
Programme 3: Empowerment &Stakeholder	264,7	271,2	6,5	- 5,7	2,46%	-2,14%
TOTAL	**812,4**	**875,5**	**63,1**	**23,8**	**7,8%**	**2,93%**

In terms of economic classifications, general expenditure trends in 2025/26 remain in line with the previous year, but the following should be noted on the overall budget:

- The biggest increase in the budget allocation is in terms of Households, which increases from R276.0 million in 2024/25 to R326.1 million in 2025/26. This is largely due to military veterans' benefits from R131.5 million in 2024/25 to R167.7 million in 2025/26.
- Compensation of Employees will be R149.5 million, which is 16.7% of the DMV's total expenditure.
- There is a marginal decrease in operating expenditure from R23.6 million in 2024/25 to R19 million in 2025/26.
- The DMV is projected to spend R44.9 million (5.13% of its total budget) on Travel and Subsistence.

In terms of the overall budget, National Treasury notes that the department plans to intensify the rollout of pensions with the aim of reaching 9 600 deserving military veterans or their dependants by 2027/28. A strict means test will be applied to ensure the benefit is directed towards those in genuine need, thereby reducing the potential for misuse. Furthermore Despite Cabinet-approved reductions amounting to R195 million over the MTEF period, total expenditure is expected to increase at an average annual rate of 5.6 per cent, from R812.4 million in 2024/25 to R955.6 million in 2027/28, mainly because the 2023 Budget provided additional funding to roll out the pension benefit. To mitigate the impact of these reductions on operational capacity, the department has reprioritised R11.9 million towards compensation of employees. This is expected to ensure that critical posts are filled over the period ahead.

5. PROGRAMME BUDGET AND PLANNED PERFORMANCE OVERVIEWS

The DMV has three budget programmes namely (1) Administration, (2) Socioeconomic Development, and (3) Empowerment and Stakeholder Management.

5.1 Programme 1: Administration

The main purpose of the programme is to provide management and strategic administration support to the Ministry, and overall management of the department. The biggest change in the allocation of funds in Programme 1 relates to the increase in the Corporate Services subprorgramme (6.7%) as well as Financial Administration subprogrammes (6%), while a reduction of 7.2% can be observed in the Office Accommodation subprogramme.

In terms of economic classifications, an increase in Compensation of Employees can be observed from R61.5 million in 2024/25 to R86.1 million in 2025/26. Communication spending will also increase from R3 million to R6 million over the same period.

Planned performance targets for Programme 1 (Administration) are contained in the Table below. Two key performance areas can be noted for monitoring. First, the DMV aims to achieve an unqualified audit opinion for 2025/26. While it managed to achieve this in the past, key concerns raised by the Auditor-General in recent years and the limited Internal Audit capacity might impact negatively on the DMV's plans to achieve an unqualified audit. Second, to achieve the target of paying *all* legitimate invoices in 30 days, a significant improvement will have to be made from the previously audited performance level of 66% in 2023/24.

Programme 1 - Performance targets

Output Indicator	2023/24 Audited Performance	2024/25 Estimated Performance	2025/26 MTEF Target
Audit outcome	Qualified audit opinion	Unqualified	Unqualified
Percentage of legitimate invoices paid within 30 days	66%	100%	100%
% implementation of the ICT Strategy	0	100%	100%
Percentage representation of persons with disability	2%	3%	3%
Percentage representation of women at SMS level	59.1%	50%	50%
Approved Research Agenda 2030	New target	Approved Research Agenda 2030	Implementation of the Research Agenda 2030

5.2 Programme 2: Socioeconomic Development

The main purpose of the programme is to develop and monitor the implementation of legislation, policy frameworks and service delivery cooperation agreements on compensation for injury in military service, counselling, education, healthcare, public transport, pension and housing benefits to Military Veterans eligible for such support.

National Treasury notes that the department aims to deliver 900 houses to military veterans over the MTEF period, with provincial departments of human settlements constructing these on behalf of the department. Allocations amounting to R560.1 million over the medium term for pension and housing benefits are included in the *Socioeconomic Support Management* subprogramme in the *Database Management and Socioeconomic Support* programme. This sentiment is therefore reflected in the increased allocation for Programme 2 from R383 million in 2024/25 to R425.9 million in 2025/26 (11.2%). The largest increase is in terms of the Socioeconomic Support Management subprogramme which received an increase of 22.3% for 2025/26.

The DMV has performed poorly in the past in terms of providing newly built houses to military veterans. For example, by the third quarter of 2024, the Department achieved 37 houses provided against an annual target of 225. There has, however, been improvement in the provision of pensions over the past year. The DMV APP notes that "during the 2025/26, in consultation with various stakeholders including National Treasury, the DMV will embark on a process to review the current Military Veterans Pension Regulations to ensure that the benefit is affordable to the state and also address other gaps identified." As of December 2024 the pension benefit stats were as follows:

- Total applications received since inception: 20 441
- Total approved cases: 6 084
- Total rejected cases (various reasons): 1 465
- 3 659 pensioners paid
- 206 recipients are Females
- 127 recipients are persons with disabilities[1]

[1] DMV (2025) p. 39.

Performance targets for programme 2 are reflected in the Table below. As noted, the DMV has struggled in the past to achieve its required output in terms of housing provision, and the targets set for 2025/26 are therefore significantly higher than achieved in the past, increasing the chances of underperformance. The introduction of a mortgage subsidy should be welcomed as an additional means to assist veterans with housing. Given the updated data above on the status of pension payouts, the DMV is very likely to surpass the target for pensions in 2025/26.

Programme 2 – Performance targets

Output Indicator	2023/24 Audited Performance	2024/25 Estimated Performance	2025/26 MTEF Target
Number of confirmed military veterans registered in the database per year	1 417	1 500	1 500
Number of military veterans provided with newly built houses per year	133	225	250
Number of military veterans approved for the compensation benefit per annum	242	80	80
Total number of military veterans and their dependents receiving pension benefit	615	4 500	6 500
Total number of military veterans approved to access to health care services	17 691 (363)	18 150 (250)	18 400 (250)
Number of military veterans and dependents provided with dedicated counselling services and treatment	602	500	500
Percentage of eligible military veterans approved for mortgage bond subsidy per year	New indicator	100%	100%

5.3 Programme 3: Empowerment and Stakeholder Management

The main purpose of this programme is to manage and facilitate the implementation of military veteran empowerment and stakeholder management programmes. The allocation for Programme 3 for 2025/26 remains well aligned with that of the preceding financial year, with marginal changes to the subprogramme allocations. The largest proportional change is for the Heritage, Memorials, Burials and Honours subprogramme which received a R4.0 million increase in 2025/26 (8.4%).

The allocation in terms of economic classifications also remains stable in 2025/26 compared to 2024/25. However, the allocation for compensation of employees decreases from R37.6 million in 2024/25 to R31 million in 2025/26. Advertising for the programme will also increase by R1.2 million from R1.7 million in 2024/25 to R2.9 million in 2025/26.

The performance targets for Programme 3 are captured in the Table below. Of specific importance are the targets related to veterans provided with access to employment opportunities and programmes for veterans' businesses. These are essential targets for the economic empowerment of deserving military veterans and ought to be pursued sincerely. Past non-performance in terms of employment placement by the DMV may risk the achievement of low targets set for 2025/26 and the medium-term.

Programme 3 – Performance targets

Output Indicator	2023/24 Audited Performance	2024/25 Estimated Performance	2025/26 MTEF Target
Number of memorial lectures coordinated for Military Veterans	3	4	4
Number of Military Veterans and their dependents approved for skills development programmes	1 013	1 000	1 000
Number of Bursaries provided to Military Veterans and their dependents per year	3 690	4 200	4 500
Number of economic empowerment programmes facilitated for Military Veterans' businesses	New	New	2
Number of Military Veterans provided with access to employment placement opportunities	0	30	30
Number of Partnership agreements with other departments and entities	3	4	4
Number of liberation struggle history outputs	6	6	6

6. HUMAN RESOURCES

The DMV is currently operating under a structure that was approved in 2010. However, this structure is no longer aligned with the department's expanded mandate and current operational needs. As a result, the department has initiated a process to review and redesign its organisational structure.

The redesign aims to ensure alignment with the Strategic Plan 2025 to 2030 and the revised service delivery model. A key part of this process includes consultations with relevant stakeholders to support a well-structured and capable workforce. Once approved, the new structure will guide recruitment, improve service delivery, and enable the DMV to implement its mandate more effectively.

In addition, the department plans to prioritise the filling of critical vacancies, skills development, and performance management in line with government priorities and the Public Service Regulations.

7. COMMITTEE OBSERVATIONS

During deliberations with the DMV on 2 July 2025, Members of the PCDMV made the following observations related to the budget allocation, the performance indicators and the targets as set out in the APP and Strategic Plan of the Department:

a. The Committee requested that future planning documents provide a more detailed breakdown per province as it relates to the Housing benefit. Similarly, the Committee expressed the need for measures to be put in place to ensure housing development is of the highest standard.
b. The Committee requested clarity on the potential impact of ongoing legal cases involving the department, should the courts not rule in favour of the Department.
c. The Committee questioned how military veterans in rural areas are accommodated, noting concerns around provincial offices.
d. The Committee expressed grave concerns regarding the delays in appointing a permanent Director-General and, related to this, the outdated organisational structure. The Committee further notes that the continued employment of an acting Director-General for more than six months is not aligned with legislation.

e. Members of the Committee noted the need for an independent and properly represented verification panel.
f. The Committee expressed the need for a more rapid shift to digitising DMV records. However, the Committee expressed the need for the database digitisation to be underpinned by a thorough and transparent verification process.
g. The Committee highlighted the need for the DMV to ensure that benefits are not duplicated.
h. The Committee lamented slow performance in the past regarding new businesses established through empowerment programmes.
i. The Committee expressed the need for the DMV to prioritise women, youth, and people with disabilities in its empowerment programmes and within its organisation.
j. The Committee expressed concern around whether sufficient funds are available to roll out the pension benefit for the entire 2025/26 financial year. The Committee noted the observations by the Deputy Minister that there will not be sufficient funds available in 2025/26.
k. The Committee expressed concerns regarding a lack of consequence management for irregular expenditure.
l. The Committee questioned the need for the DMV to pay suppliers within 30 days.
m. The Committee expressed grave concern around the high administrative and human resources costs to deliver benefits to military veterans.
n. The Committee lamented the continued unresponsive nature of the DMV and linked this to the poor state of the DMV Call Centre.
o. The Committee questioned how the Financial Administration subprogramme will assist the DMV in terms of its Internal Audit Capacity. The Committee identified the urgent need for the DMV Internal Audit capacitation.
p. The Committee raised questions regarding the decision-making process in the DMV to fund military veterans' structures.
q. The Committee questioned whether the targets set by the DMV are realistic, as in various cases it is not aligned with past performance, notably the target for housing delivery and employment opportunities.
r. The Committee questioned whether provincial offices are adequately resourced and staffed to offer the required services to military veterans.
s. The Committee noted the lack of a temporary solution for the military veterans transport benefit while the implementation of a full benefit remains outstanding.

8. RECOMMENDATIONS

Based on is engagement on the 2025/26 DMV Budget, APP and Strategic Plan, the Committee makes the following recommendations:

a. The Minister should, as a matter of urgency, appoint a permanent Director-General for the DMV by 31 August 2025. Failure to do so would result in the Committee considering recommending that the Department be placed under administration or an equivalent intervention. In addition, the Minister should further ensure that the high vacancy rate at senior levels in the DMV is addressed urgently.
b. The Committee notes the outstanding feedback from the Minister regarding investigations into the alleged non-compliance with the Public Finance Management Act (PFMA) and other allegations against the Acting Director-General. A request for feedback was submitted by the Committee to the Minister on 28 May 2025 with no response. A ministerial response must be submitted by 30 July 2025.
c. The Committee reiterates its resolution of 14 May 2025 where it noted that the Executive should "report on the intervention by the transversal team on the development of the DMV organisational structure, job evaluations and filling critical vacancies. The Committee noted that the Executive will be required to provide feedback on these developments to the Committee and, should the Committee not be satisfied with progress, it may consider recommending that the Department be placed under administration or a similar intervention." The feedback remains outstanding and must be submitted to the Committee by 31 August 2025 for consideration. As per the previous resolution, failure to do so will result in the Committee considering recommending that the Department be placed under administration or an equivalent intervention.
d. The DMV should submit, by 30 July 2025, a detailed plan on the capacity building of the Internal Audit unit in the DMV, including clear timelines for achieving a functional Internal Audit Unit by March 2026.
e. The DMV should reprioritise funds to ensure the establishment of a fully functional and effective call centre that can respond to inquiries from military veterans and Members of Parliament. Based on this reprioritisation, the Department should submit a detailed

call centre operationalisation plan to the Committee by 31 August 2025, with quarterly feedback thereafter.

f. The DMV should submit to the Committee in writing, by 15 august 2025, the decision-making process in the DMV to fund military veterans' structures.
g. The Committee recommends the prioritisation of financial and procurement processes to address previous findings of the Auditor-General, notably the payment of suppliers within 30 days, limiting irregular expenditure and implementing consequence management in cases of irregular expenditure. The Committee requires the Department to submit quarterly reports to the Committee on progress with supplier payments within 30 days, irregular expenditure reduction, and the implementation of consequence management as it relates to unauthorised, irregular, fruitless and wasteful expenditure
h. The Committee noted with concern observations by the Deputy Minister that there are insufficient funds allocated for the payment of pensions in 2025/26. The Minister should submit to the Committee in writing, by 30 July 2025, plans on how this shortcoming will be managed. It should include a costed sustainability plan, with timelines for implementation, developed in consultation with the National Treasury.
i. The DMV should prioritise the process of developing a Public Transport benefit as is provided for in the Military Veterans Act. The Committee will invite the Department to report on plans in this regard.
j. The DMV should re-evaluate the value for money that it provides, given the high cost of delivering benefits. The Department should submit an initial value-for-money report with measurable targets to the Committee by 30 September 2025 with quarterly feedback thereafter. Targets in this regard should also be developed for the outlying years of the MTDP.
k. The Committee recommends that the database verification process should come to an end and that the DMV should aim to finalise and close this process by the end of 2025.
l. The Committee requires an updated list of regulations guiding benefits to be submitted by the end of August 2025.

The Portfolio Committee on Defence and Military Veterans supports the budgets of the Department of Military Veterans for 2025/26 and recommends that the Budget Vote 26 be adopted.

Reservation of Rights by Political Parties on Vote 26:

- The Economic Freedom Fighters (EFF) reserves its rights on Vote 26.

Report to be considered.

6. REPORT OF THE PORTFOLIO COMMITTEE ON TOURISM FOR BUDGET VOTE NO. 38: TOURISM, DATED 1 July 2025

The Portfolio Committee on Tourism, having considered Budget Vote 38: Tourism, together with Five-Year Strategic Plans (2025 – 2030) and the Annual Performance Plans (2025/26) of the Department of Tourism (Department) and South African Tourism (SA Tourism) reports as follows:

1. INTRODUCTION

The Portfolio Committee on Tourism (the Committee) has considered the 2025 – 2030 Five Year Strategic Plans and the 2025/26 Annual Performance Plans of the Department and SA Tourism. The Five-Year Strategic Plans set out the work to be done by the Department and its Entity during the 7th Administration and sets out the oversight tone of the Committee during the 7th Parliament. The Committee appreciates the work done by the Committee in the 6th Parliament and will continue to exercise robust oversight over the tourism portfolio and associated appropriations to Vote 38: Tourism. At a glimpse, the Committee welcomed the initiatives of the Department and SA Tourism, in relation to implementing several pro poor projects that includes the funding aimed at addressing transformation in the sector, the Working for Tourism infrastructure projects and various skills training projects.

The Committee is cognisant that about 54 percent of the budget appropriated to Vote 38 is transferred to South African Tourism. This means that the work done by SA Tourism is critical in achieving the broader tourism mandate associated with Vote 38. This is a matter that will be closely monitored by the Committee as the transfers to the Entity constitutes the bulk of the departmental budget.

The Portfolio Committee on Tourism as an extension of the National Assembly has considered its mandate and functions as derived from Rule 227 of the National Assembly, Section 57 (2) (a) of the Constitution of the Republic of South Africa (Act 108 of 1996) as read with Rule 225 of the National Assembly and made various recommendations that need the attention of the Minister of Tourism and the Board of SA Tourism.

2. COMMITTEE PROCESS

The Portfolio Committee on Tourism (Committee) held a meeting with the Department and SA Tourism on 22 April 2025 to consider their 2025-2030 Five-Year Strategic Plans and the 2025/26 Annual Performance Plan as informed by the adopted Government of National Unity (GNU) Medium Term Development Plan (MTDP), including the budget appropriated to Vote 38. The Committee then adopted its report on 1 July 2025.

3. DEPARTMENT OF TOURISM

The Department derives its core mandate and responsibilities from the Tourism Act, No. 3 of 2014, which aims to:

- (i) Promote the practice of responsible tourism for the benefit of the Republic and the enjoyment of all its residents and foreign visitors.
- (ii) Provide for the effective domestic and international marketing of South Africa as a tourist destination.
- (iii) Promote quality tourism products and services.
- (iv) Promote growth and development of the tourism sector; and
- (v) Enhance cooperation and coordination between all spheres of government in developing and managing tourism.

The Department's vision is for South Africa to become a leading sustainable tourism development destination that promotes inclusive economic growth. The Department executes its mandate through the following four key programmes:

- (i) Programme 1: Administration - the purpose of this programme is to provide strategic leadership, management and support services to the Department.
- (ii) Programme 2: Tourism Research, Policy and International Relations - the purpose of this programme is to enhance the strategic policy environment, monitor the tourism sector's performance and enable stakeholder relations.
- (iii) Programme 3: Destination Development - the purpose of the programme is to facilitate and coordinate tourism destination development.

(iv) Programme 4: Tourism Sector Support Services **-** the purpose of this programme is to enhance transformation, increase skill levels and support the development of the sector to ensure that South Africa is a competitive tourism destination.

3.1 Policy mandate

The Department derives its mandate from a myriad of government policy prescripts. Chief amongst these is the Constitution of the Republic of South Africa (Act 108 of 1996) and the White Paper on the Development and Promotion of Tourism in South Africa of 2024. Other key policies include the Economic Reconstruction and Recovery Plan (ERRP); Tourism Sector Recovery Plan (TSRP) which was revised and adopted as the Tourism Sector Masterplan (TSMP) in 2023; National Development Plan (NDP); the National Tourism Sector Strategy (NTSS) and the Medium-Term Development Plan (MTDP: 2024-2029). The summary of the policy mandates is as follows:

(i) Economic Reconstruction and Recovery Plan (ERRP) – sets out a reconstruction and recovery plan for the South African economy that is aimed at stimulating equitable and inclusive growth.

(ii) White Paper on the Development and Promotion of Tourism in South Africa (2024) – provides the framework and guidelines for tourism development and promotion in South Africa.

(iii) National Development Plan (NDP) – is the 2030 vision for the country. The NDP recognises tourism as one of the main drivers of employment creation and economic growth and envisages the promotion of South Africa as a major tourist and business events destination.

(iv) National Tourism Sector Strategy (NTSS) – is a blueprint for the tourism sector and sets bold commitments for the sector. The NTSS advocates for a coherent approach to promoting South Africa as a preferred destination of choice.

(v) Medium-Term Development Plan (MTDP: 2024-2029) – is a strategic framework guiding South Africa’s development priorities in the next five years. It builds on the National Development Plan (NDP) and is the Government of National Unity (GNU) blueprint in achieving inclusive growth, improved service delivery, and better living condition. The MTDP focusses on three key priorities, namely, inclusive growth and job creation, poverty reduction and cost of living, and building a capable, ethical and developmental state.

(vi) State of the Nation Address (SoNa)

In the 2025 State of the Nation Address, the President mentioned the recovery of the tourism sector and its potential for further growth. The areas impacting tourism included visa reforms to facilitate ease of travel, leveraging the Tourism Sector Master Plan for job creation, and expanding support for small and medium enterprises (SMEs) within the tourism sector.

3.2 Strategic priorities for 2025/26

In line with its vision of complementing the national priorities, the Department identified objectives that will accelerate service delivery in the tourism sector. Outlined below are the strategic outcomes of the Department, as stated in the 2025/26 – 2029/30 Five-Year Strategic Plan, which correlate with the Government of National Unity performance outcomes, as outlined in Table 1.

The Department pursues the following performance outcomes 2025 – 2030, as aligned to the government Medium-Term Development Plan.

Table 1: Institutional Performance Outcomes for 2025/26 – 2029/30

Outcome	MTDP Priority	MTDP Outcome	Outcome indicator	Baseline	Five-Year target
Increase the tourism sector's contribution to inclusive economic growth.	Priority 1: Inclusive Growth and Job Creation.	Promote trade, tourism, and investment.	1. Increase in international tourist arrivals from 8.81 million to 15 million.	8.81 million tourist arrivals.	Increase in international tourist arrivals to 15 million.
			2. Increase in the number of domestic trips from 37,9 million to 45,1 million.	37,9 million domestic trips.	Number of domestic trips from 37,9 million to 45,1 million.
			3. Increase in the value of international tourists spend.	R 95,1 billion.	R 115,2 billion

			4. Increase in the value of domestic tourism spend.	R123 billion.	R 139,4 billion
Strengthen organisational capability for service delivery.	Priority 3: A Capable, Ethical and Developmental State.	Professionalisation of the public sector to improve delivery / efficiency.	1. Audit outcomes on financial and nonfinancial performance.	2023/2024 unqualified audit outcome with no findings.	Unqualified Audit Outcomes
			2.Digital maturity rating	Baseline to be determined on the basis of the model to be selected.	Target to be determined on the basis of the selected digital maturity model.
			3. Ethics and fraud risk rating.	2024 Ethics and Fraud Risk Register.	Identified ethics and fraud risks managed within acceptable threshold.

3.3 Institutional policy reviews

The following policies and strategies are due for review within this medium term:

- National Tourism Sector Strategy, 2016
- Tourism Sector Masterplan, 2023
- White Paper on the Development and Promotion of Tourism in South Africa, 2024
- Tourism B-BBEE Charter

The Committee is concerned that the Department has not listed the Tourism Act (Act No.3 of 2014) as one of the documents that require review. There are other strategic documents that are five and ten years old that require review by the Department. These include:

- National Heritage and Cultural Tourism Strategy (2013)
- Domestic Tourism Growth Strategy (2012 -2020)
- National Rural Tourism Strategy (2012)
- National Tourism Service Excellence Strategy (2016)
- Tourism Climate Change Plan (2010)

According to UN Tourism, a typical strategy timeframe for a national or regional tourism plan is five to ten years, with a detailed implementation plan for the first three years. This framework allows for long-term vision and adaptable, concrete actions. The UN Tourism also emphasises the importance of monitoring and evaluation throughout the implementation period. The sector plans also have the same life span of five to ten years. Notably, all the sector plans for the Department of Tourism are beyond five years, with most being more than ten years old. It is imperative that the Minister considers the review of these sector strategies to ensure relevance in keeping with new trends and insights in the tourism sector.

3.4 Budget allocation for 2025/26

The Department receives a total budget of R7.6 billion over the medium term. Transfers to South African Tourism account for an estimated 53.4 per cent (R4.1 billion) of this amount over this period. Budget allocations are expected to increase at an average annual rate of 3.8 per cent, from R2.4 billion in 2024/25 to R2.7 billion in 2027/28.

The Department's 2025/26 budget allocation amounts to R2.43 billion. Of this amount, R432.9 million is allocated to fund the Compensation of Employees. An amount of R402.4 million is budgeted for Goods and Services, R1.48 billion for Transfers and Subsidies and R110.4 million for the payment of Capital Assets. Table 2 below reflects the allocation of funds per programme.

Table 2: Departmental Spending Overall 2025 Medium Term

Tourism	**Budget**				**Nominal Rand Change**	**Real Rand Change**	**Nominal % change**	**Real % change**
R million	**2024/25**	**2025/26**	**2026/27**	**2027/28**	**2024/25 – 2025/26**		**2024/25 – 2025/26**	
Administration	359.4	364.2	387.5	405.2	4.8	-11.5	1.34%	-3.21%
Tourism Research, Policy and International Relations	1 335.6	1 408.0	1 462.9	1 529.0	72.4	9.2	5.42%	0.69%
Destination Development	367.8	331.1	347.3	362.9	-36.7	-51.6	9.98%	-14.02%

Tourism Sector Support Services	318.1	331.6	350.1	365.8	13.5	-1.4	4.24%	-0.44%
TOTAL	**2 380.9**	**2 434.9**	**2 547.8**	**2 663.0**	**54.0**	**-55.3**	**2.27%**	**-2.32%**

Source: 2025/26 Estimates of National Expenditure, National Treasury

Table 2 indicates that the overall budget allocation to the Department increases nominally by 2.27 per cent from R2.38 billion in 2024/25 to R2.43 billion in 2025/26.

The main cost driver under this Vote is Programme 2 *(Tourism Research, Policy and International Relations)*, which accounts for more than half (approximately 57.8%) of the total Vote allocation. This is mainly due to the significant transfer to the Department's Entity, South African Tourism. As the national destination marketing organisation, SAT plays a critical role in increasing visitor arrivals into the country, growing the domestic tourism market and increasing tourist spend. The functions of SAT are aligned with Priority 1 of the MTDP, namely *Drive Inclusive Growth and Job Creation*.

A significant nominal decrease in budget allocation of 9.98 per cent can be observed in Programme 3 (*Destination Development)*. This programme includes the *Working for Tourism* sub-programme, which focuses on both infrastructure development and enhancement and job creation. This cost driver, *Working for Tourism*, also experiences a decrease in allocation from R297 million in 2024/25 to R256.6 million in the current financial year. Reductions in allocation for this sub-programme started in the 2022/23 financial year. *Programme 3* also includes activities such as route development projects and destination enhancement initiatives. These activities are significant for job creation and destination product development. This has implications for the achievement of both the Department's strategic outcomes and Priority 1 of the MTDP, as it concerns tourism.

3.5 Relevance of the Annual Performance Plan per programme

The Annual Performance Plan (APP) sets out performance indicators and targets or budget programmes and sub-programmes, which are aligned to the Strategic Plan. The APP covers the upcoming financial year and the MTEF period. The 2025/26 APP specifies actions that will be undertaken by the Department for the country to achieve economic transformation, job creation and a better Africa and world.

3.5.1 Programme 1: Administration

The purpose of this programme is to provide strategic leadership, management and support services to the Department. The Programme is allocated R364.2 million in the 2025/26 financial year, which equates to 14.9 per cent of the overall departmental budget. Table 3 below reflects the allocation of funds per sub-programme:

Table 3: Programme 1 Budget Allocation 2024/25 – 2025/26

Administration	Budget		Nominal Increase/Decrease in 2025/26	Real Increase/Decrease in 2025/26	Nominal % change in 2024/25	Real % change in 2024/25
R million	2024/25	2025/26				
Ministry	34.4	36.6	2.2	0.6	6.4%	1.62%
Management	2.7	2.9	0.2	0.1	7.41%	2.59%
Corporate Management	207.2	212.9	5.7	-3.9	2.75%	-1.86%
Financial Management	74.6	67.2	-7.4	-10.4	-9.92%	-13.96%
Office Accommodation	40.6	44.5	3.9	1.9	9.61%	4.69%
TOTAL	**359.4**	**364.2**	**4.8**	**-11.5**	**1.3%**	**-3.21%**

Source: 2025/26 Estimates of National Expenditure, National Treasury

As seen in Table 3, the budget allocation to Programme 1 increases by 1.3 per cent in nominal terms but has decreased by 3.21 per cent in real terms. This is a slight increase from R359.4 million in 2024/25 to R364.2 million in the current financial year. Of this amount, R201.5 million (55.3%) is for Compensation of Employees. The allocation for sub-programme experiences a significant reduction of 9.9 per cent in nominal terms, from R74.6 million in 2024/25 to R67.2 million in 2025/26. The rest of the sub-programmes see marginal increases in allocation for the new financial year.

The overall number of funded posts in the Department remains the same as the previous financial year, with a headcount of 506. For the Administration programme, the number of funded posts decreased from 276 in 2024/25 to 274 in 2025/26. The budget allocation for this line item has increased from R195.6 million in 2024/25 to R201.5 million in 2025/26.

3.5.2 Programme 2: Tourism Research, Policy and International Relations. The purpose of this programme is to enhance the strategic policy environment, monitor the tourism sector's performance and enable stakeholder relations.

The Programme receives a budget allocation of R1.40 billion for 2025/26, of which R1.30 billion is transferred to South African Tourism (SAT). This represents 92.3 per cent of the Programme's budget allocation. The remaining allocation available for this Programme is R107.8 million, of which R65 million (60.2%) is allocated to the Compensation of Employees. This leaves the programme with just about R42.8 million for the rest of its projects. Some of the projects under this programme include research partnerships with universities, policy development and evaluation, international relationship management through bilateral agreements and memberships at several fora.

The programme objectives entail the following:

- Enhancing the tourism sector's performance by monitoring and evaluating three tourism projects and initiatives over the medium term by:
  - evaluating the impact of the Women in Tourism programme;
  - developing bi-annual monitoring performance reports for the tourism sector;
  - developing four implementation reports for the tourism sector master plan; and
  - developing and implementing the second phase of the application system for the market access support programme.
- Encouraging regional integration by implementing four outreach programmes with the diplomatic community over the next three years.

Table 4 reflects the allocation of funds per sub-programme. The figures in Table 4 indicate that the budget allocation for Programme 2 increases by 5.4 per cent in nominal terms, from R1.33 billion in 2024/25 to R1.40 billion in 2025/26. The main cost driver under this Programme is the transfer to the Department's entity, South African Tourism (SAT), which has, in *nominal* *terms*, increased by 4.55 per cent. The Entity is mandated to promote the country as both a leisure and business events destination.

Table 4: Programme 2 Budget Allocation 2024/25 – 2025/26

Tourism Research, Policy and International Relations R million	Budget		Nominal Increase/ Decrease in 2025/26	Real Increase/ Decrease in 2025/26	Nominal % change in 2025/26	Real % change in 2025/26
	2024/25	2025/26				
Tourism Research, Policy and International Relations Management	9.1	10.1	1.0	0.5	10.99%	6.01%
Research and Knowledge Management	36.3	38.6	2.3	0.6	6.34%	1.56%
Policy Planning and Strategy	16.8	17.4	0.6	-0.2	3.57%	-1.08%
South African Tourism	1 243.6	1 300.2	56.6	-1.8	4.55%	-0.14%
International Relations and Cooperation	29.9	41.7	11.8	9.9	39.46%	33.20%
TOTAL	**1 335.6**	**1 408.0**	**72.4**	**9.2**	**5.4%**	**0.69%**

Source: 2025/26 Estimates of National Expenditure, National Treasury

Budget allocations, *nominally*, have increased for most of the sub-programmes. Sub-programme four: *International Relations and Cooperation,* experiences a significant increase in allocation of 39.46 per cent. The Department will be continuing its focus on regional integration through outreach programmes with the diplomatic community over the next three years. This is aligned with the Department's strategic focus on increasing the sector's contribution to economic growth, as these outreach programmes result in trade partnerships and bilateral agreements.

3.5.3 Programme 3: Destination Development

The purpose of the programme is to facilitate and coordinate tourism destination development. The budget for this Programme is R331.1 million for 2025/26, the bulk of which, i.e. R256.6 million (77.4%), is allocated to the Working for Tourism sub-programme. A total of R157.1 million is allocated to Goods and Services for the programme.

The programme objectives entail the following:

- Diversifying tourism offerings and enhancing visitor experience in identified priority areas by implementing three destination enhancement and route development projects over the medium term, which entail:
  - implementing the budget resort network and brand concept;
  - managing a pipeline of nationally prioritised greenfield and brownfield tourism investment opportunities;
  - facilitating two digital platforms to promote investment in tourism.
- Maintaining exceptional site quality by supporting destination enhancement initiatives over the medium term by:
  - implementing infrastructure maintenance and beautification programmes in four provincial state-owned attractions (in Gauteng, KwaZulu-Natal, North West and Northern Cape);
  - monitoring the implementation of five community-based tourism projects;
  - undertaking tourism enhancement projects at the Robben Island Museum.
- Contributing to economic growth and sustainable livelihoods by creating a targeted 4 200 work opportunities through Working for Tourism projects over the medium term.

Table 5 below reflects the allocation of funds per sub-programme:

Table 5: Programme 3 Budget Allocation 2024/25 – 2025/26

Destination Development	**Budget**		**Nominal Increase/ Decrease in 2025/26**	**Real Increase/ Decrease in 2025/26**	**Nominal % change in 2025/26**	**Real % change in 2025/26**
R million	**2024/25**	**2025/26**				
Destination Development Management	12.9	12.3	-0.6	-1.2	-4.65%	-8.93%
Tourism Enhancement	25.8	27.4	1.6	0.4	6.20%	1.43%
Destination Planning and Investment Coordination	31.4	34.7	3.3	1.7	10.51%	5.55%
Working for Tourism	297.7	256.6	-41.1	-52.6	-13.81%	-17.68%
TOTAL	**367.8**	**331.1**	**-36.7**	**-51.6**	**-10%**	**-14.02%**

Source: 2025/26 Estimates of National Expenditure, National Treasury

As seen in Table 5, the budget allocation for Programme 3 decreases by 10 per cent in nominal terms, from R367.8 million in 2024/25 to R331.1 million in 2025/26. The main cost driver under this programme, at R256.6 million, is the *Working for Tourism* expanded public works programme. The allocation for this sub-programme was significantly reduced by 13.81 per cent, in *nominal terms* for the new financial year. This sub-programme entails various skills

development programmes and tourism infrastructure projects. Through these, the Department plans to create 4 200 work opportunities over the medium term, in line with the MTDP's job creation priority. This is a substantial decrease in the number of work opportunities to be created, when compared to the 17 988 that were planned for the 2024/25 medium-term.
The budget allocation was increased for both sub-programme 2: Tourism Enhancement and sub-programme 3: Destination Planning and Investment Coordination. This is encouraging for enhanced tourist experiences, as some of the activities under these sub-programmes include destination enhancement initiatives at tourism sites and supporting SANParks sites through the infrastructure maintenance programme. These projects are critical for destination attractiveness, bringing in revenue to destinations and creating employment. They are also aligned with the Department's policy priorities of increasing international tourist arrivals and the value of spend and increasing the number of domestic trips and the value of spend.

3.5.4 Programme 4: Tourism Sector Support Services

This programme aims to enhance transformation, increase skill levels and support the development of the sector to ensure that South Africa is a competitive tourism destination. The Programme is allocated R331.6 million for the 2025/26 financial year. This includes the Compensation of Employees with a budget allocation of R97.4 million and the Tourism Incentive Programme (TIP) with a budget allocation of R197.2 million. The projects within TIP include tourism market access, tourism grading support, tourism destination development and energy-efficient projects. The TIP consumes 59.4 per cent of the total Programme budget, whilst the Enterprise Development and Transformation sub-programme consumes 17 per cent.

The programme objectives entail the following:

- Encouraging resource efficiency and cleaner production by providing compliance and resilience training to 150 SMMEs over the medium term through the business support programme.
- Facilitating skills development by implementing six capacity-building programmes across the sector over the medium term.
- Supporting tourism SMMEs over the medium term by:
    - training 750 SMMEs on occupational health and safety norms and standards in all provinces;
    - implementing three business development incubation interventions;

- implementing the compliance and resilience support programme for 150 tourism SMMEs; and
- implementing the green tourism incentive programme.

Table 6 below reflects the allocation of funds per sub-programme.

Table 6: Programme 4 Budget Allocation 2024/25 – 2025/26

Tourism Sector Support Services **R million**	**Budget**		**Nominal Increase/ Decrease in 2025/26**	**Real Increase/ Decrease in 2025/26**	**Nominal % change in 2025/26**	**Real % change in 2025/26**
	2024/25	**2025/26**				
Tourism Sector Support Services Management	11.4	12.0	0.6	0.1	5.26%	0.54%
Tourism Human Resource Development	33.1	35.1	2.0	0.4	6.04%	1.28%
Enterprise Development and Transformation	53.3	56.5	3.2	0.7	6%	1.25%
Tourism Visitor Services	28.9	30.8	1.9	0.5	6.57%	1.79%
Tourism Incentive Programme	191.4	197.2	5.8	-3.1	3.03%	-1.59%
TOTAL	**318.1**	**331.6**	**13.5**	**-1.4**	**4.2%**	**-0.44%**

Source: 2025/26 Estimates of National Expenditure, National Treasury

As seen in Table 6, the budget allocation for Programme 4 increases by 4.2 per cent in nominal terms, from R318.1 million in 2024/25 to R331.6 million in 2025/26. The *Tourism Incentive Programme* sub-programme, at R197.2 million, is the main cost driver in this programme. This programme aims to incentivise priority areas, including providing market access support, tourism grading support, implementation of energy efficiency initiatives and funding of transformation initiatives in the tourism sector towards unlocking capital investment by black tourism entrepreneurs. These initiatives are in line with the Department's strategic priorities towards economic transformation and job creation, responsible tourism and transformation of the sector. Allocation to this sub-programme increases by 3 per cent in nominal terms. All the sub-programmes experience marginal increases in their allocations for the financial year.

4. SOUTH AFRICAN TOURISM

South African Tourism, through the Tourism Act (No. 3 of 2014), is mandated to market South Africa internationally and domestically as a preferred tourism and business events destination, ensure that tourist facilities and services are of the highest standard and monitor and evaluate the performance of the tourism sector.

Over the medium term, the Entity will continue to focus on marketing South Africa to domestic, regional and international markets as a premium tourist destination for business and leisure. The implementation of these activities is projected to cost R2.8 billion over the medium term in the leisure tourism marketing programme.

The Entity will aim to drive business tourism over the medium term by bidding to host events such as corporate meetings, conferences and exhibitions in all provinces, including in rural areas and small towns. These initiatives are aimed at increasing tourism in a variety of industries, including leisure travel, manufacturing, agriculture, finance, wholesale and retail trade, and mining and minerals. To this end, R788.2 million is allocated over the period in the business events programme to host a targeted 345 international and regional business events.

Expenditure is expected to increase at an average annual rate of 5.5 per cent, from R1.4 billion in 2024/25 to R1.7 billion in 2027/28. This is mainly driven by spending on goods and services, which accounts for an estimated 85.3 per cent (R4.1 billion) of total expenditure over the medium term, the bulk of which is designated for promoting South Africa as a top travel and business destination.

The Entity will derive 94.5 per cent (R4.5 billion) of its revenue over the medium term through transfers from the Department of Tourism, with the remaining revenue sourced from the private sector through voluntary levies, income from grading fees and exhibitions, and interest on investments.

4.1 Policy Mandate

The policy framework that informs the work of the Entity includes the White Paper for the Development and Promotion of Tourism in South Africa, 2024; the National Development Plan (NDP) 2030; the National Tourism Sector Strategy (NTSS); Medium Term Strategic Framework (MTSF: 2019-2024); Tourism Grading Council of South Africa Grading Criteria (2019); and the Tourism Black Economic Empowerment Charter.

4.2 Strategic Priorities for 2025/26

Over the medium term, the Entity will focus on driving business tourism by bidding to host events such as business meetings, conferences and exhibitions in all provinces, including in rural areas and small towns. These efforts are intended to boost tourism in several sectors, such as mining and minerals, manufacturing, agriculture, finance, and wholesale and retail trade, as well as leisure travel. As such, the Entity plans to support bids to host 93 international and regional business events over the medium term and participate in key strategic events through an allocation of R230 million.

Ensuring that visitors enjoy their experience is a key component of the Entity's work. To achieve this, over the MTEF period, the Entity will assess the quality of tourism establishments. Accordingly, the number of graded establishments is expected to increase from 5 462 in 2023/24 to 5 805 in 2026/27 at a projected cost of R87 million in 2024/25.

Spending on Goods and Services accounts for an estimated 82.9 per cent (R3.6 billion) of the Entity's expenditure over the medium term, with a significant portion of these funds earmarked for marketing South Africa as a premier tourist and business destination.

The Entity is set to derive 90.3 per cent (R3.9 billion) of its revenue over the medium term through transfers from the Department and the remainder through voluntary levies collected from the private sector, income from grading fees, exhibitions and interest from investments.

4.3 Budget allocation for 2025/26

The Entity's 2025/26 budget allocation is R1.52 billion, of which R224.4 million is allocated to fund the Compensation of Employees, and a further R1.29 billion is allocated for Goods and Services.

Table 7 shows that the budget allocation to the Entity increased by 7.4 per cent or R104.9 million in nominal terms from R1.41 billion in 2024/25 to R1.52 billion in 2025/26. However, in real terms, it increases by a mere 2.57 per cent, which equates to R36.5 million. Nominally, all the programmes experienced increases in allocation.

Table 7 below reflects the allocation of funds per programme.

Table 7: Overall Budget Allocation 2024/25 – 2027/28

SA Tourism R million	**Budget**				**Nominal Rand Change**	**Real Rand Change**	**Nominal % change**	**Real % Change**
Programme	**2024/25**	**2025/26**	**2026/27**	**2027/28**	**2024/25 – 2025/26**		**2024/25 – 2025/26**	
Administration	201.2	201.5	210.8	220.5	0.3	-8.7	0.15%	-4.35%
Business Enablement	66.0	79.2	82.9	86.7	13.2	9.6	20%	14.61%
Leisure Tourism Marketing	834.5	890.1	931.3	974.0	55.6	15.6	6.66%	1.87%
Business Events	230.0	251.0	262.6	274.6	21.0	9.7	9.13%	4.23%
Visitor Experience	87.2	102.1	106.8	111.7	14.9	10.3	17.09%	11.83%
TOTAL	**1 419.0**	**1 523.9**	**1 594.4**	**1 667.6**	**104.9**	**36.5**	**7.4%**	**2.57%**

Source: 2025/26 Estimates of National Expenditure, National Treasury

Significant increases can be observed in both Programme 2 (*Business Enablement*) and Programme 5 (*Visitor Experience*). The *Business Enablement* programme focuses on stakeholder collaborations, digital transformation and tourism intelligence obtained through data analytics. Investing in digital infrastructure to obtain live data, among other things, is critical for agility in the tourism marketing landscape. It is also aligned with Priority 3 of the MTDP, which focuses on improving the performance of state institutions.

The *Visitor Experience* programme houses the Tourism Grading Council unit. The grading of tourist facilities is critical for quality assurance, which in turn puts travellers at ease about their expectations of a facility. The expansion of the grading scheme to homestays also points to changing trends in the local market and the evolution of grading in the country. This brings diversification in the accommodation sector and opens doors for innovation and job creation.

At 6.66 per cent, *in nominal terms*, the budget allocation for Programme 3 (*Leisure Tourism Marketing*) has not significantly increased for the 2025/26 financial year. Pre-COVID, this programme had a higher budget allocation, as it constitutes the core mandate of the Entity in attracting international, regional, and domestic travellers. However, this was notably reduced during and after the pandemic.

5. OBSERVATIONS

The Committee made the following observation regarding Vote 38: Tourism:

Observations in relation to the Department of Tourism

5.1 Budget allocation

The Committee noted the following salient issues regarding the allocated budget in the MTEF period and the 2025/26 financial year in particular:

(i) Available budget –Expenditure is set to increase at an average annual rate of 3.8 per cent, from R2.4 billion in 2024/25 to R2.7 billion in 2027/28. An estimated 53.4 per cent (R4.1 billion) of these funds is set aside for transfers and subsidies to South African Tourism for its operations and to promote South Africa as a top domestic and international destination for business and leisure travel.

(ii) Expenditure within the Working for Tourism subprogramme is allocated R806.3 million over the medium term, representing 10.6 per cent of the department’s total budget. This will assist with the creation of work opportunities, albeit not enough to service the needs of the sector.

(iii) Budget meant to enhance growth and development in the sector. Funding through the Tourism Incentive Programme subprogramme in the Tourism Sector Support Services programme is geared towards establishing South Africa as a destination of choice, transforming the sector and accelerating growth. Related activities are carried out through the green tourism incentive programme, the Tourism Equity Fund, the Tourism Transformation Fund, the market access support programme and the tourism grading support programme. Privately owned tourism enterprises will be encouraged to embrace responsible tourism practices by installing solutions for sustainable energy and water consumption. To this end, the Tourism Incentive Programme subprogramme is allocated R623.2 million over the medium term, representing 8.2 per cent of the department's budget. It is anticipated that the work done through this programme will ease the strain on the country's limited water supply and power grid and help enterprises gradually lower their operating expenses.

5.2 The Tourism Growth Partnership Plan

In her Executive Authority Statement, the Minister refers to the Tourism Growth Partnership Plan. It is not clear whether the Minister refers to the tabled Five-Year Strategic Plan or another departmental plan. The Concept of a Tourism Growth Partnership Plan is an excellent one if carefully crafted with the consultation of all stakeholders. Amongst other things, it can assist the Department in engendering collaborations, pooling financial and human resources, enhancing general tourism development, informing infrastructure development, ensuring sustainable tourism, etc. It is important for the Committee to seek clarity on what the Minister refers to as The Tourism Growth Partnership Plan. The Committee noted that the 2025/26 Annual Performance Plan indicates that the Tourism Growth Partnership Plan will only be developed in the first quarter.

It was noted with appreciation that the Department intends to introduce a Stakeholder Partnership model, which is aimed at deepening collaboration with provincial and municipal tourism bodies, industry stakeholders, and other government departments. It is important for the Department to have such a Partnership Model as tourism is a concurrent competence of all spheres of government and is a sector that is government led, public sector driven and community-based, however the products and services are largely offered by the private sector. This Partnership Model will assist the Department to be closely aligned with the government's Medium-Term Development Plan (MTDP) which is South Africa's 7th Administration five-year strategic framework. This will also assist the Department in delivering on its commitments, including strengthening the work done by its Entity, South African Tourism.

5.3 Legislative Review Process

The Committee reiterates that the core mandate of Parliament is to develop legislation and monitor its implementation. The last time the Portfolio Committee on Tourism dealt with legislation was 11 years ago in 2014. One of the Legacy Report matters presented to the 7th Parliament PC on Tourism was the outstanding issue of the Tourism Amendment Act. The previous Portfolio Committees tried but met a myriad of hurdles in effecting an amendment of the Tourism Act of 2014.

The previous committees had identified the short-term rental in the tourism sector as problematic as related businesses operate in the tourism sector, but they are not regulated, and present serious risk for South Africa as a destination as they are associated with fraudulent/false marketing and crimes committed against tourists. These include operations such as AirBnB, Uber, Bolt, etc. In the 2025/26 Annual Performance Plan, the Department plans to develop a Short-Term Rental Framework. It seems like this framework will be developed without an enabling legislation. The Committee should ascertain from the Minister whether she plans to table the Tourism Amendment Act in Parliament within the 7th Administration.

5.4 Need to review sector policies

The Department indicates that the following policies and strategies are due for review within this medium term:

- National Tourism Sector Strategy, 2016
- Tourism Sector Masterplan, 2023.
- White Paper on the Development and Promotion of Tourism in South Africa, 2024.
- Tourism B-BBEE Charter

However, there are other sector policies that have not been reviewed and should be included in the review in this medium term. These include:

- National Heritage and Cultural Tourism Strategy, 2013
- Domestic Growth Strategy, 2012
- National Rural Development Strategy, 2012
- National Tourism Service Excellence Strategy, 2012

It is critical that the Department reviews these strategies as some of them have been in existence more than 10 years and have not been fully implemented, whilst the tourism trends keep changing. UN Tourism generally recommends that national tourism sector strategies should be developed with a time horizon of at least 5 years, and ideally longer, to ensure comprehensive and sustainable development. The Committee will ensure that these strategies are reviewed and implemented within the 7th Administration.

5.5 Digital Transformation initiative

It should be commended that the Department plans to implement a new target of Digital Transformation. This is imperative for the Department to keep up with technological advancements in the implementation of its programmes and its organisational operations. However, the performance indicator is only presented as a report on the implementation of the Digital Transformation initiative. It is critical that the actual deliverables that the Department intends to implement are discernible so that there may be meaningful oversight work on digital transformation initiatives.

5.6 Implementation of the Community-Based Tourism Projects

The Committee is aware and appreciates that the Department uses the services of the Development Bank of Southern Africa to implement the Community-based Tourism projects. In the previous briefings by the Development Bank of Southern Africa, the Committee noted a mix bag of implementation issues, with some projects behind implementation schedule, other projects with community ownership matters, and others ready for hand over to the communities. The Committee had recommended to the Department to develop an after-care support to the projects that are handed over to the communities. To date, no indication has been made to the Committee on whether the Department has developed such operational plans for the Community-based Tourism projects.

5.7 Implementation of the Astrotourism Strategy

The Committee attended the launch of the Astro-Tourism strategy in September 2024 as a partnership project between the Department of Tourism and the Department of Science, Technology and Innovation. The Department will implement the Carnarvon Science Exploratorium (SARAO) in the 2025/26 financial year. The Committee noted that whilst this project is necessary, a major intervention is required in ensuring that there are tourism accommodation facilities that anchor community involvement in the astro-tourism initiative.

Community-Based Tourism projects would have served community participation better in Carnarvon.

5.8 Infrastructure maintenance projects

The Committee noted that the Department will continue to implement maintenance projects in facilities that are owned by other government departments and entities. It should be noted that the budget that could be used on critical tourism initiatives such as fostering transformation in the sector are being used to maintain and enhance facilities owned by other entities. These include but are not limited to facilities owned by the Departments of Forestry, Fisheries and the Environment (SanParks, Mapungubwe, Isimangaliso etc.), Sport, Arts and Culture (Robben Island) and others. Whilst the maintenance programmes are necessary to ensure quality visitor experience, the role of the Department of Tourism should be to engage the sister departments and entities to lobby for maintaining their own projects.

The budget allocated to Vote 38 (Tourism) should be directed at initiatives developed and sponsored by the Department of Tourism. The Committee would need to engage the Minister to reconsider implementing maintenance projects in facilities owned by other government entities. The Tourism Vote funds should be redirected to Department of Tourism specific projects.

5.9 Creation of work opportunities

In the 2025/26 financial year, the Department plans to create 1 400 job opportunities. However, the Department says these 1 400 are based on the Estimates of National Expenditure (ENE), solely the approved Tourism Monitors project. The Committee noted that this number does not include job opportunities to be created by infrastructure projects implemented by the Development Bank of Southern Africa. It is therefore misleading and borders to under targeting by the Department on the important target of creating job opportunities. It is further indicated that the annual sector target is 5 994 work opportunities to be created and that a catch-up plan would be required.

The Committee urges the Department to provide clear information on the targets set for job creation in the 2025/26 financial year, and segregation on how many are expected from the Tourism Monitors programme and those to be created through the infrastructure projects.

5.10 Slow implementation of the Tourism Transformation Fund and Tourism Equity Fund.

The Committee is concerned that there has been a slow pace in the disbursement of the Tourism Equity Fund and Tourism Transformation Fund. The Minister had made a commitment to the Committee that she will engage the implementing agents to expedite the process. However, there has been little progress to date.

5.11 Delays in implementing critical flagship programmes

The Committee observed delays by the Department in implementing critical projects. The delays have negatively impacted the service delivery by the Department. These critical flagship projects include the Tourism Equity Fund, Tourism Transformation Fund, the tourism infrastructure projects, and others.

5.12 Focus on job creation and inclusive tourism development

The Committee noted that the Five-Year Strategic Plan and the 2025/26 Annual Performance Plan were in line with the Committees' oversight priorities of transformation, inclusive tourism development and job creation. Some of the work that will be done by the Department include fostering inclusive tourism growth through a number of initiatives such as the implementation of Tourism Transformation Fund and Tourism Equity Fund. The Department will also focus on implementing infrastructure projects in areas categorised as Villages, Townships, and Small Dorpies (VTSDs). These projects will contribute to job creation by the Department. Some of the flagship initiatives by the Department that will contribute to job creation and inclusive tourism development include placement of 1 500 tourism monitors across all nine provinces to strengthen safety at tourism sites, the training of youth through skills development programmes, and support for small enterprises through business incubation and grant funding.

5.13 Challenges in the implementation of tourism infrastructure projects

The Committee noted the persistent challenges regarding the implementation of the tourism infrastructure projects. The implementation of infrastructure projects by the Development Bank of Southern Africa had brought much improvement, with many projects having reached practical completion. However, the Committee had reservations with several projects that had not met their target completion dates. A serious omission observed by the Committee is the lack of operational support (after care programme) to ensure that all projects handed over to the owning communities are operational and do not become white elephants. This puts the sustainability of infrastructure projects implemented by the Department in jeopardy. The

Committee also observed the lack of proper coordination with provinces and local governments in ensuring sustainability of the tourism infrastructure projects.

Observations regarding South African Tourism

5.14 Allotment of allocated budget

SA Tourism has a budget of R1.5 billion in the 2025/26 financial year. The Committee is satisfied that a huge portion of the budget (R846 million) is allocated to leisure tourism marketing which is the core mandate of the Entity. It is notable that the Entity also aims to grow business tourism with business events allocated R300 million. Quality experiences remain a major focus of the Committee to ensure that the country remains a destination of choice. It was noted that an amount of R83 million is allocated to tourist experience management. However, the Committee remains resolute that SA Tourism should enhance efforts to leverage marketing funds across stakeholders through seeking collaborative funding models with provinces and the private sector. Overall, the Committee was satisfied that SA Tourism will direct its funds towards increasing tourist arrivals, enhancing tourism brand perception, supporting small, medium and micro enterprises (SMMEs), improving the grading scheme and supporting tourism establishments in Villages, Townships and Small Dorpies (VTSDs).

5.14 Partnerships and collaboration

Success of tourism depends on sound partnerships with the private sector and other spheres of government. These partnerships are of paramount importance for SA Tourism to effectively implement its mandate. The Entity should develop partnerships with other stakeholders to achieve the tenets of the tabled five-year strategic plan and Annual Performance Plan. The Committee is of the view that collaborations are needed with, for example:

- Three spheres of government to align marketing activities, avoid duplication and maximise on the available tourism marketing budget.
- Partnership and collaboration with the private sector to maximise tourism marketing budget through TOMSA Levy, avoid duplication and share tourism trends.
- Partnership with airlines to increase the number of flights into South Africa, thus increasing international tourist arrivals, and others.

5.16 Removing barriers to tourism growth

The Committee should appreciate the efforts by the Minister of Tourism in engaging various stakeholders in removing barriers to tourism growth. As recommended by the Committee previously, the Minister has engaged the Minister of Home Affairs on the visa regime in the country; the Route Development Strategy has been developed as the Minister continues to engage various airlines to either fly to South Africa or increase their flight frequencies; at a domestic level, the National Public Transport Regulator has been engaged by the Minister per recommendations of the Committee and the backlog in issuing Tour Operator Licences has been reduced, etc.

Notwithstanding the progress made in removing barriers to tourism, other issues remain a challenge, such as public infrastructure, the sluggish pace of transformation, incapacity of some provinces and municipalities in fulfilling their constitutionally enshrined concurrent tourism mandate, and others. It is important for the Minister to provide the Committee with detailed outcomes of engagements with local and international stakeholders in removing barriers of tourism growth in South Africa.

5.17 Strategic focus on improved service delivery

It was noted in the 2025/26 financial year, amongst other deliverables, SA Tourism prioritised driving domestic tourism through targeted campaigns and incentives, enhancing data-driven marketing, and ensuring transformation in the sector through enterprise development. It is appreciated that the Entity has aligned these priorities with broader government objectives in the Medium-Term Development Plan (MTDP) and is aiming at programmes that contribute to job creation, inclusive tourism growth, and poverty reduction. The 2025/26 Annual Performance Plan also shows cross-sector partnerships and alignment with the National Tourism Sector Strategy (NTSS) and the Tourism Sector Master Plan (TSMP) frameworks to drive sector recovery and sustainability.

5.18 Return on Investment

SA Tourism invests in various markets per its Market Prioritisation and Investment Framework. As alluded to the meeting with the Committee, SA Tourism uses a myriad of variables to identify and classify the markets. In this regard, SA Tourism should justify the budget allocated to each market and constantly review categorisation of markets given the fluidity of international trends.

5.19 Poor focus on domestic tourism

The Committee noted a robust plan by SA Tourism to deepen access to and competitiveness in priority markets, especially in Africa, Asia (China and India) and the Middle East. The plan emphasised robust destination management, improving product quality through the national grading scheme, and supporting enterprise development and skills enhancement. However, the Committee is concerned about poor focus on domestic tourism and marketing campaigns geared towards encouraging South Africans to be tourists within their own country. This concern stems from the current international trends whereby resilient destinations are the ones with strong domestic tourism focus.

The domestic tourism related tourism programmes seem to be disjointed campaigns that are not coordinated at a domestic strategy level. The domestic tourism initiatives such as the summer, easter, and travel week campaigns are said to be aligned with the District Development Model. However, in the 2025 -2030 Five-Year strategic Plan and the 2025/26 Annual Performance Plan, there is no:

- document presented/that will be developed to bring all the domestic tourism initiatives together at a strategic level.
- information provided on the budget needed to implement the domestic tourism initiatives.
- radical strategic shift by SA Tourism to enhance domestic tourism given its importance at a destination level as proven by the aftermaths of the COVID-19 pandemic.

5.20 Quality assurance in the destination

The Entity plans to have 5000 establishments graded by 2027/28. This is an incremental target from the 4 500 graded establishments in 2025/26. The Committee notes that there is no information on how many tourism establishments are there in South Africa. This information would make it easier for the Committee to ascertain if the 5 000 graded establishments represent a fair percentage/ratio to ensure that South Africa provides good quality tourism experiences.

The issue on voluntary grading also still presents a conundrum for quality assurance in the country. Some big Hotel Names opt not to undergo the grading process. For example, some big hotels do not appear in the list of graded establishments on the website of the Tourism Grading Council but sell themselves as a 5-star hotel. There is no way for the Tourism Grading Council of South Africa to enforce grading. The Committee urges the Minister of Tourism to look at this matter further in the Tourism Amendment Act process.

5.21 Addressing seasonality

The Committee is aware that tourism is highly affected by seasonality. The Annual Performance Plan and the Five-Year Strategic Plans of SA Tourism are not explicit and exhaustive on strategies that the Entity will employ to deal with seasonality. This is cause for concern as South Africa is highly affected by seasonality.

5.22 Recent geopolitical trends and its implications on the Market Prioritisation and Investment Framework

The recent realignment of politics in the United States have negative repercussions for the inbound tourism, not only from the US, but other parts of the world as well. The misinformation and distorted narrative by US President Donald Trump about white genocide in South Africa may lead to negative perceptions about the country. The Executive Order suspending foreign aid to South Africa and proposing resettlement for Afrikaner farmers may also fuel negative perceptions about South Africa. It is important for SA Tourism to independently issue statements mitigating against negative brand image that may result from the US foreign policy on South Africa. It is also critical for SA Tourism to keep track on how the US inbound market has been affected by the US foreign policy on South Africa. It is also critical for SA Tourism to determine the impact of the recent geopolitical trends on the current Market Prioritisation and Investment Framework.

6. RECOMMENDATIONS

Having considered the Five-Year Strategic Plans and the 2025/26 Annual Performance Plans of the Department, and SA Tourism, the Committee recommends that the Minister of Tourism should consider:

6.1 Tabling the Tourism Amendment Act to parliament in line with the previous recommendations of the Committee and in implementing the recommendations of the parliamentary High Level Panel Report of 2018.

6.2 Reviewing all the departmental sector strategies that have outlived the span of between five and ten years.

6.3 Ensuring continued and sustained improvements in internal controls and internal audit functions for both the Department and SA Tourism to improve financial performance and audit outcomes of both organisations.

6.4 Ensuring that the Department and SA Tourism improve on contract management with the implementing agents of their projects and monitor implementation of Memorandums of Understanding signed with third parties.

6.5 Ensuring that consequence management is meted against all departmental staff and staff of SA Tourism who contravene good governance and the Public Finance Management Act.

6.6 Ensuring that the Department and SA Tourism eliminate delays in implementing quarterly targets and ensure timeous achievement of targets as contained in Annual Performance Plans and other agreements signed with third parties.

6.7 Ensuring that the Department and SA Tourism have all the requisite skills and capabilities to deliver on their respective mandates.

6.8 Ensuring that the Department conducts an enhanced oversight function over SA Tourism as the Entity receives about 54 per cent of the budget allocated to the Tourism Vote.

6.9 Developing an operational model for tourism infrastructure projects to ensure that all projects handed over to owning agents/communities are sustainable post-handover by the Department.

6.10 Ensuring that the Department considers identifying and implementing few but high impact large tourism infrastructure projects.

6.11 Ensuring that the Department presents the Partnership Model to the Committee with deliberate and intentional deliverables of enhancing tourism development and marketing across stakeholders in the public sector and the private sector, and that this should provide clear partnerships clinched with various stakeholders, including how the marketing budget available across various stakeholders will be leveraged.

6.12 Developing its own exit plan for beneficiaries trained in its various skills training programmes, in addition to the identified pathways to find job opportunities.

6.13 Developing a comprehensive Risk Management and Mitigation Strategy to address all the risks associated with the sector.

6.14 Ensuring that the Department and SA Tourism provide the Committee with detailed initiatives aimed at addressing digital transformation in organisational operations and tourist experiences.

6.15 Ensuring that the Department expedites the implementation of the Tourism Equity Fund and Tourism Transformation Fund, even if it means changing the implementing agents of the funds.

6.16 Adding a clause in the contracts signed with various implementing agents for transformation funds, to assist applicants in meeting the qualification criteria as the Department offers development funding meant for transformation.

6.17 Ensuring that the implementing agents of departmental funds ensure that there is a balanced geographical spread of beneficiaries.

6.18 Making a deliberate effort to leverage more funds from other sources using departmental funding as seed funding, in addition to funding provided by the Department.

6.19 Ensuring that the Department pursues improving connectivity to South Africa to increase more flights into the country, working with the Department of Transport, the Tourism Business Council of South Africa, airlines and other stakeholders in the aviation sector, provinces and other stakeholders.

6.20 Ensuring that the Department works with other stakeholders to improve domestic airlift to ensure that all tourism destinations, including all major towns in South Africa have scheduled flights which will promote the geographic spread of tourists throughout the country.

6.21 Ensuring that SA Tourism embraces digital technology at both organisational operations and staff empowerment levels in the organisational design.

6.22 Ensuring that SA Tourism conducts studies to determine Return on Investment in every market targeted in the Market Prioritisation Investment Plan.

6.23 Ensuring that SA Tourism is proactive in sending counteractive positive brand messages to protect the country against negative misinformation about the genocide of white people in South Africa, in addition to government communication channels.

6.24 Ensuring that SA Tourism develops and implements strong domestic marketing campaigns to combat seasonality and encourage South Africans to travel within their own country, in partnership with the private sector.

6.25 Ensuring that there are follow-up interventions to ensure that SMMEs supported by the Department and SA Tourism through various enterprise development programmes and those supported through various trade platforms are sustainable and post support is provided.

6.26 Ensuring that the SA Tourism Board engages with the Tourism Business Council of South Africa regarding the TOMSA Levy to increase the number of levy collectors with the intention of increasing the available marketing funds.

6.27 Ensuring that SA Tourism grows Africa's Travel Indaba and Meetings Africa to include more countries, exhibitors and buyers.

6.28 Engaging all government departments that directly and indirectly affect the mandate of tourism with an intention to remove barriers to tourism growth.

6.29 Ensuring that implementation is tied to performance audits, private sector collaboration, and transparent tracking of all disbursements and outcomes.

6.30 Ensuring that transformation is outcomes based, with clear links to the sustainable development goals (SDGs), particularly SDG number one (eradicating poverty), SDG number eight (decent work and economic growth) and SDG number ten (reduced inequality) as aligned to the Government of National Unity Medium Term Development Plan priorities.

6.31 Instituting an independent review of all tourism projects managed by the Development Bank of Southern Africa.

7. CONCLUSION

The Committee is of the view that the budget allocated to the Tourism Vote is insufficient to enable the Department and its Entity to fully implement their mandate. Tourism can deliver more sustainable jobs in its value chain if it is adequately funded. However, the Committee is not oblivious to the financial constrains in the country's fiscal regime. In this regard, the Committee wishes to acknowledge the Five-Year Strategic Plans and 2025/26 Annual Performance Plans of both the Department of Tourism and South African Tourism, which the Committee has scrutinised and interrogated. The Minister and the Board of South African Tourism are encouraged to carefully deliver on the tourism mandate with the constrained financial resources and consider the recommendations made by the Committee in this budget vote report.

Report be considered

7. REPORT OF THE STANDING COMMITTEE ON FINANCE ON BUDGET VOTE 8: NATIONAL TREASURY, DATED 01 JULY 2025

The Standing Committee on Finance, having considered the strategic plans, annual performance plans, and proposed budgetary allocations of National Treasury and its associated public entities as presented for the 2025/26 financial year, reports as follows:

1. INTRODUCTION AND BACKGROUND

1.1. On 17 and 18 June 2025, the Standing Committee on Finance (SCOF/the Committee) held two virtual briefings to consider Budget Vote 8: National Treasury, as well as the strategic and annual performance plans of the Department and its entities for the 2025/26 financial year. These briefings were convened in line with section 10(1)(c) of the Money Bills Amendment Procedure and Related Matters Act, Act No. 9 of 2009 (the Money Bills Act), which requires Parliament to consider and report on the strategic and budgetary plans of departments and public entities.

1.2. The briefings formed part of the Committee's oversight work on the Finance Portfolio in the context of the 2025 Budget and the 2025 Appropriation Bill. The Committee engaged the National Treasury and several of its reporting entities on their Strategic Plans (2025–2030) and Annual Performance Plans (2025/26), as well as their respective budget allocations, performance indicators, and policy priorities.

1.3. The first briefing, held on Tuesday, 17 June 2025, included presentations by the National Treasury, the Accounting Standards Board (ASB), the FAIS Ombud, the Ombud Council, the Pension Funds Adjudicator (PFA), the Financial Intelligence Centre (FIC), the Financial Sector Conduct Authority (FSCA), and the Development Bank of Southern Africa (DBSA).

1.4. The second briefing, held on Wednesday, 18 June 2025, included presentations by the South African Revenue Service (SARS), the Office of the Tax Ombud, SASRIA, the Independent Regulatory Board for Auditors (IRBA), the Public Investment Corporation (PIC), the Government Pensions Administration Agency (GPAA), the Government Technical Advisory Centre (GTAC), and the Land Bank of Southern Africa (LBSA).

1.5. Despite being scheduled to deliver an opening political overview on both days, the Minister of Finance tendered an apology. An apology was also recorded in respect of the Director-General of the National Treasury, who was also not in attendance. Their absence was noted with concern by the Committee, given the strategic importance of the Vote and the central role of the Treasury in shaping and implementing national fiscal policy. The Committee expressed its expectation that senior political and administrative leadership must participate directly in future engagements on matters of strategic planning and budget accountability.

1.6. In considering Vote 8, the Committee sought to assess whether the Department and its entities had aligned their plans and budgets with the objectives of the 2025 Budget, the Medium-Term Development Plan (MTDP) 2025–2030, and broader economic policy priorities. The Committee's deliberations were informed by the presentations of the institutions listed, written submissions received, the 2025 Estimates of National Expenditure (ENE), and analysis of key policy shifts introduced in the 2025 Budget Speech.

2. POLITICAL OVERVIEW

2.1. Although the Minister of Finance, Mr. Enoch Godongwana, MP, did not appear before the Committee to present a political overview during the briefings held on 17 and 18 June 2025, his written Executive Authority Statement in the National Treasury's 2025–2030 Strategic Plan sets out the Department's fiscal and economic policy stance for the medium term.

2.2. The Minister emphasised that the core work of the National Treasury is anchored in the broader economic and fiscal outlook, which in turn influences its approach to revenue management, debt and expenditure policy, international financial engagements, public procurement, and financial sector regulation. He noted that global growth is projected to stabilise at 3.3% in 2025 and 2026, with uneven trends across regions and continued geopolitical and supply-side risks affecting trade and investment. In this context, South Africa requires a consistent focus on macroeconomic stability, regulatory reform, and investment facilitation to lift its growth trajectory.

2.3. Domestically, the Minister acknowledged that South Africa's economic performance in 2024 was weaker than anticipated, with revised real GDP growth of 0.6%. However, the medium-term outlook is moderately improved, with average annual growth projected at 1.8% between 2025 and 2027. This will be driven by rising household consumption, improved electricity availability, infrastructure investment, and moderate employment recovery. Structural constraints—particularly in energy, transport, water, and local government—remain key obstacles to higher growth and job creation.

2.4. The Minister outlined four strategic priorities for the 2024–2029 administration that frame the Treasury's mandate: (1) maintaining macroeconomic stability, (2) implementing structural reforms, (3) building state capability, and (4) supporting growth-enhancing infrastructure investment. These priorities are essential to restoring fiscal credibility, addressing unemployment, and ensuring the sustainability of public services.

2.5. The fiscal strategy remains focused on consolidation. With debt-service costs consuming 22 cents of every rand of main budget revenue, the Minister stressed the urgency of containing fiscal risks and reducing borrowing costs. The government continues to support inflation targeting and prudent expenditure management to achieve macroeconomic resilience and investor confidence.

2.6. Structural reforms under Operation Vulindlela were highlighted as a key driver of economic recovery, particularly in the electricity, transport, and water sectors. A new phase of this reform agenda will focus on improving the financial and institutional performance of local government, including the establishment of the National Water Resources Infrastructure Agency to consolidate non-municipal water assets.

2.7. The Minister also emphasised the need for higher capital investment, especially through improved public-private coordination and infrastructure delivery mechanisms. The Treasury is committed to reforming infrastructure financing systems to crowd in private sector participation and enhance project efficiency.

2.8. Employment growth is expected to rise modestly in line with GDP over the medium term, although South Africa's employment-to-population ratio remains far below the global average. Regulatory reform to support labour absorption—particularly for small businesses—is under consideration at NEDLAC, with updates on simplification of hiring and dismissal rules expected in due course.

2.9. The Minister underscored the importance of sound public financial management. The Office of the Accountant-General (OAG) will continue to promote compliance with the PFMA and MFMA, provide financial reporting guidance, and support the rollout of the Integrated Financial Management System (IFMS). Procurement reforms, led by the Chief Procurement Officer, will enhance transparency and efficiency in the use of public resources and contribute to improved service delivery and asset management across government.

3. ENTITIES THAT ACCOUNT FOR SCOF

3.1. The Standing Committee on Finance exercises oversight over a wide range of institutions that fall under the portfolio of the Minister of Finance. These include public entities, regulatory bodies, ombud schemes, tribunals, advisory institutions, and state-owned financial institutions. They are established by statute or proclamation, derive their mandates from various financial laws, and operate under different funding and accountability arrangements.

3.2. The National Treasury is the lead department and the Vote 8 accounting entity. It is not scheduled under the PFMA and is established under the Public Finance Management Act, 1999. Its mandate includes fiscal policy coordination, expenditure planning, procurement reform, and oversight of entities such as the Government Technical Advisory Centre (GTAC), the Jobs Fund, and the Office of the Chief Procurement Officer.

3.3. SARS is a Schedule 3A public entity established under the South African Revenue Service Act, 1997. It receives direct transfers via Vote 8. The Office of the Tax Ombud, established under section 16 of the Tax Administration Act, 2011, is institutionally linked to SARS and handles taxpayer service complaints. The Tax Appeal Tribunal, which hears tax-related disputes, is also enabled by the Tax Administration Act (sections 107–113) and is funded via SARS and the National Treasury.

3.4. The Financial Intelligence Centre (FIC) is a Schedule 3A public entity created under the Financial Intelligence Centre Act, 2001. It receives direct transfers and implements South Africa's AML/CFT framework. The FIC Appeal Board, established under section 42 of the same Act, reviews administrative actions taken by the FIC.

3.5. The Financial Sector Conduct Authority (FSCA) is a Schedule 3A public entity established under the Financial Sector Regulation (FSR) Act, 2017. It is self-financing through industry levies and serves as the conduct regulator for the financial sector. The Prudential Authority, a regulatory unit within the South African Reserve Bank (SARB), is also established under Chapter 4 of the FSR Act and is funded through SARB revenue.

3.6. The Financial Services Tribunal is a non-scheduled tribunal created under section 219 of the FSR Act. It is funded through Vote 8 and reviews decisions taken by the FSCA, Prudential Authority, and FIC.

3.7. The Ombud Council, a Schedule 3A entity established under section 188 of the FSR Act, supervises financial sector ombud schemes. It receives direct transfers from Vote 8. The

Office of the FAIS Ombud, a Schedule 3A entity created under the Financial Advisory and Intermediary Services Act, 2002, and the Office of the Pension Funds Adjudicator (PFA), established under sections 30A–30O of the Pension Funds Act, 1956, also fall under the Council's supervision and are funded through Vote 8.

3.8. The Financial and Fiscal Commission (FFC) is a constitutional body provided for under section 220 of the Constitution and established in statute by the FFC Act, 1997. It is not scheduled under the PFMA and receives direct transfers via Vote 8 to provide independent advice on intergovernmental fiscal relations.

3.9. The Accounting Standards Board (ASB) is a Schedule 3A entity established under the ASB Act 1999. It sets financial reporting standards for the public sector and is funded through direct transfers.

3.10. The Independent Regulatory Board for Auditors (IRBA) is a Schedule 3A public entity created under the Auditing Profession Act, 2005. It regulates the audit profession and receives appropriated funds under Vote 8.

3.11. The Government Technical Advisory Centre (GTAC) is a trading entity operating under Treasury Regulations. It is not scheduled under the PFMA and is funded internally via the National Treasury. It provides technical and advisory support services to organs of state.

3.12. The Government Pensions Administration Agency (GPAA) is a government component created by Proclamation No. 2 of 2010. It is internally funded and administers pension payments for the Government Employees Pension Fund (GEPF) and other statutory funds.

3.13. The Government Employees Pension Fund (GEPF) is a self-financing statutory pension fund established under the Government Employees Pension Law. It is governed by its board and works in coordination with the GPAA and the Public Investment Corporation (PIC).

3.14. The Public Investment Corporation (PIC) is a Schedule 3B public entity governed by the PIC Act, 2004. It is self-financing and invests funds on behalf of public entities, including the GEPF.

3.15. The Development Bank of Southern Africa (DBSA) is a Schedule 2 development finance institution (DFI) created under the DBSA Act, 1997. It is self-financing and provides infrastructure finance.

3.16. The Land and Agricultural Development Bank of South Africa (Land Bank) is a Schedule 2 DFI established under the Land Bank Act, 2002. It is self-financing and supports agricultural development. Its subsidiaries include the Land Bank Insurance Company and Land Bank Life Insurance Company, which provide crop and life insurance, respectively.

3.17. The South African Reserve Bank (SARB) is South Africa's central bank, provided for under section 224 of the Constitution and governed by the SARB Act, 1989. It is self-financing and responsible for monetary policy and financial stability. SARB subsidiaries include the Corporation for Public Deposits, the South African Bank Note Company, the South African Mint Company, and the Corporation for Deposit Insurance (CoDI), the last of which was established under the amended FSR Act as the national deposit insurer.

3.18. SASRIA SOC Ltd is a Schedule 3B state-owned insurer established under the Companies Act and the SASRIA Act framework. It provides special risk cover against politically motivated unrest and is self-financing.

4. NATIONAL TREASURY VOTE ALLOCATION

4.1. In the 2025/26 financial year, National Treasury's total appropriation under Vote 8 amounts to R1.114 trillion. Of this total, only R29.97 billion—approximately 2.7 per cent—is retained by National Treasury across its eight programmes. The overwhelming majority, R1.084 trillion or 97.3 per cent, constitutes a direct charge against the National Revenue Fund.

4.2. These direct charges include allocations such as the provincial equitable share (R633.17 billion), debt-service costs (R426.35 billion), public sector-related pensions and medical subsidies (R7.90 billion), and the general fuel levy sharing with metropolitan municipalities (R16.85 billion). These amounts are administered by Treasury on behalf of the state but do not form part of its operational budget.

Expenditure Analysis (2025/26)

4.3. This section explains the programme-based allocations under Vote 8: National Treasury, focusing on the 2025/26 financial year as the anchor of the analysis. The unaudited outcomes of the 2024/25 fiscal year are used as the baseline for assessing real and nominal growth, reprioritisation, and programme-specific expenditure trajectories.

4.4. For the 2025/26 financial year, total programme expenditure under Vote 8 is projected at R29.97 billion, comprising current payments of R3.28 billion, transfers and subsidies of R25.78 billion, and capital payments of R31.2 million. This reflects a nominal increase of R3.65 billion or 13.8% from the unaudited outcome of R26.32 billion in 2024/25.

4.5. Over the medium term, programme expenditure is expected to grow at an average annual rate of 4.4%, reaching R31.52 billion by 2027/28. The composition of Vote 8 allocations reflects a continuation of the National Treasury's core policy, administrative, and regulatory functions, alongside transfers to key institutions within the financial governance and security architecture.

Breakdown of National Treasury Retained Expenditure

4.6. Focusing on the retained appropriation of R29.97 billion, only R3.28 billion is allocated to Treasury's internal programme operations. This includes R1.07 billion for compensation of employees, R2.17 billion for goods and services, and R31.2 million for capital assets such as machinery and software. These operational allocations represent just 10.9 per cent of the retained appropriation, underscoring Treasury's lean administrative structure.

4.7. The remaining 89.1 per cent of the retained allocation, equivalent to approximately R26.69 billion, is earmarked for transfers to entities, public institutions, local government, households, and international financial institutions. Key transfers include R15.41 billion to the South African Revenue Service (SARS) for operations and equipment, R5.60 billion to the Financial Intelligence Centre and Secret Services, and R7.90 billion to cover post-retirement medical and special pension obligations. Additional transfers include R2.14 billion to municipalities via various local government grants, approximately R1.89 billion to international financial institutions, and around R40 million in support of infrastructure finance institutions such as the Development Bank of Southern Africa (DBSA).

4.8. When benchmarked against the 2024/25 baseline, in which R26.32 billion was retained and R3.02 billion was allocated to internal operations, the 2025/26 allocations reflect a modest increase in both absolute terms and proportion.

National Treasury Programmes

4.9. Programme 1: Administration supports the Ministry and departmental leadership and provides internal corporate services. It receives R589.0 million in 2025/26, down from R699.3 million in 2024/25. This represents a nominal contraction of 15.8%. The programme employs 328 personnel in 2025/26. Key targets include four reports on the Corporate Governance of ICT, four audit action plan reports, and four implementation reports on gender mainstreaming. Expenditure on compensation accounts for 43.5% of the programme's allocation.

4.10. Programme 2: Economic Policy, Tax, Financial Regulation and Research develops macroeconomic and tax policy, and conducts economic research. It is allocated R146.3 million in 2025/26, up from R120.1 million in 2024/25—a 21.8% increase. There are 109 filled posts. Key targets include 30 research papers, four economic forecast reports, three FAFT progress reports, and continued review of the Financial Sector Code. Compensation makes up 61% of the programme's allocation.

4.11. Programme 3: Public Finance and Budget Management oversees the budget process, intergovernmental fiscal frameworks, and expenditure monitoring. It receives R4.33 billion in 2025/26, rising from R4.07 billion in 2024/25. The programme employs 428 personnel. Key outputs include publication of the Disaster Risk Financing Strategy, review of the Provincial Equitable Share formula, and submission of four SCOA reports. Transfers for conditional grants make up the largest share of spending. Within Programme 3, transfers and subsidies constitute the dominant share of expenditure, amounting to R2.81 billion out of the programme's R4.33 billion allocation in 2025/26. These transfers mainly fund conditional grants to provinces and municipalities, and account for approximately 64.9 per cent of the programme's budget.

4.12. Programme 4: Asset and Liability Management handles debt management and oversight of state-owned enterprises. Its budget rises from R137.9 million in 2024/25 to R164.5 million in 2025/26. There are 74 filled posts. Key indicators include compliance with gross borrowing risk benchmarks. Compensation accounts for R105 million.

4.13. Programme 5: Financial Accounting and Supply Chain Management Systems supports financial systems and supply chain reform. The budget grows to R794.0 million in 2025/26 from R734.4 million in 2024/25. The programme has 241 personnel. Targets include the development of six financial norms and standards, the implementation of an automated invoice tracking system, and work on PFMA/MFMA amendments. Compensation accounts for R265.9 million.

4.14. Programme 6: International Financial Relations manages South Africa's financial obligations and participation in international financial and development institutions. The programme is allocated R2.94 billion in 2025/26, reflecting a nominal increase of 26.7% from R2.32 billion in 2024/25. The allocation is primarily composed of transfers and subsidies amounting to R1.89 billion, while the remainder is directed to operational and capital components. These transfers include South Africa's annual membership contributions and assessed obligations to global and regional bodies such as the African Development Bank (AfDB), International Monetary Fund (IMF), World Bank Group

(WBG), Southern African Development Community (SADC), African Union (AU), and other multilateral organisations. A smaller portion of the programme budget is used for internal operations, including policy coordination on South Africa's international development commitments and representation in forums such as the BRICS Finance Track, the G20, and the IMF/World Bank Spring and Annual Meetings. The programme supports regional integration, financial diplomacy, and engagement with international development finance institutions. The staff complement is 29 personnel in 2025/26. Key performance indicators include maintaining full compliance with assessed contributions to multilateral institutions, supporting implementation of the African Union scale of assessment, and coordinating South Africa's participation in international financial negotiations and reviews.

4.15. Programme 7: Revenue Administration comprises the transfer to SARS, which is covered in detail below under SARS.

4.16. Programme 8: Financial Intelligence and State Security comprises transfers to the Financial Intelligence Centre (FIC) and entities responsible for national security. The programme's total allocation increases from R5.27 billion in 2024/25 to R5.60 billion in 2025/26. While the FIC forms part of the financial governance and anti-money laundering architecture overseen by the Standing Committee on Finance (SCOF), the State Security Agency (SSA) component of this programme is reported to the Joint Standing Committee on Intelligence, by parliamentary oversight protocols. The FIC, with a staff complement of approximately 300, plays a central role in the detection, prevention, and analysis of financial crimes and illicit financial flows. The Centre supports compliance with international anti-money laundering and counter-terrorist financing standards, including South Africa's progress on FATF action items. A more detailed breakdown of the FIC's performance and expenditure is provided in the section below.

5. ENTITIES FUNDED THROUGH VOTE 8 TRANSFERS

5.1. This section provides an overview of the key public entities that receive direct transfers under Vote 8: National Treasury. These allocations form part of the retained expenditure and reflect the National Treasury's role in financing core institutions involved in revenue collection, financial oversight, security, and governance.

SOUTH AFRICAN REVENUE SERVICE (SARS)

5.2. The South African Revenue Service (SARS) is the largest recipient of transfers under Vote 8, with an allocation of R15.41 billion in 2025/26. This amount increases from R12.39 billion in 2024/25 and represents 51.4% of the total retained appropriation by National Treasury for the year. SARS is mandated to ensure optimal revenue collection, facilitate legitimate trade, and enforce compliance with tax and customs laws. The transfer is designated for operational funding, infrastructure, and continued implementation of SARS's strategic modernisation initiatives. SARS functions through four core programmes.

5.3. Programme 1: Administration provides leadership, strategic direction, governance, and integrated support services across SARS. It encompasses internal audit, legal services, IT infrastructure, strategic planning, and corporate affairs. The focus is on institutional capability, systems governance, and ethical leadership.

5.4. Programme 2: Taxpayer and Trader Enablement is responsible for designing and implementing services to support taxpayer and trader compliance. This includes registration, taxpayer education, digital engagement, and communications. A core strategic objective is to expand the tax base and simplify interactions to promote voluntary compliance.

5.5. Programme 3: Compliance undertakes risk profiling, audits, investigations, debt collection, and customs enforcement. SARS aims to reduce the tax gap by targeting non-compliance and increasing revenue yield through focused compliance strategies, including third-party data analysis and increased use of automation.

5.6. Programme 4: Revenue and Trade Facilitation manages the processing of payments, accounting for revenue, trade statistics, and refund systems. It facilitates legitimate trade, oversees import/export compliance, and improves the turnaround time for customs clearances. The programme plays a pivotal role in balancing revenue assurance and trade promotion.

5.7. Key strategic priorities for 2025/26 include enhancing digital platforms, deploying advanced analytics to strengthen compliance, securing borders against illicit financial flows, and investing in organisational ethics and skills development. SARS's personnel complement stands at approximately 13,500 across its operations.

5.8. This allocation and programme structure reflect SARS's centrality in achieving the revenue targets set out in the national budget and maintaining the integrity of South Africa's fiscal framework.

Office of the Tax Ombud

5.9. The OTO is mandated under section 16 of the Tax Administration Act, No. 28 of 2011, to review and address complaints by taxpayers regarding service or procedural matters arising from SARS's administration of tax laws. The OTO may also conduct systemic investigations either at the request of the Minister of Finance or, with the Minister's approval, on its initiative. The OTO plays a central role in promoting administrative justice and safeguarding taxpayer rights within the broader tax administration ecosystem.

5.10. In the 2025/26 financial year, the OTO is allocated R55.94 million under Vote 8, with medium-term allocations of R58.50 million and R61.15 million for 2026/27 and 2027/28, respectively. Of the 2025/26 allocation, employee compensation represents approximately 83%, while the remainder is directed to ICT, advertising, community outreach, and operational activities. The OTO remains structurally dependent on SARS for procurement, ICT, HR, and security services.

5.11. The OTO has a staff complement of 38 employees, of whom 36 are permanent and 2 are graduate interns. Eleven of these are in management (eight are women), while 17 serve as specialists and 10 as support staff. Eleven funded vacancies were advertised in May 2025, with interviews expected to be concluded by mid-2025.

5.12. Strategically, the OTO focuses on resolving taxpayer complaints fairly and efficiently, conducting systemic reviews to promote SARS accountability, and enhancing transparency in the tax system. Key performance indicators for 2025/26 include turnaround time on complaint resolution, systemic investigation outputs, and public education initiatives.

5.13. The OTO reports quarterly to the Minister of Finance and submits annual and mid-term reports in terms of section 19 of the Tax Administration Act. These are also submitted to the Department of Planning, Monitoring and Evaluation and tabled in Parliament.

5.14. Though financially and administratively dependent on SARS, the OTO functions independently and makes non-binding but morally persuasive recommendations. The office reached an agreement with SARS in September 2024 to formally utilise SARS's Audit and Risk Committee, addressing a previous audit finding related to governance arrangements. The OTO has consistently received clean audit findings for performance reporting.

5.15. The OTO also runs a graduate empowerment programme aligned to the National Skills Development Plan 2030. Since 2013, seven graduates have participated, with two currently active in the programme and others either absorbed into the OTO or placed elsewhere in the public sector.

Financial Intelligence Centre

5.16. The FIC, established under the Financial Intelligence Centre Act, 2001 (Act No. 38 of 2001), serves as South Africa's national centre for the collection, analysis, and dissemination of financial intelligence. Since its operational inception in February 2002 and the receipt of its first suspicious transaction report in 2003, the FIC has evolved into a key institution in the country's anti-money laundering (AML), counter-financing of terrorism (CFT), and counter-proliferation financing (CPF) architecture.

5.17. It is the sole entity legally authorised to receive and analyse transaction information from accountable and reporting institutions across the financial and non-financial sectors. While it does not itself investigate or prosecute, the FIC plays an indispensable role in enabling enforcement by sharing intelligence with domestic authorities such as the SAPS, NPA, SARS, and supervisory bodies, as well as international counterparts.

5.18. For the 2025/26 financial year, the Financial Intelligence Centre is allocated R351.1 million, rising from R331.3 million in 2024/25. This represents a 6.0 per cent nominal increase year-on-year. Over the medium term, the FIC's budget is projected to increase to R369.4 million in 2026/27 and R384.1 million in 2027/28, supporting expanded supervision, forensic capability, and international compliance obligations. Approximately 63.7 per cent of the budget in 2025/26 is allocated to compensation of employees, with the remainder supporting ICT infrastructure, international cooperation, compliance inspections, and forensic reporting.

5.19. As of the end of March 2025, the Centre comprised a staff complement of 606 permanent employees and six contract and trainee positions, organised across core functional divisions: Compliance and Prevention, Monitoring and Analysis, Legal and Policy, Shared Forensic Capability, and Corporate Services.

5.20. The FIC's strategic plan for 2025–2030 is built around five outcomes. These include strengthened supervision of compliance (targeting 240 compliance reviews and 600 inspections), enhanced use of financial intelligence (including 50 strategic reports and training for 80% of obligated institutions), legal and institutional improvements (100% response rate to legislative changes), good governance (measured through a sustainability model), and production of forensic financial evidence (target of 100 reports).

5.21. For 2025/26, key output targets include: 48 awareness initiatives, 160 compliance review reports, 550 inspections, 95 high-priority and 800 medium/low-priority intelligence reports, and 20 forensic reports. All administrative sanctions must have a 100% success rate, and 100% of fund-blocking requests and intelligence queries (up to 1,900) must be fulfilled. The Centre will also participate in regional AML forums, respond to all requests for technical assistance, implement UNSC sanctions within 24 hours, and aim for a clean audit, EE compliance, and 98% uptime for external ICT systems.

5.22. The FIC's planning is rooted in a risk-based approach informed by a national risk assessment process. Findings indicate vulnerabilities related to cash usage, opaque corporate vehicles, and weak governance. Upcoming priorities include refining proactive intelligence, strengthening partnerships, and preparing for South Africa's FATF mutual evaluation in 2027. Legislative reform across several statutes is also anticipated to align with evolving AML/CFT demands.

GPAA

5.23. The Government Pensions Administration Agency is a government component established in terms of the Public Service Act of 1994 (Proclamation No. 103 of 1994) and was gazetted in March 2010. It provides benefit administration services to its two primary clients—the Government Employees Pension Fund (GEPF) and National Treasury (under Programme 7). The GPAA's constitutional and legislative mandates include the administration of pension and funeral benefits in terms of the GEP Law of 1996. It operates under a service-level agreement (SLA) with the GEPF and receives transfers from National Treasury to support its operations.

5.24. In 2025/26, the GPAA is allocated R320.5 million from Vote 8, which constitutes approximately 7% of its overall funding, with the remaining 93% sourced from the GEPF. This allocation is intended to support the agency's continued efforts to ensure efficient and timely administration of public sector pension benefits. The GPAA is structured into two main programmes.

5.25. Programme 1: Support Services focuses on internal administrative capacity, including human resources, ICT, supply chain management, and governance support. Key targets for 2025/26 include achieving a 2% representation of persons with disabilities in total employment, maintaining a 97% ICT uptime rate, and ensuring that 100% of valid invoices are paid within 30 working days. The agency has also digitised the funeral benefits submission process to improve accessibility and turnaround times.

5.26. Programme 2: Benefits Administration is responsible for the core functions of client registration, contribution reconciliation, benefits payments, and client services for both GEPF and National Treasury members. In 2025/26, GPAA aims to pay 90% of National Treasury death benefits within 60 working days and process 91% of National Treasury benefits within 20 working days. It also targets a 35% reduction in the unclaimed benefits balance, with continued investment in data cleansing and digital communication channels to enhance client engagement.

5.27. GPAA explained that its activities align with various priorities in the National Development Plan 2030, including economic transformation, capacity development, anti-corruption measures, and social protection. The agency administers pension benefits on behalf of the GEPF and the National Treasury.

5.28. GPAA reported an unaudited annual performance rate of 87.5% for the 2024/25 financial year, compared to 79.16% in 2023/24. Reported indicators include 99.99% of National Treasury-related benefits processed within defined timeframes, 99.88% of GEPF contributions reconciled by the 22nd of each month, and 94.22% of first-contact calls resolved.

5.29. GPAA's most recent B-BBEE verification assessment scored the agency 44.40 out of a possible 109 points. The verification applied the Amended DTIC Specialised Generic Scorecard under Gazette No. 38766. Based on the results, the agency is categorised as a non-compliant contributor. A draft B-BBEE strategy is under development to address compliance with skills development, enterprise and supplier development, and socio-economic development.

5.30. GPAA has indicated that its medium-term priorities include improving benefit payment turnaround times, increasing digital service delivery, reducing the balance of unclaimed benefits, and modernising legacy ICT systems. The agency also plans to apply data analytics to strengthen client service delivery and administrative processes.

Government Technical Advisory Centre

5.31. GTAC is an agency of the National Treasury, established in terms of the Public Service Act. GTAC supports the National Treasury in building public sector capacity for efficient, effective, and transparent public finance management. Its work includes technical assistance, consulting, project management, knowledge management, and training aimed at strengthening the capability of public institutions.

5.32. In 2025/26, GTAC is allocated R181.7 million through a transfer from Vote 8, with an additional R35.2 million in own revenue, resulting in total projected revenue of R216.9 million. This allocation supports GTAC's strategic transition into a hub-based model aimed at delivering integrated and high-impact technical support services. GTAC's work is structured across three principal hubs aligned with its strategic and annual performance plans:

Consulting and Infrastructure Hub

5.33. This programme houses four workstreams. The Capital Projects Appraisal Unit (CPAU) aims for a 100% completion rate for appraisal reports within BFI-prescribed timelines, enhancing National Treasury's decisions on major infrastructure projects. The Technical Assistance and PPP Unit (TAS & PPP) will focus on capacity-building for PPP planning and aims to submit four strategic infrastructure project memos to the National Treasury in 2025/26.

5.34. The Public Expenditure and Policy Analysis Unit (PEPA) continues with compensation expenditure modelling and big data analytics. It also supports the government-wide spending review programme and has set a client satisfaction target of 70% for 2025/26. The Institutional Development Support Unit (IDS) seeks to maintain its 100% performance rate for approved projects delivered on time and within budget.

Business Support Hub

5.35. This programme is responsible for internal governance and corporate services. Its key targets for 2025/26 include sustaining an unqualified audit opinion, achieving a 75% training rate for qualifying employees, and finalising approval of the business case for transitioning GTAC into a hub-based structure. This transition aims to consolidate internal and external capabilities, break down operational silos, and create centres of excellence that improve service delivery and client responsiveness.

5.36. GTAC aligns its work with the National Development Plan (NDP) and Medium-Term Development Plan (MTDP), particularly under Strategic Priority 1 (Inclusive growth and job creation) and Strategic Priority 3 (Building a capable, ethical, and developmental state). In the past five years, its work in spending reviews has covered more than R711 billion in government expenditure and provides data to support decision-making related to the wage bill and programme effectiveness.

5.37. Since its inception, the Jobs Fund, which is administered by GTAC, has reported the creation of 333,043 jobs at an average cost of R23,700 per job. GTAC also manages the Municipal Finance Improvement Programme (MFIP) and provides support for infrastructure projects and public-private partnerships.

5.38. Over the medium term, GTAC plans to enhance its advisory role by expanding access to data analytics tools, refining forecasting capabilities, improving technical support to government institutions and municipalities, and institutionalising project management practices.

Accounting Standards Board (ASB)

5.39. The Accounting Standards Board (ASB) is a Schedule 3A public entity established in terms of section 216(1)(a) of the Constitution and the Public Finance Management Act (PFMA), with a mandate to develop and promote the application of generally recognised accounting practice (GRAP) across all spheres of government. By setting uniform accounting standards, the ASB plays a critical role in improving the quality, transparency, and consistency of financial reporting within the public sector, thereby supporting sound fiscal management and accountability.

5.40. For the 2025/26 financial year, the ASB has a total budget allocation of R15.489 million, increasing to R16.199 million in 2026/27 and R16.934 million in 2027/28. This reflects a modest average annual growth rate of 4.1 per cent over the medium term. The entity is almost entirely funded through transfers from the National Treasury under its single programme, Administration, which constitutes 100 per cent of its budget. Non-tax revenue is negligible, declining from R0.3 million in 2024/25 to R0.1 million annually from 2025/26 onwards, and contributes only around 1.1 per cent of total revenue.

5.41. In terms of expenditure composition, the ASB remains lean and technical. Compensation of employees accounts for approximately 74.7 per cent of total expenditure, increasing from R11.1 million in 2024/25 to R12.9 million in 2027/28. Expenditure on goods and services constitutes the remaining 25 per cent of the budget, with annual allocations stabilising at approximately R4 million. The entity operates with a small but specialised team of seven employees, with no additional posts planned over the MTEF period. Personnel costs are expected to rise gradually, in line with inflation and the expertise required to fulfil the ASB's mandate.

5.42. The ASB finalised its Strategic Plan for 2026–2030 and its Annual Performance Plan for 2025/26 in July 2024. Its long-term strategic vision is to strengthen democracy in South

Africa through relevant and transparent financial reporting. The mission underpinning this vision is to develop robust, implementable financial reporting standards that enhance the ability of users—such as Parliament, legislatures, the Auditor-General, and the public—to hold government accountable and make informed financial, policy, and economic decisions.

5.43. Strategic outputs over the five years include maintaining and enhancing existing accounting standards, developing new standards where necessary, and building capacity among preparers and users of public sector financial statements. The ASB also aims to expand its stakeholder engagement and raise its public profile, both nationally and internationally.

5.44. Key performance targets for 2025/26 include the hosting of eight Accounting Forum meetings, the publication of four awareness articles, full participation in meetings of the International Public Sector Accounting Standards Board (IPSASB), and observer attendance at meetings of the Financial Reporting Standards Council to support the development of sustainability reporting frameworks.

5.45. The ASB has identified several risks that could impact its performance. One significant concern is the delayed implementation of standards due to misaligned approval processes and the uneven application of accrual accounting across government entities. Another risk stems from resource constraints amid an expanding scope of work, particularly the need to support emerging areas such as environmental, social, and governance (ESG) reporting, while continuing to educate both preparers and users of financial statements.

5.46. The ASB's financial position remains stable, with no projected deficits over the medium term. Total assets are expected to remain constant at R0.6 million, with cash and cash equivalents making up the bulk of the asset base. By fulfilling its mandate, the ASB contributes to improving the credibility, comparability, and oversight of financial information in the public sector, thereby supporting South Africa's broader goals of fiscal transparency, democratic accountability, and efficient public service delivery.

Independent Regulatory Board for Auditors (IRBA)

5.47. The Independent Regulatory Board for Auditors (IRBA) is a Schedule 3A public entity established under the Auditing Profession Act, Act No. 26 of 2005, and reports to the Minister of Finance. It is responsible for regulating the audit profession in the public interest through standard-setting, registration, inspections, investigations, and disciplinary action. IRBA is also recognised internationally through its membership in the International Forum of Independent Audit Regulators (IFIAR).

5.48. For the 2025/26 financial year, IRBA's priorities include maintaining high-quality auditing and ethics standards aligned with international benchmarks, improving compliance monitoring, supporting transformation in the profession, and investing in digital transformation. The Board aims to improve regulatory effectiveness and respond to risks including a shrinking pool of registered auditors, financial sustainability pressures, and new demands related to ESG assurance.

5.49. In 2025/26, IRBA’s total budgeted expenditure is R218.2 million, increasing to R248.3 million in 2027/28, at an average annual growth rate of 4.4 per cent. Compensation of employees constitutes approximately 68 per cent of expenditure, with an estimated cost of R495.8 million over the medium term. The staff complement is projected to increase from 95 in 2024/25 to 104 in 2025/26.

5.50. IRBA is partially funded by the fiscus. Over the MTEF period, the Board expects to receive R155.4 million in transfers from the National Treasury, representing 21.8 per cent of total revenue. The remaining revenue is derived from registration fees, annual renewals, and inspection fees. Capital expenditure of R9.7 million per annum is allocated primarily to digital systems and technology upgrades.

5.51. In the 2025/26 financial year, IRBA’s expenditure is distributed across several programme areas. The largest share is allocated to administration, accounting for 32.6 per cent of total spending. This is followed by inspections at 24.3 per cent, legal services at 14 per cent, investigations at 12.8 per cent, education at 8.7 per cent, and standards development at 7.6 per cent.

5.52. Key performance indicators for 2025/26 include the completion of 111 risk-based inspections and 80 investigations. The Board also aims to ensure that 85 per cent of disciplinary matters are either scheduled or finalised in accordance with the approved hearing plan. In the area of standard-setting, IRBA targets meeting 85 per cent of deadlines for issuing auditing pronouncements and ethics guidance. Within the education and transformation programme, IRBA plans to conduct 45 monitoring visits under the Audit Development Programme, issue two final monitoring reports to accredited professional bodies, and complete one monitoring report on continuing professional development compliance.

5.53. IRBA targets a clean audit outcome for 2025/26. Cash and cash equivalents are projected to remain stable at approximately R103 million. The Board has indicated that retention of reserves will be essential to finance strategic priorities such as enforcement, recruitment, and digital modernisation.

5.54. At the international level, IRBA continues to represent South Africa on the IFIAR Board and serves as Vice-Chair of the African Forum of Independent Accounting and Auditing Regulators (AFIAAR). It also participates in global structures such as the International Ethics Standards Board for Accountants (IESBA) and the International Panel on Accountancy Education (IPAE).

5.55. A draft amendment to the Auditing Profession Act was submitted to National Treasury in June 2025. Proposed changes include provisions for mandatory audit firm rotation, IRBA's power to prescribe fees, regulation of foreign auditors, and expanded transparency and enforcement powers.

5.56. IRBA supports National Treasury's process to explore a regulatory framework for professional accounting bodies not currently subject to oversight. This is linked to broader concerns about regulatory gaps in South Africa's corporate reporting ecosystem.

6. SELF-FINANCING ENTITIES

Financial Sector Conduct Authority

6.1. The Financial Sector Conduct Authority (FSCA) is a Schedule 3A public entity established under the Financial Sector Regulation Act, 2017 (FSR Act), tasked with supervising market conduct across South Africa's financial sector. It plays a critical role in fostering a fair, efficient, and resilient financial system that supports inclusive and sustainable economic growth.

6.2. Within the Twin Peaks model, the FSCA complements the Prudential Authority by promoting fair treatment of financial customers, ensuring integrity in market behaviour, facilitating financial literacy, and overseeing conduct-related risks across various financial institutions, including insurers, banks, retirement funds, co-operative financial institutions, and crypto asset service providers.

6.3. Over the medium term, the FSCA's regulatory posture is focused on five strategic objectives: improving industry practices for fair outcomes, acting decisively against misconduct, promoting inclusive and sustainable financial systems, enhancing financial resilience among households and small businesses, and transforming the FSCA into a responsive and socially responsible institution. These objectives are underpinned by the Authority's 2025–2030 Strategic Plan and the Annual Performance Plan for 2025/26.

6.4. In 2025/26, the FSCA will intensify implementation of the Conduct of Financial Institutions (COFI) Bill, which aims to unify the market conduct regulatory framework. The COFI Bill will expand the FSCA's mandate to include oversight of previously unregulated sectors such as alternative investment funds and state-owned pension funds, support sustainable finance and infrastructure development, and align conduct regulation with broader developmental goals.

6.5. Key initiatives include the rollout of a risk-based licensing and supervision model, the implementation of regulatory instruments aligned with COFI principles, and targeted support for emerging financial institutions. The Authority will also strengthen its financial inclusion agenda through workshops, guidance for small firms, and dedicated consumer protection initiatives.

6.6. Expenditure by the FSCA is projected to grow from R1.1 billion in 2024/25 to R1.25 billion in 2027/28, at an average annual rate of 6 per cent. This growth is driven primarily by expanding supervisory responsibilities, increased technological investment, and greater emphasis on enforcement and consumer outreach. Compensation of employees remains the largest expenditure item, amounting to R699.4 million in 2024/25 and rising to R841.2 million in 2027/28—comprising 67 per cent of total spending. Spending on goods and services is expected to increase from R343.2 million to R417.5 million over the same period. Capital expenditure is modest, focusing primarily on IT infrastructure to support the integrated regulatory system.

6.7. By programme, the largest allocations are for Administration (R376.5 million in 2024/25, growing to R425.9 million in 2027/28) and Conduct of Business Supervision (R198.8 million to R250.4 million), which directly supports the FSCA's market oversight functions. Additional funding is directed towards Regulatory Policy, Licensing, and Market Integrity functions, to support cross-sectoral regulatory harmonisation and data-driven decision-making. The FSCA's revenue is derived almost entirely from levies imposed on regulated entities, comprising 92 per cent of gross income, with the remainder coming from fees, investment returns, and service-related income. Revenue is expected to increase at an average annual rate of 3.8 per cent—from R1.1 billion in 2024/25 to R1.22 billion by 2027/28—closely aligned with operational expenditure, consistent with the FSCA's break-even budgeting approach mandated by the FSR Act.

6.8. In terms of staffing, the FSCA will grow its funded personnel establishment from 773 posts in 2024/25 to 793 in 2027/28, reflecting targeted recruitment in supervision, enforcement, and regulatory technology. The FSCA also plans to implement its Employment Equity Plan to promote workforce transformation and inclusivity. Digital transformation remains a priority, with the Integrated Regulatory Solution (IRS) driving improvements in supervisory data analytics and operational efficiency. Cash reserves will remain above R330 million throughout the MTEF period, with the drawdown from a high of R563 million in 2024/25 reflecting strategic investments in digital platforms and enforcement infrastructure.

6.9. The FSCA is also actively addressing systemic sectoral issues. In respect of unclaimed financial assets—estimated at R88 billion nationally—the FSCA is finalising a regulatory framework to improve identification, tracing, and restitution, alongside proposals for a centralised unclaimed assets fund. On pension fund compliance, the FSCA has identified over 6,000 non-compliant employers owing an estimated R5.6 billion in arrears. The Authority has referred defaulting municipalities to the National Treasury for withholding equitable share transfers and has pursued legal and enforcement actions against private and municipal entities, including holding directors and officials personally liable.

6.10. Consumer protection remains central to the FSCA's mandate. Over the 2025/26 period, the Authority will continue implementing the Financial Education Plan, including national initiatives such as Money Smart Week, the National Financial Literacy Speech Competition, and the integration of the Consumer Vulnerability Framework. These programmes aim to reach a broad spectrum of society, including vulnerable and underserved populations. Concurrently, the FSCA's "Warning Wednesdays" campaign and enforcement against unauthorised financial service providers and scams have become vital components of public awareness efforts.

6.11. The FSCA's medium-term strategy reflects a shift toward risk-based and integrated market conduct supervision, as outlined in its Strategic and Annual Performance Plans. The Authority has prioritised the implementation of the COFI Bill, the rollout of its Integrated Regulatory Solution, and expanded oversight of unregulated areas such as crypto assets and financial education. These initiatives are aligned with its legislated mandate under the Financial Sector Regulation Act and are intended to promote inclusive financial sector development, fair treatment of customers, and enhanced regulatory efficiency.

Ombud Council

6.12. The Ombud Council is a Schedule 3A public entity established in terms of section 176 of the Financial Sector Regulation Act, 2017 (FSRA). Its statutory mandate is to assist in ensuring that financial customers have access to affordable, effective, independent, and fair dispute resolution processes in relation to financial products, financial services, and services provided by market infrastructures. The Council exercises regulatory and oversight functions over both statutory and industry ombud schemes.

6.13. The Ombud Council oversees two statutory ombud schemes—namely the Office of the FAIS Ombud and the Office of the Pension Funds Adjudicator—and recognises industry-based schemes such as the amalgamated National Financial Ombud Scheme (NFO), which was formed in March 2024, and the JSE Ombud Scheme. The Council is empowered to monitor performance, approve rules, promote coordination among schemes, and support public awareness initiatives aimed at improving consumer access to financial redress mechanisms.

6.14. The Council's 2025–2030 Strategic Plan is the first five-year plan since its establishment as a fully operational and independent PFMA-listed entity on 1 April 2023. The plan is structured around three programmes: (1) Administration, (2) Consumer Awareness and Education, and (3) Ombud System Reform. These programmes align with the Medium-Term Development Plan (MTDP) 2024–2029, in particular Strategic Priority 1 (Building a capable, ethical, and developmental state) and Strategic Priority 2 (Inclusive growth and job creation).

6.15. For the 2025/26 financial year, the Ombud Council's total revenue budget is R26.66 million. This amount is entirely self-financed through levies collected from financial institutions by the Financial Sector Conduct Authority (FSCA), in accordance with the FSRA. No transfers are received from National Treasury.

6.16. Of this revenue, 95 per cent is derived from levy income and 5 per cent from interest. Programme expenditure is allocated mainly to Administration (61 per cent) and regulatory functions (39 per cent). Compensation of employees accounts for approximately 47 per cent of the budget, while goods and services account for 52 per cent. The Council has eight funded posts, all of which were filled in 2024/25.

6.17. Key performance indicators for 2025/26 under Programme 1 (Administration) include maintaining an unqualified audit outcome, implementing an internal compliance framework, and submitting quarterly reports to the Audit and Risk Committee. Under Programme 2 (Consumer Awareness and Education), the Council targets the publication of 24 consumer awareness materials and execution of 8 public engagement activities. Under Programme 3 (Ombud System Reform), it plans to submit four quarterly reports analysing ombud complaint data, update a register of conduct risk engagements quarterly, submit three policy proposals in response to identified risks, and support the implementation of reforms set out in the National Treasury's 2024 policy paper titled *"A Simpler, Stronger Financial Sector Ombud System."*

6.18. According to the 2025 Estimates of National Expenditure, the Council's expenditure is expected to increase from R27 million in 2024/25 to R30.1 million in 2027/28, growing at an average annual rate of 3.7 per cent. Total assets are projected to decline over the same period, from R11.4 million to R6.6 million, as cash reserves are utilised to support the institution's operational scaling. The Council projects no fiscal deficits over the medium term.

6.19. The Ombud Council's work contributes directly to improving governance in the financial sector by integrating statutory and industry ombud schemes under a harmonised regulatory framework, enhancing consumer awareness of dispute resolution mechanisms, and informing financial sector conduct regulation through complaint data analysis and policy feedback.

Office of the Ombud for Financial Services Providers

6.20. The Office of the FAIS Ombud is a Schedule 3A public entity established under the Financial Advisory and Intermediary Services Act (Act No. 37 of 2002) and operates in terms of the Public Finance Management Act (PFMA). It is mandated to resolve complaints by clients against financial services providers (FSPs)—commonly brokers and advisors—who provide advice or intermediary services in respect of products such as insurance, investment funds, or funeral policies. The Office seeks to resolve disputes in a procedurally fair, informal, and expeditious manner, using alternative dispute resolution methods such as mediation and conciliation. Where appropriate, the Ombud may issue determinations, which have the force of civil court judgments.

6.21. In 2025/26, the Office will focus on consolidating operational stability, improving turnaround times for complaints resolution, and deepening public awareness of its services. The institution is also preparing for the longer-term transition into the amalgamated National Financial Ombud Scheme as part of broader financial sector ombud system reforms led by the Ombud Council. The FAIS Ombud's Strategic Plan for 2025–2030 is aligned with government priorities under the National Development Plan, including job creation, youth employment, and gender transformation. The Office contributes to these goals through a structured graduate development programme and employment equity initiatives.

6.22. Over the medium term, the Office's total expenditure is expected to grow from R88.2 million in 2024/25 to R92.5 million in 2025/26, R95.4 million in 2026/27, and R98 million in 2027/28. This represents an average annual increase of 3.6 per cent. The Office is fully self-funded through levies collected by the Financial Sector Conduct Authority (FSCA) and receives no direct transfers from the National Revenue Fund. Its spending is dominated by current payments, with compensation of employees accounting for over 60 per cent of total expenditure. This item is projected to increase from R54.2 million in 2024/25 to R60.5 million by 2027/28, while spending on goods and services will rise from R29.5 million to R34.9 million over the same period. Capital expenditure remains modest and is limited to minor acquisitions related to ICT and operational improvements.

6.23. The FAIS Ombud's operational programmes are structured around three areas: dispute resolution, administration, and stakeholder management. The largest allocation remains the dispute resolution programme, which rises from R42.3 million in 2024/25 to R45.9 million by 2027/28. The administration programme, which includes corporate services, internal controls, and governance, increases from R40.9 million to R46.7 million over the same period. Stakeholder management and consumer education activities are allocated R5.1 million in 2024/25 and will increase to R5.4 million by 2027/28.

6.24. The Annual Performance Plan for 2025/26 sets 22 performance targets. These include resolving 92 per cent of complaints within nine months of receipt, 85 per cent within six months, and 75 per cent within three months. The Office aims to respond to 100 per cent of all complaints within four working days of receipt and to ensure that no more than 20 per cent of active cases remain unresolved after nine months. A consumer satisfaction rate of 85 per cent is targeted for the financial year, derived from feedback forms submitted by complainants. Other operational targets include achieving a clean audit opinion, paying 100 per cent of valid supplier invoices within 30 days, and maintaining an 80 per cent case-handling efficiency ratio.

6.25. In terms of stakeholder engagement and public education, the Office has committed to conducting one MoneySmart Week campaign, issuing 12 press releases, publishing four newsletters, and posting 100 items on its social media platforms across LinkedIn, Facebook, and X (formerly Twitter). These activities aim to raise awareness of consumer rights and the mechanisms available for redress in the financial sector. Internal governance and labour relations will be supported through eight governance committee meetings, four union engagement meetings, and four internal audits.

6.26. The FAIS Ombud is expected to maintain its funded personnel establishment at 75 filled posts over the medium term. The average cost per employee is projected to rise from R0.7 million in 2024/25 to approximately R0.8 million in 2027/28. The Office continues to reflect gender and racial transformation goals, with targets of 51 per cent female staff, 92 per cent black representation, and at least 2 per cent of staff living with disabilities. Nine trainees will be appointed by the end of the 2025/26 financial year through its graduate programme.

6.27. While the Office's financial and operational position remains stable, it faces several strategic risks over the medium term. These include staff uncertainty relating to its anticipated amalgamation into the broader National Financial Ombud Scheme, cyber-security threats, compliance risks, funding model vulnerabilities due to levy dependency, and institutional key-person risk linked to the Ombud. The Office also cited the adverse effects of rising scams and unregulated financial schemes in a low-growth economic environment, which increase both the volume and complexity of consumer complaints.

6.28. The FAIS Ombud remains a key instrument in promoting consumer protection and fairness in South Africa's financial services landscape. Its operational focus on dispute resolution efficiency, combined with outreach and institutional reform readiness, positions it to continue fulfilling its statutory mandate while supporting national financial inclusion and transformation objectives.

Office of the Pension Funds Adjudicator

6.29. The Office of the Pension Funds Adjudicator (OPFA) is a statutory body established under the Pension Funds Act (No. 24 of 1956) to investigate and determine complaints related to the application of the Act. The OPFA functions as part of the broader financial services regulatory system and reports to the Minister of Finance as a Schedule 3A public entity under the Public Finance Management Act (No. 1 of 1999). Its primary mandate is to resolve disputes between members, employers, and pension fund administrators in a procedurally fair, economical, and expeditious manner.

6.30. For the 2025/26 financial year, the OPFA is allocated a budget of R115.5 million, up from R107.2 million in 2024/25. Over the medium term, the allocation is expected to increase to R119.1 million in 2026/27 and R124.6 million in 2027/28, representing an average annual increase of 5.1 per cent. The entity is funded entirely through levies collected from retirement funds via the Financial Sector Conduct Authority.

6.31. The largest portion of the OPFA's expenditure is allocated to compensation of employees, which constitutes approximately 63 per cent of the total budget and is projected to grow from R67.5 million in 2024/25 to R78.2 million in 2027/28. Spending on goods and services is estimated to increase from R37.2 million in 2024/25 to R44.2 million over the same period, while capital expenditure remains minimal and limited to replacement of office equipment and IT systems.

6.32. The number of pension-related complaints lodged continues to rise. The OPFA received 10,331 complaints in 2024/25, a 12 per cent increase compared to the previous year. The number is expected to grow further in 2025/26 due to the implementation of the two-pot retirement system and increased public awareness. The entity forecasts that complaint volumes may reach approximately 11,300 in 2025/26.

6.33. In terms of performance, the OPFA aims to resolve 85 per cent of complaints within six months of receipt and at least 95 per cent within nine months. In 2024/25, 50 per cent of complaints involving death benefits exceeded the 60-day resolution benchmark due to complexity and document-related delays. The Office has committed to reviewing and refining internal turnaround strategies in 2025/26 to improve performance in this area. Other targets include maintaining a case-to-adjudicator ratio of no more than 700 cases per year and finalising 90 per cent of responses to queries within 30 days.

6.34. The OPFA's 2025–2030 Strategic Plan identifies key priorities including improved access to services through the expansion of regional access points, enhancement of digital case management tools, and strengthening institutional capacity in preparation for jurisdictional changes expected from the Conduct of Financial Institutions (COFI) Bill. A new case management system is being implemented in 2025/26 to enhance tracking, automation, and data analytics.

6.35. The Office's headcount will remain at 89 funded posts, with no anticipated growth in personnel over the medium term. The OPFA also plans to intensify staff training, strengthen internal audit functions, and improve stakeholder engagement through outreach, webinars, and public education initiatives in all nine provinces.

6.36. Risks identified include potential funding constraints within the existing levy system, delays in implementation of COFI reforms, litigation challenges against rulings, and high volumes of document-intensive death benefit complaints. In 2025/26, the Office will pilot a document-tracking system and continue to refine its Standard Operating Procedures (SOPs) to address inefficiencies.

6.37. The OPFA's financial position remains stable, with projected surpluses to be retained as working capital reserves. No material changes to the funding model are anticipated during the MTEF period.

Land and Agricultural Development Bank of South Africa

6.38. The Land and Agricultural Development Bank of South Africa is a state-owned development finance institution established under the Land and Agricultural Development Bank Act, 2002, and governed by the Public Finance Management Act, 1999. Its core mandate is to finance agricultural development and transformation, particularly by facilitating access to financial services for historically disadvantaged individuals and emerging farmers, while also supporting commercial agriculture and agribusiness. The Bank's dual objective is to contribute to inclusive rural economic growth while restoring its financial sustainability following the debt default of 2020.

6.39. Over the 2025/26 medium-term expenditure framework (MTEF) period, the Land Bank's strategic focus is on implementing a debt reduction plan, restoring creditworthiness, and rebuilding its loan portfolio within a tightly risk-managed framework. It is also repositioning itself as a capable lender to the agricultural sector by improving governance, strengthening internal controls, and maintaining core disbursements to development-focused clients.

6.40. Total expenditure for 2025/26 is projected at R2.23 billion, down from a baseline of R2.95 billion in 2024/25. This downward trajectory is set to continue, with expenditure declining further to R1.94 billion in 2026/27 and R1.64 billion in 2027/28. The main driver of this contraction is the planned reduction in interest payments, which constituted R1.5 billion in 2024/25 but are expected to fall significantly to R826.5 million in 2025/26 and further to R446.4 million by 2027/28. This reflects the Bank's progress in deleveraging and restructuring its debt book. Total liabilities are similarly projected to decline from R9.9 billion in 2024/25 to R6.3 billion in 2025/26 and further to R4 billion in 2027/28.

6.41. Revenue is forecast to decrease from R3.3 billion in 2024/25 to R2.4 billion in 2025/26, with a continuing decline to R2.0 billion and R1.7 billion in the outer years. The reduction reflects a smaller loan book and lower interest income. Despite the narrowing financial envelope, the Bank has committed to sustaining its annual disbursements to the development loan book at R6.8 billion throughout the MTEF period.

6.42. Programme spending reflects a shift towards administrative consolidation. The Administration programme increases marginally from R925.8 million in 2024/25 to R951.4 million in 2025/26, before tapering slightly in the outer years. However, operational programmes reflect deep contractions. Corporate Banking expenditure is set to fall from R369.6 million to R264.5 million in 2025/26 and decline further to R113.7 million in 2027/28. Commercial Development Banking, which remains the largest operational programme, contracts from R1.66 billion in 2024/25 to R1.01 billion in 2025/26, before reaching R682.5 million by 2027/28.

6.43. Despite the constrained outlook, the Bank is expected to significantly improve its financial resilience. The capital adequacy ratio is projected to rise from 20 per cent in 2023/24 to 52 per cent in 2025/26 and reach 83 per cent by 2027/28. This reflects both the decline in risk-weighted assets and the improved quality of capital. The cost-to-income ratio is expected to stabilise at 80 per cent over the MTEF period, aligning with tighter expenditure controls and a smaller lending footprint.

6.44. The Bank's personnel complement remains stable at 492 employees across the MTEF, with total compensation expected to increase from R453.3 million in 2024/25 to R486.2 million in 2025/26 and R520.8 million in 2027/28. This represents a modest increase in average personnel cost from R0.9 million to R1.1 million per employee, indicating a trend toward retaining specialised staff for a leaner but more targeted operational model.

6.45. The Bank's total asset base is expected to decline from R20 billion in 2024/25 to R16.6 billion in 2025/26 and R14 billion in 2027/28. A sharp deterioration in cash and cash equivalents—from R6.68 billion in 2024/25 to R1.53 billion in 2025/26, and a projected deficit of R488.6 million in 2027/28—signals liquidity stress associated with ongoing debt repayments, limited revenue, and the absence of new capital injections.

6.46. The Land Bank enters 2025/26 with a more stable capital position but constrained operational capacity. While progress has been made in reducing liabilities and improving capital adequacy, the institution remains vulnerable to liquidity shocks and relies heavily on the successful implementation of its debt restructuring strategy. Its ability to remain developmental while restoring financial sustainability will depend on continued improvements in loan recovery, prudent fiscal management, and targeted support for transformation in the agricultural sector.

Development Bank of Southern Africa

6.47. The DBSA is a Schedule 2 national public entity, governed by the DBSA Act, 1997 (Act No. 13 of 1997), and the Public Finance Management Act, 1999 (Act No. 1 of 1999). It operates under the oversight of the National Treasury and is one of South Africa's principal development finance institutions (DFIs). Its overarching mandate is to support inclusive and sustainable economic growth, promote human and institutional capacity, and contribute to infrastructure development and regional integration, particularly across the SADC region. As such, the DBSA is central to the government's infrastructure-led recovery and long-term development strategy.

6.48. The DBSA's operations span the full infrastructure value chain—encompassing project planning, technical assistance, project preparation, blended financing, delivery, and maintenance. It focuses on catalytic investments in key sectors, including energy, transport, digital infrastructure, water and sanitation, education, health, and human settlements. Although it does not receive direct fiscal transfers from the National Revenue Fund, the DBSA's financial and operational performance is reflected in the Estimates of National Expenditure (ENE) under Vote 8: National Treasury, enabling oversight of its alignment with national development goals.

6.49. For the 2025/26 financial year, the DBSA has set a disbursement target of R15.5 billion, rising to R20.6 billion in 2027/28. This builds on an overachievement in 2024/25, where the DBSA disbursed R17.5 billion against a target of R14.5 billion, catalysing a further R22.9 billion in funding through its leverage of public-private partnerships and co-financing structures. The Bank's projected contribution to infrastructure delivery is substantial, targeting over R6.2 billion in infrastructure value in 2025/26 and supporting more than 26 000 jobs, with a cumulative job facilitation target of 30 000 jobs by 2027/28.

6.50. As part of its developmental mandate, the DBSA aims to unlock R2 billion in infrastructure projects in under-resourced municipalities and a further R500 million in district municipalities identified for a programmatic intervention. These targets reflect the Bank's integrated municipal approach, which includes technical planning, preparation, and execution support to local government, enhancing both service delivery and institutional capability.

6.51. In supporting a Just Transition, the DBSA plans to approve R1.5 billion in climate-aligned and green economy projects during 2025/26, scaling up to R2.5 billion in 2027/28. These will be financed through facilities such as the Climate Finance Facility (CFF) and

Embedded Generation Investment Programme (EGIP), which are globally accredited and designed to de-risk and crowd-in private investment.

Empowerment and transformation remain key strategic outcomes.

6.52. In 2024/25, the DBSA recorded R4 billion in infrastructure delivery by black-owned entities, of which R2.6 billion was delivered by black women-owned contractors. In 2025/26, it has committed to ensuring that 40 per cent of its procurement spend on third-party project implementation is directed to black women-owned suppliers.

6.53. The DBSA's five-year strategy—"Grow the DBSA to Maximise Development Impact"—is framed around four pillars: (i) inclusive economic recovery, (ii) green growth and climate resilience, (iii) strategic regional integration, and (iv) operational excellence through digitalisation and smart partnerships. The Bank has identified 11 strategic initiatives for 2025/26, including the scaling of its integrated municipal support model, elevating the impact of its Infrastructure Fund, and strengthening its value proposition in the rest of Africa.

6.54. To maintain a balance between its commercial viability and developmental obligations, the DBSA is targeting a Return on Equity (ROE) of 8 per cent, a cost-to-income ratio of 25 per cent, and zero irregular, unauthorised, and fruitless and wasteful expenditure over the MTEF. These financial indicators are monitored through its internal balanced scorecard and Board-level governance structures.

6.55. The DBSA faces several risks to achieving its mandate, including constrained municipal capacity, project pipeline delays, and macroeconomic headwinds affecting its clients. However, the Bank has a robust risk management framework and continues to diversify its loan book and funding sources to ensure resilience. It maintains a strong capital base, with a total development loan exposure of R78.6 billion in 2025, the bulk of which is concentrated in Gauteng (R51.7 billion), Northern Cape (R8.97 billion), and Western Cape (R8.38 billion).

6.56. Over the 2025 MTEF period, the DBSA projects total institutional expenditure to increase from R10.03 billion in 2024/25 to R11.2 billion in 2027/28, representing a real average annual growth of approximately 3.8 per cent. Expenditure is distributed across three main programmes.

Development Finance

6.57. Rising from R7.6 billion to R8.7 billion, this programme supports the Bank's loan book, project implementation, and infrastructure pipeline development.

Administration

6.58. Estimated to increase marginally from R2.1 billion to R2.2 billion, this reflects operational expenditure and head office functions.

Non-Financing Development Activities

6.59. Encompassing technical assistance, grant management, and capacity building, this is expected to grow from R282 million to R345 million, reflecting the importance of upstream project development.

6.60. The DBSA has maintained unqualified audit outcomes since its inception and aligns its governance with the King IV Code and PFMA requirements. All PFMA submissions are processed within stipulated deadlines, and decisive consequence management is applied in cases of non-compliance or unethical conduct.

6.61. The DBSA is also accredited by the Global Environment Facility and the Green Climate Fund, enabling access to concessional climate finance. It is rated Ba3 (Moody's) and BB (S&P) for its foreign currency instruments and has an AA rating under the African Association of Development Finance Institutions (AADFI) Prudential Standards, Guidelines and Rating System.

6.62. The DBSA's strategic direction for 2025/26 to 2027/28 reflects a maturing institution that balances financial prudence with catalytic development interventions. Its role in enabling the blended finance ecosystem, enhancing the bankability of infrastructure projects, and mobilising private sector investment will be critical to achieving national development goals. Continued oversight by Parliament, particularly over the performance of the DBSA's Infrastructure Fund, municipal support programmes, and Just Transition pipeline, will be essential to ensure alignment with the government's broader social and economic priorities.

Public Investment Corporation

6.63. The Public Investment Corporation (PIC) is a state-owned asset management company established in terms of the Public Investment Corporation Act, No. 23 of 2004. It operates as a registered financial services provider in terms of the Financial Advisory and Intermediary Services Act, No. 37 of 2002 (FAIS Act). The PIC is wholly owned by the South African government, with the Minister of Finance acting as the shareholder representative.

6.64. The Corporation manages assets on behalf of public sector clients, most notably the Government Employees Pension Fund (GEPF), and operates under client-specific investment mandates, which are regulated by the Financial Sector Conduct Authority

(FSCA). Over the medium term, the PIC will prioritise the modernisation of its operations through the implementation of a digital and artificial intelligence strategy, aimed at improving the integration of data analytics, treasury operations, and risk functions.

6.65. Over the 2025 Medium-Term Expenditure Framework (MTEF), the PIC has prioritised a strategic shift toward operational modernisation, investment-led growth, and enhanced governance. A key focus is the full implementation of a digital transformation and artificial intelligence (AI) strategy designed to integrate data analytics, enhance risk and treasury management, and improve operational efficiency. This digital strategy is expected to support automation of internal processes, improve investment decision-making, and strengthen internal controls.

6.66. According to the 2025 Estimates of National Expenditure (ENE), the PIC's assets under management (AUM) are projected to grow from R2.8 trillion in 2024/25 to R3.14 trillion by 2027/28, reflecting an average annual increase of approximately 4 per cent. This growth trajectory is underpinned by the continued expansion of client portfolios, improved market performance, and more efficient capital allocation within its mandates.

6.67. Revenue is projected to increase from R2 billion in 2024/25 to R2.3 billion by 2027/28, representing an average annual growth rate of 4.4 per cent. The PIC's revenue is derived primarily from management fees linked to AUM, interest income, and board-related earnings. In contrast, total expenditure is expected to remain relatively flat, rising marginally from R1.76 billion in 2024/25 to R1.77 billion in 2027/28. This reflects a strong commitment to cost containment, with notable reductions in spending on goods and services—particularly on operating leases and ICT support—which are expected to decline at an average annual rate of 4.8 per cent.

6.68. Expenditure is allocated between administration and investment functions. Investment-related costs are projected to rise from R898.3 million in 2024/25 to R1.27 billion in 2027/28, making up 64.4 per cent of total spending. Conversely, administrative costs are set to decline sharply from R858.8 million to R507.8 million, reducing their share to 35.6 per cent. This reallocation signals the PIC's intention to streamline its back-office functions and channel greater resources toward its core investment activities.

6.69. Personnel expenditure is expected to grow modestly, from R689.9 million in 2024/25 to R725.8 million in 2027/28. The PIC's staffing complement is projected to remain stable at approximately 431 filled posts out of 445 approved positions. However, the average cost per employee will increase from R1.6 million to R1.7 million over the MTEF, reflecting a strategic shift in staffing toward higher-skilled and specialist roles, especially in investment analysis, legal, risk, and governance units. This is consistent with the PIC's efforts to strengthen internal oversight capacity following the recommendations of the Mpati Commission of Inquiry.

6.70. The PIC's balance sheet is expected to remain robust. Total assets are projected to grow from R4.69 billion in 2024/25 to R5.91 billion by 2027/28, with investment assets rising from R3.81 billion to R4.73 billion over the same period. Liquidity is also set to improve, with cash and cash equivalents projected to increase from R65.9 million to R626.6 million, partly due to improved revenue flows and tighter cost controls. While receivables and prepayments remain significant—averaging 7.6 per cent of total assets—the entity continues to monitor these closely as part of its enhanced financial discipline.

6.71. Cash flow from investing activities is projected to remain negative across the MTEF, averaging –R309 million annually, due largely to continued investment in IT infrastructure and capitalised software development. This includes costs associated with digital platforms, cybersecurity upgrades, and enhanced data systems, all of which support the PIC's strategic modernisation agenda. Depreciation and amortisation costs are expected to decline from R58.7 million in 2024/25 to R40.8 million by 2027/28, as historical capital investments reach the end of their useful lives.

6.72. The PIC is expected to maintain its financial and operational resilience over the medium term, with a positive net income trajectory. Net profit after tax is forecast to rise from R125 million in 2024/25 to R254 million by 2027/28, driven by enhanced operational efficiencies, growing AUM, and a disciplined cost structure.

South African Special Risks Insurance Association

6.73. SASRIA SOC Ltd is a state-owned entity established in 1979 to provide unique insurance cover against special risks such as civil commotion, public disorder, strikes, riots, and terrorism. These risks are generally excluded from conventional insurance policies. SASRIA operates under the Companies Act, the Reinsurance of Material Damages and Losses Act (1989), and the SASRIA Act (1998), and is fully self-financing. It does not receive regular transfers from the fiscus but generates revenue through premiums collected via underlying insurance policies sold in the private market.

6.74. SASRIA's 2025/26 Annual Performance Plan and Strategic Plan reaffirm its mandate to safeguard the national economy from socio-political instability by providing effective risk pooling and claims support in the face of catastrophic events. Its medium-term strategy focuses on resilience, operational modernisation, and expanding investment capacity while fulfilling its transformation and financial inclusion objectives.

6.75. In 2025/26, total expenditure is projected at R5.3 billion, rising significantly from the 2024/25 baseline of R4 billion. This upward trajectory continues over the medium term, reaching R6.5 billion in 2026/27 and R7.2 billion in 2027/28. The steep growth in expenditure, at an average annual rate of 21.7 per cent, is primarily driven by rising claims costs and enhancements to internal systems and actuarial forecasting capabilities. Goods and services make up the largest expenditure category, growing from R3.7 billion in 2024/25 to R6.9 billion in 2027/28, and accounting for over 94 per cent of total spending in 2025/26.

6.76. Revenue, derived from insurance premiums and coupon collections, is projected to increase from R7.7 billion in 2024/25 to R8.4 billion in 2025/26, and further to R10.1 billion in 2027/28—an average annual growth of 9.2 per cent. This indicates a widening surplus position over the medium term, supporting SASRIA's efforts to rebuild its capital buffers following previous large-scale unrest-related claims.

6.77. Programme expenditure shows a marked expansion in 2025/26. The insurance programme rises to R4.3 billion, up from R2.95 billion in 2024/25, and is expected to reach R5.99 billion in 2027/28—growing at an average rate of 26.6 per cent. Investment programme expenditure also accelerates, from R22.4 million in 2024/25 to R221.9 million in 2025/26, and R663 million by 2027/28. Administrative costs increase from R413.4 million in 2024/25 to R468.1 million in 2025/26, reaching R565 million by 2027/28.

6.78. Key performance indicators suggest stabilisation in premium growth and profitability. The growth in gross written premium income is expected to moderate to 10 per cent in 2024/25 and stabilise at 8 per cent annually over the medium term. The net insurance service result, after adjusting for catastrophe bond claims, is targeted at 80 per cent of revenue through to 2027/28, reflecting consistent operational efficiency and claims recovery performance.

6.79. Personnel numbers are projected to remain constant at 187 posts over the medium term. Compensation of employees is projected at R202 million in 2025/26, up from R188.3 million in 2024/25, and increasing to R220.9 million by 2027/28. The average cost per employee is expected to rise from R1 million in 2024/25 to approximately R1.2 million in 2027/28. Professional and technical roles dominate the structure, with 73.8 per cent of staff occupying salary levels 7 to 12.

6.80. The statement of financial position reflects strong growth in assets and a recovery of accumulated surpluses. Total assets are projected to increase from R19.98 billion in

2024/25 to R24.3 billion in 2025/26, reaching R28.2 billion by 2027/28. Investment assets will grow from R15.05 billion to R23.5 billion over the period, while cash balances remain stable at approximately R1 billion annually. Accumulated surpluses, which show a deficit of R4.1 billion in 2024/25, are expected to return to a surplus of R1.5 billion in 2025/26 and R3.7 billion by 2027/28, signalling restored capital adequacy. Provisions—largely related to outstanding claims—are projected to increase from R1.93 billion in 2024/25 to R2.26 billion in 2027/28.

6.81. SASRIA remains a financially independent and solvent institution. No new transfers from the National Treasury are projected over the MTEF period, with prior once-off capital support now concluded. The association's robust revenue stream, expanding investment base, and stable operational model position it to fulfil its public mandate without direct fiscal support.

6.82. Going forward, SASRIA's ability to respond to increasingly complex and high-value risks depends on continued investments in actuarial science, IT systems, and claims management capacity. Its focus on financial inclusion, empowerment of emerging insurers, and support for sectoral transformation will remain central to its developmental role. However, given the unpredictable nature of the risks it insures, ensuring long-term solvency through conservative provisioning and reinsurance strategies remains a key imperative.

7. CONSTITUTIONAL INSTITUTIONS

Financial and Fiscal Commission (FFC)

7.1. The Financial and Fiscal Commission (FFC) is an independent constitutional advisory institution established in terms of section 220 of the Constitution of the Republic of South Africa. It is governed by the Financial and Fiscal Commission Act (1997) and provides technical and policy advice to Parliament, provincial legislatures, and other organs of state on matters related to intergovernmental fiscal relations, including the equitable division of nationally raised revenue among the three spheres of government.

7.2. In accordance with the constitutional principle of institutional independence, the Financial and Fiscal Commission (FFC) does not report to the Minister of Finance and is not under the executive authority of any member of the national executive. For this reason, the FFC was not invited to present its Strategic Plan and Annual Performance Plan (APP) for 2025/26 to the Standing Committee on Finance during the current Budget Vote process. The same applies to the South African Reserve Bank (SARB), which also reports directly to Parliament. However, both institutions will be scheduled to appear before the Committee in due course to present their respective Strategic and Corporate Plans as part of the Committee's ongoing oversight responsibilities. The inclusion of the FFC in this report is solely due to the fact that it receives a direct transfer from Budget Vote 8: National Treasury.

7.3. The FFC's work is organised around two core programmes: Administration and Research. The Administration programme provides institutional support, while the Research programme is responsible for producing the Commission's annual submission on the Division of Revenue Bill, its input on the Medium-Term Budget Policy Statement (MTBPS), and various technical reports and policy briefs. For 2025/26, the Commission aims to publish ten policy briefs, one technical report, and to submit its recommendations to Parliament in respect of both the Division of Revenue and the MTBPS. These activities support the institution's legislated mandate and align with Outcome 6 of the Medium-Term Strategic Framework, which relates to a sustainable and supportive economic environment.

7.4. Over the 2025 Medium-Term Expenditure Framework (MTEF) period, total expenditure is projected to increase from R61.8 million in 2024/25 to R70.8 million in 2027/28, at an average annual growth rate of 4.6 per cent. Administration is expected to remain the largest cost centre, accounting for approximately 66.4 per cent of total expenditure. The Research programme's allocation is expected to grow from R20.7 million in 2024/25 to R24.5 million in 2027/28, reflecting a strategic focus on building internal research capacity.

7.5. Personnel costs remain the Commission's main cost driver, accounting for an estimated 51.4 per cent of expenditure over the MTEF. The total number of posts is expected to decrease from 42 in 2024/25 to 32 in 2025/26, primarily due to the conclusion of fixed-term contracts. However, the total cost of employment is projected to increase moderately from R33.6 million to R35.3 million, indicating an upward shift in the average cost per employee.

7.6. The FFC is funded primarily through an annual transfer from the National Treasury, which comprises over 97 per cent of its total revenue. The remainder is derived from non-tax revenue such as interest earned and other miscellaneous income. Total revenue is projected to increase in line with expenditure, rising from R61.6 million in 2024/25 to R70.8 million in 2027/28.

7.7. The Commission maintains a stable financial position, with cash and cash equivalents accounting for more than 80 per cent of its total assets. Its liabilities are mainly comprised of provisions for employee benefits, and its operations continue to be conducted without reliance on debt. Net cash flows from operating activities are expected to remain positive over the MTEF.

7.8. Although the Commission did not appear before the Committee during the 2025/26 budget hearings, its work remains relevant to the broader fiscal policy environment. The Commission's advisory submissions are tabled in Parliament and may be taken into consideration during the Committee's deliberations on the fiscal framework, the Division of Revenue, and public finance reform.

8. COMMITTEE OBSERVATIONS AND RECOMMENDATIONS

8.1. In accordance with section 10(1)(c) of the Money Bills and Related Matters Act, No. 9 of 2009, as amended, strategic plans and performance information were tabled by the Minister of Finance following the adoption of the fiscal framework. These documents were referred to the Committee for consideration and reporting. This section of the report reflects the Committee's deliberations on the alignment of the strategic and annual performance plans with the fiscal policy objectives and national development priorities, as well as its recommendations on the vote allocations under Budget Vote 8.

8.2. The Committee observes that its current institutional arrangement—particularly the limited time allocated to process money bills while conducting effective oversight over National Treasury and its entities—remains a significant structural weakness. The compression of timelines results in constrained deliberations, rushed report drafting, and ultimately diminishes the quality and depth of parliamentary scrutiny. The Committee recommends that Parliament review and strengthen the time allocation and resourcing model of the Standing Committee on Finance to enable meaningful oversight, in line with the constitutional principles of transparency and accountability under sections 55 and 92 of the Constitution and the Public Finance Management Act (PFMA).

8.3. The Committee further expresses concern over the absence of the Minister of Finance and the Director-General during key deliberations on Budget Vote 8. This absence, particularly during the Committee's consideration of the department's annual plans and fiscal strategy, undermines parliamentary authority and weakens the credibility of the budget process. While the Deputy Minister attended, the Committee finds the Minister's absence unjustified and recommends that this concern be formally noted in the report, with a call for future accountability from the Executive during critical budget engagements.

8.4. The Committee notes that there is no reference in the report to Parliament's resolution adopted in 2019 on the establishment of a State-Owned Bank and a Sovereign Wealth Fund. Despite repeated commitments in budget speeches and responses to parliamentary questions, National Treasury has yet to provide a clear implementation plan or formal status update. The Committee recommends that Treasury table a written report to Parliament before the end of the current financial year, detailing progress, timelines, and obstacles encountered in relation to the establishment of both the State-Owned Bank and the Sovereign Wealth Fund.

National Treasury

8.5. The Committee notes that Vote 8 allocates R29.97 billion to the National Treasury in 2025/26, marking a nominal increase of 13.8 per cent from the 2024/25 baseline. Of this amount, only R3.28 billion is allocated to the Department's own operations, with the remaining R26.69 billion directed to transfers and subsidies. The Committee welcomes the continued prioritisation of support for revenue administration, financial intelligence, international obligations, and post-retirement benefits. However, it recommends that Treasury ensures that core policy and oversight functions are not weakened by the disproportionately small operational budget.

8.6. The Committee notes that Members find some of the performance indicators in the National Treasury's APP vague and lack measurability, with process related actions such as to "monitor" and "assist" providing insufficient clarity on performance outcomes. The Committee recommends that the National Treasury revise its APP process related actions to ensure that all strategic objectives are supported by specific, measurable indicators with clearly defined outcomes and timelines.

8.7. National Treasury's internal administration programme (Programme 1) sees a nominal reduction of 15.8 per cent in 2025/26, decreasing to R589 million. While the Committee acknowledges the need for overall fiscal restraint, it is concerned that such a reduction may compromise essential support functions, including audit implementation, ICT governance, and gender mainstreaming. Treasury is urged to ringfence core internal capabilities within Programme 1 to maintain institutional performance and accountability.

8.8. The Committee welcomes the significant increase in Programme 2: Economic Policy, Tax, Financial Regulation and Research, whose budget rises to R146.3 million in 2025/26. This increase supports enhanced research, tax modelling, financial sector policy reform, and international compliance obligations, including South Africa's commitments under the

FATF. The Committee recommends that this programme be adequately staffed and resourced to drive responsive and evidence-based policy development.

8.9. Programme 3: Public Finance and Budget Management receives R4.33 billion in 2025/26, of which R2.81 billion is allocated to conditional grants and subsidies to provinces and municipalities. The Committee observes that this programme is central to intergovernmental fiscal coordination and expenditure oversight. It recommends that Treasury strengthen the quality of expenditure monitoring systems on provincial and municipal spending performance to address persistent inefficiencies and underperformance.

8.10. Programme 4: Asset and Liability Management increases to R164.5 million in 2025/26, supporting debt issuance, risk benchmarks, and oversight of state-owned companies (SOCs). While the Committee notes the modest growth in the allocation, it remains concerned about the fiscal risk posed by SOCs. Treasury is encouraged to enhance its early warning tools and submit regular updates to the Committee on contingent liabilities and the financial health of major SOCs.

8.11. The Committee supports the growth in Programme 5: Financial Accounting and Supply Chain Management Systems to R794 million in 2025/26. The programme is key to the modernisation of public financial systems and procurement reforms. The Committee recommends that Treasury expedite the rollout of the automated invoice tracking system, develop stronger enforcement mechanisms against non-compliance with PFMA/MFMA provisions, and update Parliament on the status of proposed amendments to financial legislation.

8.12. In light of historical concerns regarding irregularities in the Integrated Financial Management System (IFMS) project, the Committee will schedule a joint briefing with the National Treasury and the Special Investigating Unit (SIU) to receive a report on the findings of the forensic investigation conducted on the IFMS project by the SIU. This is critical to ensure accountability, determine remedial steps, and prevent future governance failures in large-scale projects.

8.13. Programme 6: International Financial Relations receives R2.94 billion in 2025/26, with R1.89 billion allocated to South Africa's membership contributions to multilateral institutions such as the World Bank, IMF, AfDB, and AU. The Committee recognises the value of these memberships for South Africa's global positioning, financial diplomacy, and access to development financing. However, it recommends that Treasury annually table before Parliament a comprehensive review of the cost-benefit implications, and the impact of these international contributions, with clear metrics for evaluating their policy and developmental returns.

8.14. The Committee observes that Programme 7: Revenue Administration comprises the R15.41 billion transfer to the South African Revenue Service (SARS), while Programme 8 includes a R5.6 billion transfer to the Financial Intelligence Centre (FIC) and state security structures. The Committee supports the ringfencing of allocations to SARS and the FIC, given their pivotal roles in revenue mobilisation, anti-money laundering enforcement, and compliance with international standards. Treasury is advised to ensure that these allocations are performance-linked and protected from across-the-board cuts, and that both institutions are fully enabled to execute their mandates.

8.15. The Committee notes that delays in the tabling and processing of the Conduct of Financial Institutions (COFI) Bill continue to hinder the full implementation of the Twin Peaks regulatory model, which is central to strengthening South Africa's financial sector conduct framework. These delays risk creating regulatory uncertainty, constrain the consolidation of ombud schemes under the envisaged National Financial Ombud Scheme, and inhibit the Financial Sector Conduct Authority (FSCA) from fully realising its market conduct mandate.

8.16. The Committee recommends that the National Treasury expedite the tabling of the COFI Bill in Parliament to facilitate legislative processing within the current financial year. This will help close regulatory gaps, enhance legal certainty, support coordinated ombud reform, and improve overall financial consumer protection.

8.17. The Committee notes that the National Treasury has indicated its intention to update or amend a wide range of foundational legislation governing South Africa's public finance, tax administration, financial sector regulation, intergovernmental fiscal relations, and institutional mandates. These planned legislative amendments, as outlined in the Annual Performance Plan (APP) 2025/26 (pages 11–12), include proposed updates to laws such as the Public Finance Management Act, the Tax Administration Act, the Municipal Fiscal Powers and Functions Act, the Financial Sector Regulation Act, the Financial Intelligence Centre Act, the Land Bank Act, the Development Bank of Southern Africa Act, the South African Reserve Bank Act, the Public Investment Corporation Act, and numerous tax and revenue laws.

8.18. The Committee recommends that NT submits a consolidated legislative programme outlining the expected timelines for tabling each of the planned amendments and the object of the bills during the current parliamentary term. This will enhance legislative coordination, improve Parliament and the Committee's law-making planning, and ensure that critical financial and economic legislation is processed in a timely and systematic manner.

8.19. The Committee notes that while the National Treasury has committed to finalising a National Disaster Risk Financing Policy by 2030, this timeline is misaligned with the current urgency of climate-related disasters already impacting communities. The Committee recommends that the National Treasury expedite the finalisation of the National Disaster Risk Financing Policy to no later than 2027 and submit quarterly progress reports to the Committee on its development and implementation.

8.20. The Committee notes that National Treasury has now submitted a written response outlining its debt stabilisation strategy, following enquiries by Members during the Budget Vote briefings in 17 and 18 June. According to the response, the strategy relies on achieving and growing the main budget primary surplus over the MTEF period—ensuring that revenue exceeds non-interest expenditure. This is expected to slow the growth of debt-service costs and narrow the budget deficit. The Committee further notes that government borrowing is informed by liquidity management, refinancing risk, and cost considerations, and is implemented through a strategic risk framework that determines the appropriate debt mix and maturities. The Committee recommends that the National Treasury further focus on enhancing the coordination of fiscal and monetary policy transmission channels to stabilise the public debt.

8.21. The Committee supports the introduction of legislation that would require prior parliamentary approval for all international loans incurred by the State. This includes mandatory disclosure of all borrowing terms and conditions, to strengthen fiscal transparency and enhance democratic oversight over sovereign debt decisions.

8.22. The Committee notes that infrastructure maintenance is insufficiently emphasised in National Treasury's strategic plans and Annual Performance Plans (APPs), despite assertions that grant frameworks prioritise maintenance over new infrastructure development. Members stress the need to monitor the coverage of maintenance expenditure of the total state assets.

8.23. In its written response dated 23 June 2025, National Treasury clarified that, of the R41.96 billion allocated in 2025/26 to provincial infrastructure conditional grants, approximately R32.4 billion (or 77%) is dedicated to the maintenance, rehabilitation, and upgrading of existing infrastructure assets. The Committee notes that the Provincial Roads Maintenance Grant (R17.87 billion) and the Education Infrastructure Grant (R15.80 billion) are the two largest allocations, and that the latter explicitly requires that 60% of its funds be allocated to preventative and corrective maintenance. Despite these allocations the Auditor General 2022/23 report highlighted that only 3% of the total value of assets in municipalities are maintained whiles the National Treasury also recommends that municipalities budget at least 10% of total expenditure on capital expenditure. This highlights the significant infrastructure maintenance financing gap which should be prioritised by the National Treasury and state organs. The Committee also notes that the Municipal Infrastructure Grant (MIG) and the Local Government Equitable Share (LGES) contain provisions and incentives for infrastructure maintenance at the local level, including asset management guidelines, emergency repairs, and earmarked components for operational upkeep.

8.24. While the Committee acknowledges this strategic shift toward preserving and improving existing infrastructure assets, it remains concerned that these efforts are not adequately reflected in the planning, budgeting, and performance reporting instruments. The Committee therefore recommends that National Treasury explicitly include infrastructure maintenance as a standalone strategic indicator in the APP of the percentage of maintenance spend of infrastructure expenditure and the total asset maintained as a percentage to ensure we close the funding gap. The Committee further recommends that this be integrated into the infrastructure reporting model distinguish between maintenance, upgrades, rehabilitation, and revitalisation, and provide disaggregated performance data by sector and sphere of government and MTEF database, enabling regular tracking of maintenance expenditure and outcomes to improve transparency, planning alignment, and accountability.

8.25. The Committee notes that the South African Financial Sector is highly concentrated and that the transformation of the Financial Sector Transformation is a critical to enhance competition which should lower the cost of capital in the economy and increase financial inclusion. The committee recommends that the National Treasury should develop an integrated strategy with the DTIC to accelerate the pace of transformation in the sector including the review of financial sector legislation and regulations and B-BBEE legislation.

SARS

8.26. The Committee notes that SARS is allocated R15.41 billion under Vote 8 for the 2025/26 financial year, up from R12.39 billion in 2024/25, comprising 51.4 per cent of the total retained appropriation under National Treasury. This allocation supports SARS's operational priorities across its core functions of tax administration, customs enforcement, and revenue collection. The Committee welcomes this substantial increase in funding and thanks the Minister of Finance and National Treasury for heeding its repeated calls for a stronger budgetary allocation to SARS. In particular, the Committee recalls its 2024 Budgetary Review and Recommendation Report (BRRR), in which it called for an increase in SARS's baseline allocation over the MTEF in response to operational constraints, personnel shortfalls, and the need to close an estimated R800 billion tax gap.

8.27. The Committee also made a number of additional recommendations during the processing of the 2025 Fiscal Framework and Revenue Proposals relating to SARS's institutional independence, digitisation, and anti-illicit trade enforcement. Accordingly, and for completeness, the observations and recommendations presented here should be read in tandem with those earlier recommendations made in the 2024 BRRR and 2025 Fiscal Framework Report.

8.28. The Committee acknowledges the four-programme structure of SARS, which provides for administrative leadership (Programme 1), taxpayer and trader services (Programme 2), compliance and enforcement (Programme 3), and revenue/trade facilitation (Programme 4). It observes that each programme is strategically aligned with SARS's overall mandate to improve voluntary compliance, reduce the tax gap, and facilitate legitimate cross-border trade. The Committee encourages SARS to maintain this structured approach while strengthening coordination between the programmes to improve risk detection, taxpayer engagement, and service delivery.

8.29. The Committee observes that SARS has prioritised its digital transformation agenda, including modernisation of platforms, automation of workflows, and application of artificial intelligence for risk profiling, fraud detection, and audit selection. These reforms are critical for expanding the tax base and enhancing compliance efficiency. The Committee recommends that SARS regularly report to Parliament on the rollout of its digital transformation initiatives, including metrics on cost-efficiency, system security, taxpayer satisfaction, and yield improvement.

8.30. SARS's efforts to combat illicit financial flows, customs under-declaration, and base erosion practices are noted, particularly under Programme 3: Compliance. The Committee supports the emphasis on risk-based compliance interventions and third-party data usage and urges SARS to expand cooperation with other enforcement and intelligence agencies. Integrated case management across institutions is recommended for higher impact in addressing complex tax and customs evasion networks.

8.31. The Committee further welcomes SARS's strategic focus on strengthening organisational ethics, professional development, and leadership capability across its 13,500-strong workforce. Maintaining integrity and impartiality is essential to taxpayer trust and revenue system credibility. The Committee recommends that SARS embed ethics training, consequence management, and whistleblower protections into its institutional culture and report periodically on key workforce integrity indicators.

8.32. The Committee notes that SARS continues to be tasked with the dual mandate of securing maximum revenue collection while facilitating trade and investment flows. In particular, the Committee observes the importance of Programme 4 in streamlining customs clearance, reducing port delays, and providing timely VAT and customs refunds to the private sector. SARS is encouraged to improve service turnaround targets, reduce red tape, and engage stakeholders through regular public-private consultation platforms.

8.33. The Committee is concerned about persistent compliance gaps and the impact of illicit trade on the fiscal base. It urges SARS to prioritise enforcement in high-risk sectors such as tobacco, alcohol, precious metals, and digital platforms, and to consider publishing annual sectoral compliance risk assessments to improve transparency and deterrence.

8.34. The Committee affirms the strategic value of SARS as a performance-driven institution and recommends that its allocation under Vote 8 be safeguarded from baseline reductions over the MTEF. The Committee will continue exercising active oversight of SARS's performance against revenue targets, compliance outcomes, and transformation indicators to ensure alignment with broader fiscal and development objectives.

8.35. The Committee notes the concerns raised by the Tax Ombud regarding the conduct of certain SARS officials, including allegations of rudeness, disrespect, and intimidation of taxpayers. The OTO reported that such highhanded behaviour has led to a fear of victimisation among some taxpayers, undermining public trust in the fairness and accountability of SARS's enforcement practices. The Committee is concerned that this conduct may deter voluntary compliance and erode the legitimacy of SARS's constitutional mandate to collect revenue in a lawful and ethical manner. While recognising the importance of robust enforcement, the Committee emphasises that all SARS officials must act in accordance with the principles of administrative justice, professionalism, and service-oriented conduct.

8.36. The Committee recommends that SARS urgently strengthen its internal accountability and customer service mechanisms to address the highhanded conduct of officials reported by the OTO. This should include: the implementation of regular training for frontline and enforcement personnel on taxpayers' rights and ethical conduct; and periodic reporting to Parliament on disciplinary actions taken, patterns of complaints received, and improvements made.

8.37. The Committee further recommends that SARS, in consultation with the OTO, develop and publish a taxpayer charter of rights and obligations, reinforcing the principles of fairness, dignity, and transparency in tax administration.

Office of the Tax Ombud

8.38. The Committee notes that the OTO plays a crucial role in safeguarding taxpayer rights and promoting fairness within the South African tax administration system. As an independent institution under the auspices of the Minister of Finance, the OTO provides a critical check on the administrative conduct of the South African Revenue Service (SARS) by investigating taxpayer complaints and systemic issues that may affect tax compliance or fairness.

8.39. The Committee notes that, while the OTO is structurally located within SARS for administrative purposes, its functional independence is fundamental to its credibility and effectiveness. The Committee reiterates its longstanding view that the OTO should be given full institutional independence through the enactment of a separate legal framework. This will help to enhance public confidence in its impartiality and operational autonomy and ensure that it is adequately empowered to carry out its oversight mandate without institutional or administrative constraints.

8.40. The Committee further notes with concern that the OTO's current budgetary allocation is still channelled through the SARS vote, which may undermine its perceived independence. While the Office has reported constructive cooperation with SARS, including access to taxpayer records and complaint resolution processes, the Committee considers this arrangement suboptimal in the medium to long term.

8.41. The Committee welcomes the recent growth in complaints handled and resolved by the OTO, as well as its role in addressing systemic issues that affect large categories of taxpayers. However, the Committee notes that the OTO remains significantly under-resourced relative to its expanding mandate and growing public profile. Staffing levels and ICT infrastructure require further investment to ensure the Office can deal with complex and high-volume complaints, conduct proactive investigations, and expand public awareness efforts, especially among small businesses and individual taxpayers.

8.42. The Committee notes that the OTO plays a critical role in protecting taxpayer rights but remains underutilised due to limited public awareness and slow response times from SARS. The OTO should intensify outreach and education campaigns and provide the Committee with quarterly updates on case volumes, resolution timeframes, and systemic concerns referred to SARS.

8.43. The Committee recommends that the OTO submit regular reports to Parliament on the systemic issues it identifies, the remedial actions taken, and its outreach efforts to improve taxpayer awareness and recourse mechanisms.

FIC

8.44. The Committee notes that the Financial Intelligence Centre plays a central role in South Africa's anti-money laundering and counter-financing of terrorism system. The Committee welcomes the Centre's increasing allocation under Programme 8 of Vote 8—rising from R331.6 million in 2024/25 to R360.1 million in 2025/26—and affirms its critical role in financial intelligence generation, compliance supervision, and law enforcement support.

8.45. The Committee recommends that National Treasury ensure sustained and adequate funding for the FIC to meet its growing mandate, including investments in systems infrastructure, staff expansion, and inter-agency collaboration.

8.46. The Committee observes that the FIC's operational responsibilities have grown significantly following South Africa's greylisting by the Financial Action Task Force (FATF). This includes national risk assessments, onboarding new categories of accountable institutions, enhanced inspections, and the introduction of AI-driven intelligence systems.

8.47. The Committee recommends that the FIC accelerate the development and deployment of integrated digital platforms, AI tools, and case management systems to support more effective AML/CFT supervision, real-time intelligence processing, and cross-border financial crime detection.

8.48. The Committee expresses concern that the current rate of operational expansion—especially in ICT integration, supervisory coverage of over 50,000 accountable institutions, enforcement across high-risk sectors, and the conducting of forensic investigations—may place significant pressure on the FIC's systems, technical capacity, and personnel.

8.49. The Committee recommends that the Minister of Finance prioritise the appointment of a permanent Director of the FIC and urgently fill other funded vacancies necessary to sustain operational stability and support the Centre's institutional effectiveness.

8.50. The Committee notes the FIC's central role in the Fusion Centre, a multi-agency platform involving SARS, the DPCI, SAPS, and financial regulators. Several FATF action items depend on the continued functionality of this structure, particularly regarding intelligence coordination, high-quality data sharing, and complex investigation outcomes.

8.51. The Committee supports the formalisation and permanent resourcing of the Fusion Centre and recommends that the FIC regularly report on progress made in improving inter-agency coordination, investigative outcomes, and data sharing systems.

8.52. The Committee notes the growing threat of illicit financial flows (IFFs), exacerbated by cybercrime and emerging digital financial instruments such as crypto assets. The Committee further notes the need for disaggregated analysis of sector-specific vulnerabilities and improved cross-border cooperation.

8.53. The Committee recommends that the FIC, as part of its annual reporting to Parliament, include a detailed account of the extent and typologies of illicit financial flows in South Africa. This should encompass an analysis of high-risk sectors, emerging threats, and the institutional responses undertaken. The report should further provide updates on the Centre's use of artificial intelligence, advanced data analytics, and international cooperation efforts aimed at detecting and disrupting cross-border money laundering and terrorist financing networks.

GPAA

8.54. The Committee notes that the GPAA plays a critical role in administering public sector pension and related benefits on behalf of the Government Employees Pension Fund and National Treasury. As a government component established under the Public Service Act and operating through a service-level agreement with the GEPF, the GPAA is a key delivery partner in upholding the social protection objectives of the state, particularly in relation to retired and bereaved public servants.

8.55. The Committee notes in the previous year that findings from the Auditor-General pointed to the GPAA's significant underperformance in disbursing Temporary Employees Pension Fund benefits, achieving only 6.25% of its target. However, the Committee also notes the reported improvements reported in GPAA's overall performance rate—rising to 87.5% in 2024/25 (unaudited) from 79.16% in the previous year—and notes particularly strong performance on benefit processing timelines and contribution reconciliations. The Committee further notes the agency's efforts to digitise the funeral benefits submission process, expand call centre resolution capabilities, and implement operational targets aimed at enhancing administrative efficiency and client satisfaction.

8.56. The Committee notes that only 7% of the GPAA's total funding is sourced from Vote 8, with the remaining 93% provided by the GEPF. This reinforces the importance of sound financial and operational coordination between the GPAA, the GEPF, and National Treasury. It also highlights the agency's relative financial autonomy and the significance of ensuring value for money in the services delivered to pension beneficiaries.

8.57. However, the Committee remains concerned about the agency's non-compliant status in terms of its B-BBEE verification. The Committee urges the GPAA to finalise and implement its B-BBEE compliance strategy without delay, with a particular focus on supplier development, enterprise transformation, and meaningful employment equity improvements. The Committee expects this strategy to be submitted to Parliament as part of future annual reporting, along with clear timelines for corrective action.

8.58. The Committee welcomes GPAA's strategic focus on modernising its legacy ICT systems. These interventions are necessary for improving turnaround times, enhancing access to digital services, and reinforcing data accuracy in benefit administration. The Committee recommends that the GPAA accelerate the implementation of its data cleansing and analytics initiatives, and that National Treasury continue to support these efforts through oversight, coordination, and funding as appropriate.

8.59. The Committee remains concerned about unclaimed benefits, especially in rural provinces, and poor inter-institutional coordination. The GPAA should prioritise the tracing and payment of unclaimed benefits and provide disaggregated reporting to the Committee by province. It should also enhance cooperation with sector funds and public employers to verify data and resolve legacy backlogs.

8.60. The Committee encourages the GPAA to strengthen its outreach and communication efforts, particularly among former employees in rural areas and those affected by unclaimed benefits. Greater public awareness and proactive tracing campaigns are needed to ensure that the most vulnerable beneficiaries can access their entitlements without undue administrative burdens.

8.61. The Committee recommends that the Minister of Finance prioritises the filling of the Chief Operating Officer, Chief Financial Officer and other senior management positions at GPAA to enhance executive capacity and improve service delivery performance.

GTAC

8.62. The Committee notes that GTAC is a government component established in terms of the Public Service Act to support the National Treasury and the broader public sector through technical assistance, infrastructure advisory services, project appraisal, and public finance reform. GTAC is funded through Vote 8 and generates additional revenue through cost recovery mechanisms and programme management arrangements.

8.63. The Committee notes the 2025/26 appropriation of R181.7 million, supplemented by R35.2 million in own revenue, resulting in a projected total of R216.9 million. The Committee further notes GTAC's transition to a hub-based service model aimed at improving integration of advisory functions and creating internal centres of excellence. The Committee supports the planned finalisation of the business case for this restructuring and recommends that GTAC include progress updates on this transformation in its Annual Report.

8.64. The Committee takes note of the performance targets of the Consulting and Infrastructure Hub, particularly the work of the Capital Projects Appraisal Unit and the Public-Private Partnership Unit. While these units have potential to improve infrastructure planning, the Committee recommends greater transparency on how the outputs of these units influence downstream infrastructure investment decisions and outcomes.

8.65. The Committee notes GTAC's contribution to public expenditure reviews, wage bill modelling, and programme evaluations. The Committee further notes that spending reviews reportedly covered over R711 billion in recent years. However, the Committee recommends that future Annual Reports clearly reflect how the results of these reviews were applied in resource allocation decisions across departments, and whether they resulted in measurable fiscal or efficiency gains.

8.66. The Committee notes GTAC's reported unqualified audits in prior years but also takes into account the findings of the Auditor-General South Africa in the 2023/24 financial year indicating that GTAC incurred irregular expenditure linked to multi-year contracts without adequate supply chain management oversight. The Committee recommends that GTAC reviews its SCM procedures to prevent future irregular expenditure and ensure full compliance with procurement legislation, especially for long-term advisory arrangements.

8.67. The Committee expresses concern over GTAC's long-standing vacancy in the Accounting Officer position. The absence of a permanent Accounting Officer undermines executive accountability and may delay decision-making. The Committee recommends that the

Minister of Finance expedite the appointment of a permanent Accounting Officer and ensure that other key leadership roles are adequately filled.

8.68. The Committee notes GTAC's administration of the Jobs Fund and its reported facilitation of over 333,000 job opportunities since inception. The Committee recommends that GTAC improve reporting on the duration, sustainability, and sectoral distribution of these jobs, with particular emphasis on supporting applications from rural, youth-owned, and township-based businesses.

8.69. The Committee notes GTAC's ongoing role in managing the Municipal Finance Improvement Programme (MFIP), which aims to strengthen local government financial capacity. In light of persistent financial governance challenges in municipalities, the Committee recommends that GTAC publishes periodic performance assessments of the MFIP, linked to improvements in audit outcomes, compliance rates, and service delivery metrics at municipal level.

8.70. The Committee notes that while GTAC's contributions are acknowledged, the current institutional design remains insufficient for systemic impact—particularly at local government level. GTAC's work must be elevated and formalised through a dedicated legislative framework, enabling it to function as a fully-fledged institution supporting municipalities with project preparation, infrastructure finance, and public financial management. This is essential to reduce municipalities' dependence on external consultants and private advisory services, and to build lasting institutional capacity within the public sector.

8.71. The Committee notes GTAC's contribution to public finance reform but finds that its engagement with provinces and sector departments is limited, and its project delivery timelines remain unclear. GTAC should improve coordination with provincial treasuries, align more closely with infrastructure and performance-based budgeting priorities, and provide regular reports to the Committee on technical support and expenditure review outcomes.

8.72. The Committee supports GTAC's planned expansion of data analytics capabilities and project management tools. However, the Committee recommends that National Treasury evaluates GTAC's long-term funding model to ensure that its technical support work is responsive to sectoral demand, particularly in distressed municipalities and economic sectors requiring targeted intervention. The Committee further recommends that GTAC develop clear client feedback mechanisms to assess the effectiveness of its advisory services and publish aggregate satisfaction scores annually.

ASB

8.73. The Committee notes that the Accounting Standards Board (ASB), established under section 216(1)(a) of the Constitution and the PFMA, plays a critical role in the development and maintenance of generally recognised accounting practice (GRAP) across all spheres of government. The Committee acknowledges that through the setting of robust, uniform public sector accounting standards, the ASB enhances the transparency, credibility, and comparability of financial reporting, thereby supporting fiscal discipline and public accountability.

8.74. The Committee notes the modest budget allocation to the ASB over the medium term, rising from R15.489 million in 2025/26 to R16.934 million in 2027/28, and observes that the Board remains a small and highly specialised entity with a lean personnel complement of seven technical staff. Given the resource-intensive nature of standard-setting and the expansion of its scope to include areas such as sustainability reporting, the Committee is concerned that the ASB may face increasing pressure to deliver on a broadening mandate without a commensurate increase in capacity.

8.75. The Committee supports the Board's strategic goals of maintaining and enhancing accounting standards, increasing awareness and training among users and preparers of public financial statements, and deepening engagement with stakeholders.

8.76. The Committee notes that Parliament, as a primary user of financial reports, is not sufficiently involved in the ASB's standard-setting processes. Members believe that direct participation or structured engagement is necessary to enhance accountability and relevance. The Committee recommends that the ASB engage formally with Parliament on a semi-annual basis and that Parliament consider appointing a representative to the ASB or establishing a liaison mechanism to ensure ongoing input into the development of accounting standards.

8.77. The Committee notes a growing consensus on the need to include ESG and broader public accountability disclosures within public sector financial reporting but observes that the ASB currently lacks the regulatory mandate to fully develop such non-financial reporting frameworks. The Committee recommends that legislative amendments be introduced urgently to expand the ASB's mandate to include ESG and broader public accountability reporting beyond financial statements in line with other related legislation such as the Companies Act.

8.78. The Committee notes the ASB's strategic goal of contributing to the development of South Africa's sustainability reporting frameworks, particularly through its observer status at the Financial Reporting Standards Council. Given the global momentum towards climate and ESG disclosures, the Committee recommends that the ASB provide Parliament with an annual update on its contributions to national and international sustainability reporting developments, and the resource implications thereof.

8.79. The Committee remains concerned about the misalignment between the approval of accounting standards and their implementation timelines across different levels of government. It notes the uneven application of accrual-based accounting, which risks undermining the full adoption and impact of GRAP standards. The Committee recommends that the National Treasury and the ASB jointly develop a roadmap and intergovernmental coordination strategy to facilitate more consistent implementation of approved standards, and to report periodically on this progress to Parliament.

8.80. The Committee acknowledges the ASB's continued participation in international accounting standard-setting forums, including the International Public Sector Accounting Standards Board (IPSASB), and encourages it to maintain this engagement to ensure alignment with international best practices. The Committee further recommends that the ASB prioritise public communication and training initiatives targeted at municipal and provincial finance officials to address knowledge gaps in applying GRAP standards effectively, particularly in under-resourced institutions.

Independent Regulatory Board for Auditors

8.81. The Committee notes that IRBA is a Schedule 3A public entity established under the Auditing Profession Act (Act No. 26 of 2005), mandated to regulate the audit profession in the public interest through registration, standard-setting, inspections, investigations, and disciplinary processes. The Committee welcomes IRBA's continued role in safeguarding audit quality and ethics, and its active participation in international audit regulatory bodies such as the International Forum of Independent Audit Regulators (IFIAR).

8.82. The Committee notes that IRBA is partially funded through Vote 8, with R155.4 million in appropriations over the MTEF period, representing approximately 21.8 per cent of its revenue, while the remainder is generated through fees and cost recovery. The Committee acknowledges that IRBA's operational model continues to reflect a hybrid funding structure that supports its independence, although pressure on audit fees and a shrinking audit market may pose medium-term financial risks. The Committee recommends that IRBA, in collaboration with National Treasury, conduct a financial sustainability review to ensure that the regulatory model remains viable and independent under conditions of constrained fiscal support and declining audit firm registration.

8.83. The Committee supports IRBA's strategic priorities for 2025/26, particularly its focus on maintaining alignment with international auditing and ethics standards, expanding the scope and depth of inspections and investigations, and investing in digital platforms to improve regulatory reach. The Committee notes the allocation of capital expenditure toward digital systems and supports this focus on modernisation to enhance enforcement and reporting capabilities.

8.84. The Committee welcomes IRBA's performance targets for 2025/26, which include 111 risk-based inspections, 80 investigations, and measurable outcomes in disciplinary processes, education, and the development of auditing pronouncements. The Committee recommends that IRBA publish quarterly updates on these performance indicators as part of a transparent accountability framework to the public and Parliament.

8.85. The Committee further notes the IRBA's role in supporting transformation in the audit profession, including through the Audit Development Programme and monitoring of accredited professional bodies. However, the Committee remains concerned about the slow pace of demographic transformation within the audit sector and calls on IRBA to intensify its collaboration with the Department of Higher Education and Training, National Treasury, and industry stakeholders to support equitable access, retention, and career advancement within the profession.

8.86. The Committee welcomes IRBA's continued involvement in international standard-setting forums and notes its leadership roles in IFIAR and the African Forum of Independent Accounting and Auditing Regulators (AFIAAR). These engagements enhance South Africa's voice in global regulatory discourse and should be maintained as part of IRBA's broader knowledge-sharing and technical alignment strategies.

8.87. The Committee notes the submission of a draft amendment to the Auditing Profession Act in June 2025 and supports the proposed provisions on mandatory audit firm rotation, regulatory authority over foreign auditors, and enhanced transparency powers. The Committee recommends that National Treasury expedite the review of the draft legislation and table the necessary amendments before Parliament, given their importance to bolstering audit integrity, market confidence, and IRBA's enforcement powers.

8.88. The Committee further supports IRBA's proposal to implement Mandatory Audit Firm Rotation (MAFR) as a statutory requirement, aimed at strengthening auditor independence, reducing long-term entrenchment risks, and enhancing investor confidence. While an attempt was made to introduce MAFR through regulatory instruments, which was set aside, the Committee believes that legislative codification would reinforce its legitimacy, enable greater enforcement, and promote international best practice.

8.89. The Committee also notes IRBA's collaboration with National Treasury to explore a regulatory framework for professional accounting bodies currently operating outside of a statutory oversight regime. The Committee recommends that a policy discussion document be published, if not yet, for consultation to address regulatory fragmentation and to assess the potential benefits and risks of extending oversight to the broader accounting ecosystem.

CONSTITUTIONAL INSTITUTIONS: FFC and SARB

8.90. The Committee notes that the Financial and Fiscal Commission is a constitutional advisory body established in terms of section 220 of the Constitution and governed by the Financial and Fiscal Commission Act of 1997. As an institution that reports directly to Parliament and not to any member of the national executive, the FFC was not scheduled to present its Strategic or Annual Performance Plans during the 2025/26 Budget Vote process.

8.91. However, given the Commission's critical role in advising on intergovernmental fiscal relations, the equitable division of revenue, and broader public finance reforms, the Committee affirms its commitment to exercising direct oversight over the FFC.

8.92. The Committee will therefore schedule a separate engagement with the FFC to consider its Strategic Plan, Annual Performance Plan, and recent research outputs, and to explore how its recommendations can be better integrated into the fiscal policy-making and budget processes of Parliament. This equally applies to the South African Reserve Bank, which, like the FFC, will be scheduled to appear separately before the Committee as part of its oversight of constitutional institutions and financial stability.

SELF-FINANCING ENTITIES

FSCA

8.93. The Committee notes the strategic importance of the Financial Sector Conduct Authority as the dedicated market conduct regulator under the Twin Peaks model, mandated by the Financial Sector Regulation Act to promote the fair treatment of financial customers, ensure market integrity, and support financial inclusion. The Committee further acknowledges the FSCA's critical role in overseeing a broad and evolving range of financial institutions, including retirement funds, insurers, banks, and crypto asset service providers.

8.94. The Committee notes that the FSCA's expanded responsibilities under the proposed Conduct of Financial Institutions (COFI) Bill will include oversight of previously unregulated sectors such as state-owned pension funds and alternative investment funds, as well as a more unified, principles-based market conduct framework. However, the Committee is concerned that the long-awaited COFI Bill has not yet been tabled in Parliament and reiterates the importance of tabling the Bill expeditiously to enable the FSCA and other institutions to operate under a fully modernised legislative framework.

8.95. The Committee welcomes the FSCA's progress in developing a risk-based licensing and supervision model, advancing digital transformation through the Integrated Regulatory Solution (IRS), and expanding support to small and emerging financial institutions. These initiatives are important for building a responsive and inclusive financial regulatory ecosystem. The Committee encourages the FSCA to ensure that digitisation and regulatory reform processes remain accessible and proportionate for smaller institutions and historically disadvantaged entities.

8.96. The Committee notes the FSCA's efforts to address the growing issue of unclaimed benefits—estimated at R88 billion—and supports the development of a regulatory framework and operational model for a centralised unclaimed assets fund. The Committee also welcomes the FSCA's continued enforcement efforts in addressing pension fund non-compliance, including legal action for defaulting institution, and encourages greater public transparency on enforcement outcomes.

8.97. The Committee notes the FSCA's consumer protection and financial education initiatives, such as Money Smart Week, the Financial Literacy Speech Competition, and the rollout of the Consumer Vulnerability Framework. These programmes remain critical for enhancing financial resilience and literacy among underserved populations. The FSCA is encouraged to expand rural outreach and deepen its partnerships with educational and community-based institutions to strengthen financial inclusion outcomes.

8.98. The Committee acknowledges that the FSCA is self-financing and supports its prudent management of expenditure in line with revenue projections. The Committee, however, emphasises the need for the FSCA to ensure that future adjustments to industry levies are implemented transparently, equitably, and in line with the risk-based cost of supervision, particularly to avoid overburdening smaller market participants.

8.99. The Committee notes that the financial sector remains highly concentrated, raising concerns about competition, especially in relation to inter-industry partnerships and the low participation of black-owned fintech firms in regulatory innovation platforms like the sandbox. The Committee recommends that the FSCA present a comprehensive report to the Committee on the design and outcomes of the regulatory sandbox, including participation data by race and company size. The FSCA should also table proposals for implementing open finance reforms to support competition and innovation in the sector within 3 months of adoption of the report.

8.100. The Committee will engage the FSCA further on its institutional readiness for COFI implementation, the integration of crypto asset regulation, and the expansion of oversight to new financial sectors. These developments are central to safeguarding the public interest and promoting a fair and resilient financial sector.

Ombud Council

8.101. The Committee recognises the strategic role of the Ombud Council in ensuring that financial customers have access to independent, fair, and affordable redress mechanisms across the financial sector. By overseeing both statutory ombud schemes—namely, the Office of the FAIS Ombud and the Office of the Pension Funds Adjudicator—as well as recognised industry-based schemes such as the National Financial Ombud Scheme and the JSE Ombud Scheme, the Council contributes to an integrated, transparent, and accountable ombud system.

8.102. The Committee welcomes the development of the Council's first five-year Strategic Plan (2025–2030), which provides a comprehensive framework for system reform, consumer awareness, and institutional strengthening. The Committee further notes that the Council operates as a fully self-financing Schedule 3A public entity, funded entirely through levies collected by the FSCA, and does not receive transfers from the National Treasury.

8.103. The Committee supports the Council's efforts to harmonise ombud schemes through regulatory monitoring, complaint data analysis, and the implementation of the 2024 National Treasury policy paper *"A Simpler, Stronger Financial Sector Ombud System."* These interventions are necessary to address regulatory fragmentation, strengthen consumer confidence, and ensure more effective dispute resolution.

8.104. The Committee urges the Council to focus on public engagement and consumer awareness, including the publication of simplified educational materials and the hosting of outreach events. It encourages the Council to deepen its collaboration with civil society, educational institutions, and community-based organisations to promote awareness of the financial redress system, particularly among rural and historically underserved communities.

8.105. The Committee notes the projected drawdown of the Council's reserves over the medium term and urges the Council to strengthen its long-term financial sustainability planning, including developing clear performance benchmarks to assess value for money from levy-funded operations.

8.106. The Committee will request a dedicated briefing from the Ombud Council on the implementation of ombud system reforms. This follows the Committee's observation that there is a pressing need to harmonise the ombud landscape, reduce duplication, and streamline access to redress mechanisms. The Committee will also assess the alignment of these reforms with broader market conduct regulation under the COFI Bill, once tabled.

Office of the FAIS Ombud

8.107. The Committee acknowledges the pivotal role played by the FAIS Ombud in promoting consumer protection, fairness, and accessibility in the financial services industry. As a statutorily empowered alternative dispute resolution mechanism, the Office plays a vital role in ensuring that clients of financial service providers—particularly in the insurance, investments, and funeral policy sectors—are able to resolve disputes informally, affordably, and efficiently.

8.108. The Committee notes that the FAIS Ombud remains financially self-sufficient, with its operations fully funded through levies collected by the Financial Sector Conduct Authority. The Office's expenditure projections over the MTEF reflect prudent financial management and alignment with its operational requirements, particularly in dispute resolution and consumer engagement. The Committee commends the Office for its consistent record of sound financial governance, including its goal of achieving a clean audit opinion and meeting supplier payment timelines.

8.109. The Committee welcomes the Office's performance targets to improve turnaround times for complaint resolution and its emphasis on consumer responsiveness, case-handling efficiency, and stakeholder engagement. The integration of a structured graduate programme and employment equity targets reflects commitment to transformation and skills development within the public financial oversight domain.

8.110. However, the Committee notes that the Office operates in an increasingly complex environment, with rising volumes of complaints related to scams, unregulated schemes, and unauthorised financial service providers. These challenges underscore the need for continued investment in staff capacity, digital resilience, and coordinated enforcement with other regulators, including the FSCA and the Ombud Council.

8.111. The Committee further acknowledges that the FAIS Ombud is expected to be amalgamated into the newly established National Financial Ombud Scheme (NFO) in line with broader ombud system reforms. It notes the risks associated with this transition, including institutional uncertainty and the need for a clear roadmap. The Committee will therefore monitor the transition process closely and requests that the Ombud Council provide detailed briefings on timelines, governance frameworks, and transitional support mechanisms to ensure continuity of service and staff security.

OPFA

8.112. The Committee notes the increasing significance of the Office of the Pension Funds Adjudicator (OPFA) in ensuring fair, accessible, and efficient resolution of pension-related disputes. The Committee recognises the rise in complaint volumes—projected to reach over 11,000 cases in 2025/26—and attributes this in part to policy changes such as the two-pot retirement system, as well as growing public awareness of retirement fund rights.

8.113. The Committee welcomes the OPFA's continued efforts to strengthen digital case management systems and internal operating procedures to improve turnaround times and response efficiency, particularly in complex matters such as death benefit claims. The performance benchmarks to resolve 85 per cent of complaints within six months and maintain a manageable caseload per adjudicator are viewed as key indicators of institutional efficiency.

8.114. The Committee notes the OPFA's financial self-sufficiency through levies collected from retirement funds and acknowledges the Office's stable financial outlook, with projected surpluses retained for operational sustainability. However, it notes potential pressure on the current levy-based funding model, given the anticipated increase in caseloads and institutional demands arising from future jurisdictional reforms under the Conduct of Financial Institutions (COFI) Bill.

8.115. The Committee urges the OPFA to continue strengthening its capacity to address the rising volume and complexity of complaints, especially by investing in digital tools, training, and regional access initiatives. The Committee also expresses concern over the ongoing delays in the finalisation of death benefit complaints and recommends that the OPFA prioritise the piloting and scaling of its document-tracking system to address this challenge.

8.116. The Committee notes persistent non-compliance by some municipalities and private employers (especially in the security sector) with pension fund contribution obligations, posing a risk to retirement savings and the financial well-being of workers.

8.117. The Committee recommends that the Office of the Pension Funds Adjudicator and the Financial Sector Conduct Authority jointly submit a list of non-compliant municipalities and private companies to the Committee. This list must be accompanied by details of the enforcement actions taken and a timeline for expected compliance.

8.118. The Committee reiterates the importance of finalising and tabling the COFI Bill to provide legislative certainty regarding the OPFA's evolving role in the new regulatory architecture. The Committee will engage with the FSCA and National Treasury to monitor progress in this regard and will continue to oversee the OPFA's performance in the context of the broader ombud system reforms.

Land and Agricultural Development Bank of South Africa

8.119. The Committee acknowledges the Land Bank's critical mandate to promote inclusive growth in the agricultural sector by supporting historically disadvantaged individuals and emerging farmers. It notes the institution's dual challenge of sustaining development lending while pursuing financial recovery following the 2020 debt default. The Committee welcomes the progress made in reducing the Bank's liabilities and interest burden, with interest payments expected to decline by over R1 billion between 2024/25 and 2027/28.

8.120. The Committee notes with concern the steep reduction in the Bank's revenue from R3.3 billion in 2024/25 to R1.7 billion in 2027/28, as well as the corresponding decline in its asset base and programme spending. In particular, significant contractions in commercial development and corporate banking programmes could constrain the Bank's ability to serve the broader agricultural value chain. Despite these challenges, the Committee welcomes the Bank's commitment to maintaining R6.8 billion in annual disbursements to its development loan book and encourages continued focus on targeted, high-impact support to emerging farmers and rural enterprises.

8.121. The Committee notes the sharp projected decline in cash and cash equivalents—from R6.68 billion in 2024/25 to a projected deficit of R488.6 million in 2027/28—which poses a material risk to the Bank's liquidity. While the capital adequacy ratio is expected to strengthen significantly over the MTEF period, the Committee is concerned that liquidity stress and the lack of new capital injections could undermine operational stability and future developmental impact.

8.122. The Committee further observes that the contraction in the Bank's commercial operations, combined with its lean personnel model, may limit its ability to innovate and scale up blended finance offerings or provide responsive products to small-scale and transformative producers. The Committee recommends that National Treasury urgently assess the Bank's capitalisation needs and explore mechanisms for strengthening its long-term developmental mandate, including through public-private partnerships and expanded technical assistance programmes. The committee further recommends that the Land Bank, should collaborate with all agricultural financing institutions, agricultural associations and state organs to increase financing and technical support for emerging black farmers commercial farmers and smallholder farmers in rural and urban locations.

8.123. The Committee observes that the structural disconnect between the Land Bank and the Department of Agriculture continues to hinder effective agricultural transformation. The Land Bank's developmental mandate cannot be fully realised without coherent policy alignment with the Department responsible for agricultural support and extension services. The Committee recommends that National Treasury, in conjunction with the Department of Agriculture, Land Reform and Rural Development, urgently review the Land Bank's funding and policy framework to ensure it serves the broader objectives of inclusive agricultural transformation.

8.124. The Committee notes the improvement in the Bank's capital adequacy ratio and cost-to-income ratio, which indicate more disciplined financial management and a stabilising institutional framework. However, it stresses that sustained oversight is required to ensure the Bank's turnaround strategy is fully implemented without compromising its developmental objectives. The Committee reiterates the importance of timely loan recoveries, effective governance, and risk-based lending frameworks to balance financial sustainability with inclusive agricultural growth.

8.125. The Committee recognises progress in the Land Bank's balance sheet recovery and increased access to finance for black producers. However, it remains concerned about the concentration of lending in specific provinces and the limited reach to smallholder farmers. The Land Bank should report to the Committee bi-annually with disaggregated data on loan approvals and disbursements by province, race, and gender. It must also report on the effectiveness of commodity-based partnerships and support for land reform beneficiaries. The committee recommends that the Land Bank should develop insurances financial products for emerging black farmers commercial farmers and smallholder farmers and develop an equitable target for their coverage.

DBSA

8.126. The Committee recognises the DBSA as a key strategic development finance institution supporting infrastructure-led economic recovery, inclusive growth, and regional integration. The Bank plays a catalytic role across the infrastructure value chain, from project preparation to delivery, and contributes significantly to national priorities, including job creation, energy transition, and municipal capacity enhancement.

8.127. The Committee welcomes the DBSA's consistent record of clean audits, its compliance with the PFMA and King IV governance standards, and its strong internal controls. The Bank's financial targets—such as maintaining a Return on Equity of 8 per cent and a cost-to-income ratio of 25 per cent—demonstrate a prudent balance between development impact and commercial sustainability. The Committee also notes the Bank's Ba3/BB credit rating and its strategic accreditation with global climate finance institutions, which enhances its ability to mobilise concessional funding.

8.128. The Committee acknowledges the DBSA's disbursement overperformance in 2024/25 and supports its 2025/26 disbursement target of R15.5 billion, rising to R20.6 billion by 2027/28. The Bank's ability to crowd in additional private capital and facilitate infrastructure delivery of R6.2 billion, along with its job creation target of over 30 000 cumulative jobs, reflects its value as a high-leverage development actor. The Committee encourages the Bank to continue scaling up its Infrastructure Fund and blended finance vehicles to unlock further investment, particularly in underdeveloped regions and township economies.

8.129. The Committee commends the DBSA's commitment to spatial equity and transformation, including its integrated support model for under-resourced municipalities and the allocation of 40 per cent of procurement spend in 2025/26 to black women-owned contractors. The Committee urges the Bank to ensure effective implementation of its empowerment targets and to report on developmental outcomes associated with its procurement strategies and technical support interventions at local government level.

8.130. The Committee notes the growing significance of DBSA's climate finance work, including through the Climate Finance Facility (CFF) and Embedded Generation Investment Programme (EGIP). The Bank's approval target of R1.5 billion in green and climate-aligned projects for 2025/26, increasing to R2.5 billion by 2027/28, aligns with the national Just Transition agenda. The Committee encourages continued investment in climate-resilient infrastructure and stresses the need for transparent measurement and reporting of environmental, social, and economic co-benefits of these initiatives.

8.131. The Committee acknowledges the Bank's forecasted institutional expenditure increase from R10.03 billion in 2024/25 to R11.2 billion in 2027/28 and its strategic focus across development finance, administration, and non-financing development activities. However, the Committee notes persistent risks facing the DBSA, including constrained project pipelines, weak municipal capacity, and macroeconomic volatility. It recommends that the DBSA increase and continue strengthening its project preparation capabilities and proactively mitigate risks through improved pipeline diversification and early-stage technical support. The DBSA should develop a strategy with relevant organs of state including GTAC to increase the demand for infrastructure financing through strengthened project preparation.

8.132. The Committee will continue to exercise oversight over the DBSA's performance, including its role in implementing the Infrastructure Fund, supporting municipalities, and facilitating a Just Transition. The Committee recommends that the DBSA scale up its outreach and technical support to under-resourced municipalities and strengthen collaboration with pension fund asset managers to mobilise infrastructure investment in underserved regions.

8.133. The DBSA should report annually to the Committee on the provincial distribution of its infrastructure investments, the participation of black-owned contractors (disaggregated by ownership category), and the progress and impact of its Asset Care maintenance programme as part of promoting sustainable and inclusive infrastructure delivery.

PIC

8.134. The Committee recognises the PIC's central role in managing over R2.8 trillion in public assets on behalf of the GEPF and other clients, with projected growth to R3.14 trillion by 2027/28. The Committee welcomes the PIC's stable cost base, reallocation of resources toward investment-related functions, and a professionalised staffing model aligned with core investment, risk, legal, and governance priorities. These positive shifts must also yield demonstrable improvements in developmental impact, transformation outcomes, and public accountability.

8.135. The Committee notes the PIC's improving liquidity, digital modernisation efforts—including the deployment of artificial intelligence—and strong internal controls. These developments are positively aligned with the PIC's cost-containment strategy, provided that reductions in administrative overheads do not compromise legal compliance, internal audit, or consequence management processes.

8.136. While governance practices have improved since the Mpati Commission, the Committee observes persistent risks in the PIC's unlisted investments, particularly in the Turnaround, Workout, and Value-Add (TOVA) portfolio and the risk of listed companies. Information submitted by the PIC to the Committee confirms that several unlisted investments are under business rescue, liquidation, or litigation, with public funds still exposed. The Committee notes that non-listed investments are critical for the transformation of our economy, to promote competition, and to tackle concentration in various economic sectors. The Committee recommends that the PIC develop an integrated strategy to enhance the performance of the non-listed assets.

8.137. In some cases, these assets have required repeat recapitalisation with limited developmental impact. Members raised concerns about weak disclosure on operational status, sectoral concentration, socio-economic returns, and related-party structures—some of which suggest inadequate independence in decision-making. The Committee cautions that such risks may compromise the PIC's fiduciary duties to its clients.

8.138. The Committee further notes that while some disciplinary actions have been taken, such as in the Mathebula matter, there is insufficient transparency on consequence management and the link between governance breaches and outcomes.

8.139. The Committee highlights the lack of a consolidated ESG performance dashboard and standardised impact metrics across unlisted and listed investments. This gap is confirmed by the absence of ESG indicators or socio-economic metrics in the detailed TOVA portfolio disclosures submitted to Parliament, underscoring the need for an integrated reporting framework. Given the PIC's expanding developmental role, improved transparency and reporting are essential.

8.140. The Committee recommends that the PIC, when presenting its Annual Report to Parliament, provide a dedicated briefing on the following: (a) progress on digital modernisation, including AI deployment and cybersecurity; (b) post-Mpati governance reforms and implementation of the revised Memorandum of Incorporation and Delegation of Authority Framework; (c) investment performance in listed and unlisted portfolios, with emphasis on developmental assets, black-owned asset managers, and black-controlled investees; (d) consequence management and outstanding investigations; and (e) realignment of mandate letters and shareholder compacts with national priorities.

8.141. The Committee recommends that the PIC submit a comprehensive report, together with its Annual Report, on the performance, risk profile, and developmental impact of its unlisted and listed investment portfolio. Where not legally restricted, this report should: (a) categorise investments by operational status (e.g., business rescue, litigation, liquidation); (b) present a risk matrix with early warning indicators and performance benchmarks; (c) detail ESG compliance across the portfolio; (d) provide disaggregated data on job creation, enterprise development, and transformation outcomes; and (e) include a dedicated annexure disclosing all related-party transactions, with governance safeguards, board representation, shareholder agreements, and exit provisions.

8.142. The Committee recommends that the PIC expedite the implementation of a portfolio-wide ESG scoring system, with quarterly updates aligned to international standards (e.g., UN PRI, IFC). The system should include automated alerts for ESG breaches, minimum compliance thresholds, and full integration into investment approval and review processes. The Committee encourages the use of this tool in tracking legacy asset risk, environmental breaches, and reputational risks.

8.143. Given the high degree of sectoral concentration in the PIC's unlisted investment portfolio, the Committee recommends that the PIC submit a portfolio diversification strategy to Parliament. This strategy should specify sectoral exposure thresholds, regional distribution, performance benchmarks, and mitigation plans to protect the GEPF and other clients from systemic shocks.

8.144. The Committee also recommends that the PIC and GEPF jointly present a report to Parliament detailing how investment mandates are being realigned to support national priorities such as localisation, green finance, township and rural development, and industrialisation. This should include measurable targets, funding allocations, and alignment with ESG and developmental scoring criteria.

8.145. Finally, the Committee resolves to conduct unannounced oversight visits to selected unlisted and listed investment projects during the 2025/26 financial year, including distressed assets such as Daybreak, to assess the developmental impact, operational viability, and governance frameworks applied by the PIC. These visits may be conducted in collaboration with relevant oversight institutions such as the Auditor-General, UIF, and the Compensation Fund. Should governance, consequence management, or performance weaknesses persist, the Committee may recommend that regulatory or fiduciary interventions be considered.

SASRIA

8.146. The Committee notes that SASRIA remains a financially self-sustaining and strategically significant state-owned insurer providing cover against special risks such as riots, civil commotion, terrorism, and public disorder—risks that are excluded from conventional insurance policies.

8.147. The Committee welcomes SASRIA's continued progress in restoring its capital position following the substantial claims arising from the 2021 unrest. The projected return to a surplus of R1.5 billion in 2025/26 and R3.7 billion in 2027/28 is a positive development, indicating improved premium recovery, and prudent claims provisioning.

8.148. The Committee further observes that SASRIA's medium-term expenditure trajectory is dominated by the rising cost of claims and the modernisation of internal systems, including actuarial forecasting and IT upgrades. While goods and services make up over 94 per cent of total expenditure, the Committee is encouraged by SASRIA's strong capital base and robust investment asset growth from R15.05 billion in 2024/25 to a projected R23.5 billion in 2027/28. These indicators point to continued financial resilience in the face of complex and high-impact risk exposure.

8.149. The Committee recommends that SASRIA strengthen its forward-looking actuarial and risk modelling capabilities to ensure responsiveness to future macro-political risks, including those potentially arising from urban unrest or systemic infrastructure failures. Furthermore, the Committee urges SASRIA to ensure that its capital buffers remain sufficiently robust and that its reinsurance arrangements are aligned to anticipated volatility and market disruptions.

8.150. The Committee also encourages SASRIA to expand its work on transformation, including deepening its support for black-owned underwriting management agencies and emerging insurers. The Committee supports SASRIA's focus on financial inclusion and empowerment as part of its public interest mandate and developmental objectives.

8.151. Given SASRIA's growing investment exposure and its role in absorbing catastrophic risk without fiscal transfers, the Committee recommends that SASRIA be included in regular performance monitoring updates to the Committee. This should include briefings on its claims experience, financial position, and capital adequacy, particularly in light of the projected R7.2 billion expenditure by 2027/28.

8.152. The Committee notes that, while SASRIA is not fiscally funded, it plays a systemic role in stabilising the insurance and financial sector. As such, the Committee will continue to monitor its operational sustainability and ensure that it aligns with broader national goals of risk resilience, transformation, and financial sector reform.

Having considered the strategic plans, annual performance plans, and proposed budgetary allocations of National Treasury and its associated public entities as presented for the 2025/26 financial year, the Committee recommends the National Assembly to adopt Budget Vote 8 and this Report.

The MKP reserves its position, and the EFF rejects the report

Report to be considered.

8. Report of the Portfolio Committee on Justice and Constitutional Development on Vote 25: Justice and Constitutional Development for 2025/26, dated 4 July 2025

The Portfolio Committee on Justice and Constitutional Development, having considered Vote 25: Justice and Constitutional Development for 2025/26, reports as follows:

1. **Introduction**

1.1. Vote 25: *Justice and Constitutional Development* contains five programmes, as well as a direct charge for Magistrates' salaries:

1.1.1. The Department of Justice and Constitutional Development (the Department) is accountable for the Administration, Court Services, State Legal Services and National Prosecuting Authority (NPA) programmes, as well as the Justice Modernisation subprogramme under Programme 5: Auxiliary and Associated Services.

1.1.2. Programme 5: Auxiliary and Associated Services also contains transfer payments to Legal Aid South Africa, the Special Investigating Unit (SIU), the Information Regulator, the Office of the Legal Services Ombud, the South African Human Rights Commission (SAHRC) and the Public Protector South Africa (PPSA).

2. **Context**

2.1. The 2025 Budget was first tabled on 12 March 2025 and set out planned spending towards faster economic growth. To enable additional funding in several frontline services, the Budget proposed value-added tax (VAT) rate increases of half a percentage point in 2025/26 and in 2026/27. The proposal was contested both politically and legally. Consequently, the proposed VAT rate increases and the budget legislation were withdrawn, and the fiscal framework was set aside.

2.2. Following these events and subsequent to further government deliberations, the Minister of Finance tabled a revised budget and fiscal framework on 21 May 2025.

2.3. Departments were required to comprehensively review and adjust their strategic and annual plans to reflect the changing priorities and resource allocations and table these by 13 June 2025.

2.4. The Minister addressed the Committee on 17 June 2025, providing an overview of the policy priorities informing planning and the allocation of resources for Vote 25: Justice and Constitutional Development.

2.5. The Committee was briefed in greater detail on Vote 25, as follows:

- Department of Justice and Constitutional Development – 17 June 2025.
- National Prosecuting Authority – 17 June 2025.
- Office of the Chief Justice – 18 June 2025.

2.6. All presentations are available from the Committee Secretary.

3. Policy priorities

3.1. The *National Development Plan 2030 (NDP)* requires, among others, that we build safer communities; promote accountability and fight corruption; and strengthen judicial governance and the rule of law.

3.2. *Medium Term Development Plan 2024 - 2029*

3.2.1. Following the formation of a Government of National Unity (GNU), Cabinet agreed to a minimum programme of priorities that would be translated into a more detailed plan that would also serve as a framework to support the goals of the National Development Plan (NDP): Vision 2030.

3.2.2. The new Administration has developed the Medium Term Development Plan 2024 – 2029, which Cabinet approved on 26 February 2025. The MTDP's main objective is to strategically guide the work of the Seventh Administration to achieve its identified goals and the NDP.

3.2.3. The MTDP emphasises the economy as the primary enabler for achieving developmental objectives. It sets the following five goals: (i) A dynamic, growing economy; (ii) a more equal society, where no person lives in poverty: (iii) a capable state delivering basic services to all citizens; (iv) a safe and secure environment; and (iv) a cohesive and united nation.

3.2.4. To achieve its goals, the Plan identifies the following three strategic priorities for implementation across the State: "Drive inclusive growth and job creation"; "Reduce poverty and tackle the high cost of living"; and "Build a capable, ethical and developmental state".

3.2.5. The three strategic priorities are inter-related and linked. 'Inclusive growth and job creation' is the apex priority, while a 'capable state' is foundational, playing a key role within the economy through regulation, network industries and by creating an enabling environment. The social wage is key for 'poverty reduction' and provides a safety net for the vulnerable.

3.2.6. The Plan acknowledges that the present fiscal space is limited and emphasizes the need for trade-offs, prioritization, and resource allocation. It also stresses the importance of engaging with the non-government sector to mobilize resources and attract investments. The Plan adopts a 'whole of government' approach that, among others requires the planning and resource allocation align with the identified priorities and related objectives.

3.2.7. The following objectives found under Strategic Priority 3 are relevant to the Justice sector:

<table>
<tr><td>Objective</td><td>‘A reformed, integrated and modernised criminal justice system’</td></tr>
<tr><td colspan="2">The Plan focuses on strengthening law enforcement agencies to address crime, corruption and GBV and the coherence of the CJS. This requires strengthening key institutions, such as the National Prosecuting Authority (NPA), to improve prosecutions and combat corruption. This also requires regulating the recruitment and appointment of top officials in criminal justice departments, with a focus on skills, expertise and integrity, by way of a transparent and merit-based process</td></tr>
<tr><td>Objective</td><td>‘Secured cyberspace’</td></tr>
<tr><td colspan="2">With rising cyber threats, the outdated National Cyber Security Framework requires updating. Much more needs to be done to protect the State and the relevant government agencies must be tasked with building protective measures against threats.</td></tr>
<tr><td>Objective</td><td>‘Combat Gender-Based Violence and Femicide (GBVF)’</td></tr>
<tr><td colspan="2">A specific focus is to combat GBVF through continued implementation of the National Strategic Plan on Gender-based Violence and Sexual Offences. T
he Seventh Administration will move rapidly to ensure that the National Council on Gender-Based Violence and Femicide is fully functional and properly resourced, improve victim support and establish additional courts to deal with sexual offences.</td></tr>
<tr><td>Objective</td><td>‘Combat priority offences dealing with organised and violent crime’</td></tr>
<tr><td colspan="2">The challenge of organised crime extends beyond its direct activities, undermining the integrity of the criminal justice system and public trust through corruption and intimidation. Organised crime includes a variety of economic crimes, including theft and vandalism of infrastructure, extortion in the construction sector (through the ‘construction mafia’), illegal mining, gang violence, cash-in-transit heists and cybercrime. Dealing with these will enhance confidence and adherence to the rule of law. Specialised police units will be established to deal with these types of priority crimes.</td></tr>
<tr><td>Objective</td><td>‘Improved prosecutions against crime and corruption’</td></tr>
<tr><td colspan="2">Successful prosecutions for all forms of crime are vital.
Corruption will be firmly dealt with by implementing the National Anti-Corruption Strategy and implementing the recommendations of the State Capture Commission. Legislative reforms are needed to strengthen whistle-blower protection.</td></tr>
</table>

To minimise the likelihood of future corruption, government will strengthen accountability and consequence management by, among others, conducting lifestyle audits for elected officials, senior public officials and other critical posts, such as officials working in supply chain management. Key JCPS Cluster institutions will be bolstered to improve outcomes against crime and corruption, including the NPA and the Hawks.	
Objective	***'Strengthen anti-money laundering efforts'***
A further priority is strengthening anti-money laundering and terror financing efforts and other tasks related to securing South Africa's removal from the Financial Action Task Force (FATF)'grey list'.	

3.2.8. The Department and NPA lead the following MTDP outcomes and targets:

Outcome indicator	**Outcome Target 2029/30**	**Strategic Interventio n**	**Interventio n Indicator**	**Target**	**Lead Departme nt**
Outcome 'A reformed, integrated and modernised criminal justice system'					
The JCPS Cluster value chain capacity enhanced and maintained	Enhance capacity of the JCPS Department s value chain	Continue to strengthen and enhance the capacity of the JCPS value chain with human, material resources and IT systems	Fully implemented action plan to enhance and strengthen the JCPS value chain	100% implemented action plan	DoJ&CD/ SAPS (supported by all JCPS Depts)
	CJS system digitalised and integrated across all JCPS Department		Increase number of departments/ entities connected to transversal CJS platform and the	100% of identified departments/ entities	DoJ&CD (Supported by all JCPS Depts)

Outcome indicator	Outcome Target 2029/30	Strategic Intervention	Intervention Indicator	Target	Lead Department
	s value chain		exchange of information electronically		
Strengthening of the criminal justice and security legislation framework	Review identified legislation to strengthen the criminal justice value chain	Finalise review/ overhaul of the identified legislation to strengthen the criminal justice value chain	Reviewed legislation	Draft Bills/amended legislation costed and introduced in Parliament	DoJ&CD (Supported by all JCPS Depts)
Outcome: 'Secured cyberspace'					
Reduction in incidences of National Security Threat	Government-led, coherent and integrated cybersecurity approach Baseline: Full implementation of Cybersecurity law	Government-led, coherent and integrated cybersecurity approach	No. of cyber-attacks/incidents in the country reduced	Full implementation of Cybersecurity Act	SSA/DoJ&CD (Supported by all JCPS Depts)

Outcome indicator	Outcome Target 2029/30	Strategic Intervention	Intervention Indicator	Target	Lead Department
	Full compliance with global Cybercrime Convention	Enhance International Cooperation through the adoption of the global Cybercrime Convention	Draft UN Treaty on Cybercrime ratified	UN Treaty on Cybercrime implemented	SSA/ DoJ&CD (Supported by all JCPS Depts)
Outcome: 'Combat Gender-Based Violence and Femicide (GBVF)'					
Victim centric service enhanced through implementation of NSP on GBV and Sexual Offences	Thuthuzela Care Centres (TCC's), and offences courts established and operational [Baseline: 64 TCCs and 98 sexual offences courts]	Expand victim support services Victim centric service enhanced through implementation of NSP on GBV and Sexual Offences	No. of TCCs and sexual offences courts established and operational	10 new TCC (2 per year) - 74 TCCs	NPA (supported by DoJ&CD, SAPS, DSD, DoH)
Criminal cases	70%	Reduce criminal	Percentage reduction on	70%	DOJ&CD

Outcome indicator	Outcome Target 2029/30	Strategic Intervention	Intervention Indicator	Target	Lead Department
backlog on the court roll reduced		cases court backlog	criminal cases backlog on the court roll		(Supported by all JCPS Depts)
Outcome: 'Reduce number of priority offences					
Enhance the effectiveness of South Africa's anti-money laundering/ counter terrorism financing regime to mitigate the risks of money laundering (ML), terrorism financing (TF), and proliferation financing	SA avoids a further round of greylisting after the next FATF mutual evaluation in 2026/27 Baseline: South Africa greylisted	Protect the national financial system from the threat of money laundering, terrorism financing and the financing of proliferation	Percentage implementation of key actions that address compliance with identified global/ UN FATF requirements	SA is not greylisted by FATF	National Treasury (supported by FIC/ DoJ&CD/ NPA/ SIU/ SAPS/ SSA/ SARS/ SARB)
		Prioritise investigation and prosecution of ML and TF cases	No. of ML and TF cases investigated and prosecuted	120	NPA (supported by SAPS/ SSA/ FIC)
Enhance the effectiveness of South Africa's anti-money		Finalise review and overhaul of South Africa's	No. of reports and implementation plans to improve	Implementation plan on recommendations of the review	DoJ&CD/ Civilian Secretariat (Supported by all JCPS

Outcome indicator	Outcome Target 2029/30	Strategic Intervention	Intervention Indicator	Target	Lead Department
laundering/ counter terrorism financing regime to mitigate the risks of money laundering, terrorism financing, and proliferation financing		anti-corruption architecture to strengthen the criminal justice value chain	South Africa's anti-corruption architecture, including the Whistleblower Framework		departments
				Whistle-blower Protection Bill finalized through Parliament	DoJ&CD (Supported by all JCPS Depts and the PSC)
Percentage conviction rate for identified crimes of the priority offences	Percentage conviction rate for identified crimes of the priority offences (Baseline 90%)	Address illicit economy crimes, prioritised organised crime, including serious commercial crime and cybercrime through prevention, investigation,	Conviction rate for identified crimes of the priority offences list	90% conviction rate for serious commercial crime and serious organised crime	NPA (Supported by SAPS/ DPCI/ SAPS/ DPCI)

Outcome indicator	Outcome Target 2029/30	Strategic Intervention	Intervention Indicator	Target	Lead Department
		prosecution and conviction through the Integrated Organised Crime Plan			
	84% improvement in conviction rate (Baseline: 74%)	Implementation of the National Anti-corruption Strategy in the JCPS value chain through prevention, investigation, prosecution and conviction	Improvement in the conviction rate to 84% for corruption	84%	NPA/ DPCI (supported by all JCPS departments/ SAPS/ SSA/ SIU/ PSC/ DPSA
Increase in freezing and recovery of money and assets that are the	R5.3 billion (recoveries)	Increase in freezing and recovery of money and assets that are the	Total value of recoveries and freezing orders	R6.3 billion recoveries (R5.5 billion – SIU) (R800 million – NPA)	NPA/AFU/ SIU/ DoJ&CD (Supported by the FIC)

Outcome indicator	Outcome Target 2029/30	Strategic Interventio n	Interventio n Indicator	Target	Lead Departme nt
proceeds of crime	R1 billion (Freezing orders)	proceeds of unlawful conduct and crime		R3.5 billion freezing orders	

4. **2025 MTEF**

4.1. *May 2025 Budget*

4.2. Since March 2025, greater uncertainty and trade fragmentation have contributed to a weaker economic outlook. GDP is forecast to grow at an average of 1.6% between 2025 and 2027, which is lower than the 1.8% forecast only three months ago. Although South Africa is benefiting from more stable power supply, structural constraints continue to limit economic growth. The global outlook has also deteriorated in the face of greater policy volatility.

4.3. Economic policy remains focused on supporting growth, boosting employment and building the economy's resilience to shocks. The four elements of this strategy are to accelerate implementation of structural reforms, maintain macroeconomic stability, strengthen infrastructure investment and build a capable state.

4.4. The May 2025 Budget maintains government's fiscal strategy, as outlined in the Medium Term Budget Policy Statement (MTBPS). It aims to stabilise government debt in 2025/26 (at 77.4%), while increasing infrastructure investment to support higher economic growth. It continues to support the social wage – made up of health, education, social protection, community development and employment programmes, which accounts for 61% of total non-interest spending over the medium term and is projected to reach R1.3 trillion in 2025/26.

4.5. Over the medium term, government will invest over R1 trillion in infrastructure, and reforms will make it easier for the State and the private sector to invest in roads, rail, energy and water. The recently launched Phase 2 of Operation Vulindlela will focus on dynamic cities, digital infrastructure and basic services.

4.6. The March 2025 Budget set out planned spending that laid the foundation for faster economic growth. To enable additional funding in several frontline services, the budget proposed value-added tax (VAT) rate increases of half a percentage point in 2025/26 and in 2026/27. However, these proposals were withdrawn after contestation, and the fiscal framework was set aside.

4.7. The 2025 Budget provides total additional spending of R180.1 billion over the MTEF period. This funding mainly supports infrastructure investments, personnel spending pressures in education and health, early childhood development, higher-than-anticipated costs of the 2025 public-service wage agreement, the early retirement initiative and the South African Revenue Service (SARS).

4.8. The *Peace and Security function* - of which Law Courts and Prisons form a part –accounts for 12.2% of government’s consolidated expenditure for the MTEF. The function is allocated R817.7 billion over the medium term to combat crime and ensure territorial integrity (R263.2 billion is allocated in 2025/26; R272.4 billion in 2026/27; and R282.2 billion in 2027/28).

Peace and Security budget allocation 2025 MTEF

Function (R’ billion)	**2024/25**	**2025/26**	**2026/27**	**2027/28**	**% Total MTEF allocation**	**% Peace and Security %**
Defence and State Security	59.8	59.7	59.5	61.9	2.7%	22.7%
Police Services	124.9	133.4	139.5	145.3	6.3%	50.7%

Function (R' billion)	2024/25	2025/26	2026/27	2027/28	% Total MTEF allocation	% Peace and Security %
Law Courts and Prisons	55.3	57.2	59.9	62.8	2.7%	**21.7%**
Home Affairs	13.2	12.9	13.5	12.3	0.6%	4.9%
Total	**253.2**	**263.2**	**272.4**	**282.2**	**12.2%**	**100%**

4.9. The Function's baseline increases by R13.6 billion net, and relates to increases of R6 billion to Goods and Services budgets and R3.1 billion to compensation of employees, mostly for the 2025/26 carry-through costs related to the deployment of South African National Defence Force troops in the Democratic Republic of the Congo for one more year, as troops are withdrawn in a phased manner, and the implementation of the 2025 public sector wage agreement. The Border Management Authority receives R909 million for infrastructure-related projects for ports of entry and the borderline, and the Electoral Commission is allocated R885 million in 2026/27 for the 2026 local government elections. The Information Regulator receives R424.2 million over the medium term as a transfer.

4.10. Approximately 21.7% of the overall allocation to Peace and Security goes to 'Law courts and prisons'. Specifically, Vote 25 Justice and Constitutional Development receives 9.6% of the overall allocation to the Function.

4.11. The 2025 Appropriation Bill makes provision for the appropriation of R1.172 trillion from the National Revenue Fund for the state's requirements in the 2025/26 financial year. Vote 25 receives a 1.9% share of the total appropriation. This may be compared with Police (10.3% share), Correctional Services (2.5% share) and the Office of the Chief Justice (0.1% share).

5. Budgetary Review and Recommendation Report (BRRR) October 2024 and Minister of Finance's response to Parliament

5.1. The Minister of Finance replied to the Committee's observations in its Budgetary Review and Recommendation Report (October 2024) as follows:

"*Additional funding should be allocated to Legal Aid South Africa to address the carry through costs of the 2023/24 wage agreement, lack of relief capacity, and to increase court coverage. Legal Aid South Africa must also be allocated an amount of R73.3 million to fund additional capacity required flowing from the promulgation of the Land Court Act, and the shortfall in respect of fees due to legal practitioners in land matters for pending instructions held on 1 January 2022 must be addressed.*

The 2024 Budget shifted R156 million from the Department of Agriculture, Land Reform and Rural Development to Legal Aid South Africa to settle fees owed to legal practitioners handling land-related matters. At the same time, government finances are currently operating with a deficit that exceeded R335 billion at the end of March 2025. Reprioritisation remains the primary mechanism to fund spending pressures and emerging priorities.

The Information Regulator must be allocated funds to meet the compliance and capacitation costs of its listing as a Schedule 3A National Public Entity in terms of the Public Finance Management Act (1999); for the continued capacitation of its structure; and to expand its footprint.

The costing and identification of funds should take place before an entity is established, rather than afterwards. Against this backdrop, the National Treasury reiterates that government finances are currently operating with a deficit that exceeded R335 billion by the end of March 2025. Reprioritisation remains the primary mechanism to fund spending pressures and emerging priorities.

Concerning the South African Human Rights Commission and Public Protector South Africa, the committee does not support any budget cuts to their allocations. The committee also supports the Public Protector South Africa's funding proposals, especially for security and additional capacity.

The 2025 Budget includes additional allocations totalling R23 million and R73 million over the medium term for the South African Human Rights Commission and the Public Protector South Africa respectively to address capacity constraints. No budget reductions are effected in the baselines of institutions in the 2025 Budget."

6. **Vote 25: Justice and Constitutional Development**

Vote 25 Justice and Constitutional Development: Programme allocation 2025 MTEF

Programme (R 'million)	Budget 2025MTEF				Real change (%) 2025/26
	2024/25	2025/26	2026/27	2027/28	
Administration	3 097.9	3 056.7	3 202.4	3 347.3	-5.8 %
Court Services	7 233.6	7 542.8	7 955.7	8 315.6	-0.4%
State Legal Services	1 699.5	1 880.9	1 984.7	2 034.7	5.7%
National Prosecuting Authority	5 717.6	6 135.4	6 317.9	6 603.7	2.5
Auxiliary and Associated Services	3 901.7	4 121.7	4 328.0	4 527.2	0.9%
SUB-TOTAL	**21 650.2**	**22 737.5**	**23 788.6**	**24 828.3**	**0.3%**
Magistrates' Salaries	2 495.6	2 630.3	2 751.4	2 828.3	0.7%
TOTAL	**24 145.9**	**25 367.8**	**26 540.0**	**27 704.2**	**0.3%**
Change to 2024 Budget estimate	-	203.3	223.3	197.5	-

6.1. The Justice and Constitutional Development Vote (Vote 25) is allocated R25.4 billion for 2025/26, including a direct charge for Magistrate's salaries of R2.6 billion. In real terms, the Vote allocation increases by 0.3% when compared to 2024/5.

6.2. The 2024 Budget included budget cuts of R5.04 billion over the medium term, as follows: R1.58 billion in 2024/25, R1.72 billion in 2025/26 and R1.74 billion in 2026/27.

6.3. *Savings, transfers and reprioritisations*

6.3.1. At the end of the 2024/25 financial year, total Vote expenditure amounted to R24.1 billion or 99.9% of the available budget. In March 2025, National Treasury approved the use of savings as follows:

- *Lower Court Services* - R117 million earmarked for Buildings and other fixed structures and R19.5 million in Machinery and equipment for security services (R19.5 million) in the same programme; and Office accommodation (R117 million) in the Administration Programme.
- *National Prosecuting Authority* - R106.6 million earmarked for the Investigating Directorate and R19.5 million in Machinery and equipment to fund Compensation of employees (R30.8 million), Goods and services (R57.2 million) and Payments for financial assets (R273 000) in the same programme; R13.5 million in ICT equipment in Administration; and security services (R24.3 million) in Lower Court Services.
- *Auxiliary and Associated Services* - R1.4 million earmarked for the Information Regulator, R5.6 million earmarked for the Office of the Legal Services Ombud, R1.8 million earmarked for the IJS Programme, R153.1 million in Goods and services and R2.2 million in Machinery and equipment to fund software and other intangible assets (R1.8 million) in the same programme; Office accommodation (R143.8 million) and ICT operational costs (R7.1 million) in the Administration Programme; and litigation costs (R11.3 million) in the State Legal Services Programme.

6.3.2. Reprioritisation remains the primary mechanism to fund spending pressures and emerging priorities:

- Over the medium term, R328 million is reprioritised from the Department’s Compensation of employees’ budget over the medium term to facilitate the Information Regulator’s transition to a standalone public entity from 1 April 2025. Other spending areas to be affected by this reprioritisation include Goods and Services and Payments for Capital Assets, bringing the total reprioritisation to R424.1 million over the medium term.

- The Public Protector South Africa and the South African Human Rights Commission receive reprioritised funds to strengthen investigative capacity to deal with case backlogs and human rights violations.

6.4. A total of R22.7 billion is allocated to programmes, of which Lower Court Services receives the largest allocation at R7.54 billon, followed by the National Prosecuting Authority at R6.13 billion.

Vote 25 Justice and Constitutional Development 2025 MTEF per economic classification

Programme (R 'million)	Budget 2025 MTEF				Average Expenditure/ Total (%)
	2024/25	2025/26	2026/27	2026/27	2025/26
Compensation of employees	14 509.3	**15 729.8**	16 431.5	17 174.7	62%
Goods and services	5 474.8	**5 422.5**	5 690.8	5 905.9	21.4%
Transfers and subsidies	3 268.5	**3 563.1**	3 732.5	3 905.2	14.04%
Payments for capital assets	893.2	**652.4**	685.3	718.3	0.36%
Payments for financial assets	0.1	**-**	-	-	-
Total	**24 145.9**	**25 367.8**	**26 540.0**	**27 704.2**	**100%**

6.5. The main key cost drivers for 2025/26 are as follows:

- *Compensation of employees*. R15.7 billion or 62% of budgeted expenditure is allocated to Compensation of Employees.
- *Goods and services*. Budgeted expenditure for Goods and Services is R5.4 billion or 21% of the total Vote allocation.
- *Transfers and Subsidies* receives R3.6 billion or 14% of the total Vote allocation.
- *Payments for Capital Assets* receives R652.4 million or 0.4% of the total Vote allocation.

7. Department of Justice and Constitutional Development

7.1. The President made the following commitments in the February 2025 State of the Nation Address of relevance to the Justice portfolio:

- The Department will report on the National Anti-Corruption Council's (NACAC) review of the current anti-corruption architecture.
- A whistleblower protection framework will be finalised and a related Bill will be introduced to Parliament in 2025/26.
- Further legislative and system improvements will strengthen South Africa's system to combat money laundering and terror financing.
- The work to end GBV and support victims will continue by establishing 16 sexual offences courts in 2025/26.

7.2. *Medium-Term Development Plan (MTDP) 2024-2029*

7.2.1. In terms of the MTDP, the Department contributes as a lead department to several outcomes found under Strategic Priority 3: Build a Capable, Ethical and Developmental State, in particular:

- 'A reformed, integrated and modernised Criminal Justice System'.
- 'Increased feelings of safety of women and children in communities'.
- 'Combating priority offences (economic, organised crime and corruption)'.
- 'Secured cyber space'.

7.2.2. The MTDP prioritises strengthening the coherence of the criminal justice system (CJS) and the fight against crime, corruption and Gender-based Violence and Femicide (GBV/GBVF) by:

- Bolstering key Justice Crime Prevention and Security Cluster (JCPS) institutions, including the NPA and the Directorate for Priority Crime Investigation (DPCI) (Hawks).

- Regulating the recruitment and appointment of top officials in criminal justice departments, with a focus on skills, expertise and integrity. This should be a transparent and merit-based process.
- Improving prosecutions against all forms of crime, including corruption, and ensuring that these prosecutions lead to convictions.
- Implementing the National Anti-Corruption Strategy and the recommendations of the State Capture Commission.
- Strengthening whistle-blower protection through legislative reforms to encourage the reporting of corruption and misconduct.
- Combating organised crime which undermines the integrity of the CJS and public trust through corruption and intimidation.
- Strengthening accountability and consequence management, including lifestyle audits for elected officials, senior public officials and other critical posts, such as officials working in supply chain management.
- Continued implementation of the National Strategic Plan on Gender-based Violence and Sexual Offences, including improving mechanisms to support victims of GBVF and establishing additional courts to deal with sexual offences.

7.3. The Department's Strategic Plan 2025-2030 includes nine outcome statements developed in line with constitutional and legislative mandates, the MTDP and institutional policies and strategies:

- Outcome 1: A capable, efficient, effective, and ethical department.
- Outcome 2: Reformed, integrated and modernised criminal justice system.
- Outcome 3: Efficient, resilient and strengthened Justice System enhanced for improved accessibility.
- Outcome 4: Advanced Constitutionalism, Human Rights, the Rule of Law and International Cooperation.
- Outcome 5: Professionalized, modernized and quality State Litigation, Legal Advisory Services and legal reform.
- Outcome 6: Transformed of the legal service for an improved access to justice for all.
- Outcome 7: Fighting Crime and Corruption through prosecution.

- Outcome 8: Colonial/apartheid-era justice-related legislation reviewed and replaced.
- Outcome 9: Strengthened and improved awareness of the justice services and community outreach programmes

7.4. The Department's Annual Performance Plan for 2025/26 is the first plan for this strategic cycle. However, as the Department developed its Plans before the final version of the MTDP was published, there are certain inconsistencies that, according to the Auditor General, the Department has undertaken to correct.

7.5. The Department's focus areas for 2025/26 include:

7.5.1. *Unqualified audit opinion on all accounts and reduction of material findings on predetermined objectives*: The Department aims to maintain an unqualified audit opinion and to improve the outcome by reducing material findings on predetermined objectives by 100%.

7.5.2. *Modernised ICT Infrastructure and Digital Transformation Strategy*: The Department is focused on modernizing its ICT infrastructure to meet both current and future demands by:

- Upgrading the LAN and WAN networks to enhance performance and reliability.
- Implementing modern WAN technologies like Software-Defined WAN (SD-WAN), in collaboration with the State Information Technology Agency (SITA(provided that the collaboration is voluntary, pursued only when cost-effective, and if SITA demonstrates the necessary capacity and capability to meet acceptable implementation timelines.)
- Replacing legacy end-user devices to enhance service delivery and user performance and implementing a Legacy System Replacement Plan to address system instability and promote better integration across applications through enterprise architecture.
- Enhancing cybersecurity through a Cybersecurity Technology Refreshment Lifecycle Plan for ongoing updates and protection against emerging threats.

- Addressing procurement and ICT human resource constraints to support modernization goals.

7.5.3. *CJS case management systems seamlessly integrated to enable the exchange information electronically:* Continued rollout of the IJS programme will enhance operational efficiencies in the administration of justice and will ensure that the Department, with JCPS Cluster departments, achieve the modernisation programme by connecting additional identified departments/entities to the transversal hub to exchange information electronically. the criminal justice processes through technological projects to ensure identified departments/entities are connected to the transversal hub and exchange information electronically. The CJS case management systems are IJS digital platforms designed to handle various aspects of criminal case management. The IJS programme will continue to focus on the seamless integration of case management systems within the criminal justice system to enable secure, real-time, electronic exchange of information, with the goal of improving efficiency, reducing delays, and enhancing coordination across its member departments.

7.5.4. *Provision of facilities that are accessible to persons with disabilities as required by building regulations*:

- The Department will continue to increase access to justice through building new courts, renewal of leases and the expansion, maintenance and refurbishment (minor and major) of existing courts to ensure that they are fit for purpose and are accessible to persons with disabilities, as required by building regulations.
- The Department has registered 431 projects to install generators in courts for business continuity. There have been 147 completed installations of generators. Provision has also been made for alternative water supply, i.e. water tanks and boreholes in the provinces.

7.5.5. *Addressing the scourge of Gender-Based Violence and Femicide, and violence against women and children*:

- As the lead stakeholder in the implementation of the objects of Pillar 3 of the GBVF National Strategic Plan (2020-2030), the Department will continue to collaborate with other key stakeholders towards the country's agenda against GBVF.
- An additional 90 sexual offences courts will be established in communities with the highest incidence of sexual offences to ensure a dedicated focus on these cases and provide for a victim-friendly court model and support systems.
- The Department has developed a National Strategy for Domestic Violence Support Services in line with the 2023 amendments to the Domestic Violence Act. Over the MTDP period, 180 district courts will be upgraded in line with this strategy to provide a new service model that is custom-made for victims of domestic violence.
- The Department also plans to roll out the online solution for applications for protection orders in all magisterial districts.
- Responding to Public Protector’s remedial actions, a simplified and shorter version of the application form for a protection order will be introduced.
- The Department will continue to encourage vetting of persons who work with or conduct businesses that give direct exposure to vulnerable persons against the NSRO. The Department plans to issue the NRSO clearance certificates within 10 working days from the date of application. The Department also intends to approach Parliament to consider making the NSRO accessible to the public.
- Increasingly, the nature and seriousness of the crimes committed by children require state intervention. Adults often recruit children to commit crimes on the understanding that, if they are caught, the law will go easy on them. As the lead stakeholder in the implementation of the Child Justice Act, 2008, the Department will continue to encourage the speedy finalisation of the preliminary inquiries by the courts and ensure that adults who use children to commit crimes face the full force of the law.

7.5.6. *Enhanced focus on tackling gender-based violence and serious violent crime*:

- The NPA's Sexual Offences and Community Affairs Unit will continue to leverage private sector partnerships to increase the number of Thuthuzela Care Centres to 74 over the strategic cycle.
- Successful convictions in relation to Sexual Offences (70%) and Murder (74%) across all the court fora will contribute to increased feelings of safety in the community, particularly for women and children.

7.5.7. *Reinforcing efforts to tackle complex corruption and money laundering matters*:

- Capacitating the NPA's Investigating Directorate Against Corruption (IDAC) will continue.
- The Department will continue to support and collaborate with relevant governmental institutions to enhance the effectiveness of South Africa's anti-money laundering, counterterrorism and proliferation financing regime.

7.5.8. *The review of the Child Justice Act, 2008 (Act No. 75 of 2008):* There is a need to review the Child Justice Act 75 of 2008 in line with international and domestic developments.

7.5.9. *Trafficking in Persons (TIP)*: The National Policy Framework (NPF) and Integrated Strategy and Action Plan for 2023 – 2026 was finalised in compliance with the Prevention and Combating of Trafficking in Persons 7 of 2013. The Department will work with other departments and organizations to raise awareness and educate the public against trafficking under the National Intersectoral Committee on Trafficking in Persons (NICTIP) with the support of the Provincial Task Team (PTTs). The NPF is also intended to ensure effective coordination of all the structures of TIP.

7.5.10. *Address case backlog*: The Department's role is to ensure that courts are provided with administrative support to prevent postponements of criminal matters arising from administrative failures. This will contribute positively to the reduction of case backlog in the regional and district courts.

7.5.11. *Reform Civil Justice System*: The aim of the Review of the Civil Justice System is to streamline civil justice services to align with the Constitution and to provide for alternatives through an Alternative Dispute Resolution (ADR) Framework and by reviewing the operations of Small Claims Courts.

7.5.12. *Effective co-ordination of the Criminal Justice System*: In terms of both the Criminal Justice System Seven Point Plan and the Integrated Crime Prevention and Victim Support Strategy, the Department is responsible for the effective co-ordination of the Integrated Criminal Justice System (ICJS). The Department will also assist and support the JCPS Cluster departments to: (i) Monitor the implementation of a CJS modernisation programme of modernisation of the CJS, together with the relevant Departments' Chief Information Officers/ Heads of Information Communication and Technology, and supported by SITA; and (ii) develop and support the Civil Secretariat of Police in its efforts to build partnerships with communities (Community-based Organisations etc) to improve communication, co-ordination and awareness of the CJS.

7.5.13. *Improved and transformed Master's Services:*

- Development and rollout of online applications in the Master's environment continues.
- A new administration system and financial system for the Guardian's Fund will be completed in 2025/26. A Guardian's Fund online application system is also being developed, which will allow applicants to lodge their applications electronically with the Master.
- The public is also able to make online appointment bookings with all Master's Offices to alleviate queues.
- The development of an e-filing function for Liquidation- and Distribution accounts is already underway, as well as an automatic reminder system for lodgement of deceased estate accounts by executors.
- The coming into operation of the amendments to the Trust Property Control Act and the Regulations in respect of Trusts on 1 April 2023 required that an IT platform be developed to allow trustees to capture and store Beneficial Ownership details in respect of trusts. A comprehensive system

that enables users to create and register new trusts is planned for rollout during 2025/26. Online registration will be an alternative method that allows people. Online registration allows people to register trusts remotely, will speed up the registration process, and ensure faster availability of the details/particulars of beneficiaries and trustees. Online registration will also curb the abuse of trusts by keeping records of beneficial ownership. This will assist in South Africa's next Country Peer Review as it allows the Master to obtain Beneficial Ownership information needed to curb fraud and money laundering through possible beneficial ownerships.

7.5.14. *Turning the offices of State Attorney into the law firm of choice*:

- The Department's focus is to develop and implement a turn-around strategy towards creating an effective state law firm of choice for the State.
- The State is the largest consumer of legal services in the country and annually loses billions of Rands through legal claims and/or litigation costs. The Office of the Solicitor-General aims to develop systems to monitor and manage the national contingent liability register to address increased contingent liabilities because of litigation against the State.

7.5.15. *Review of justice-related colonial and apartheid-era legislation*:

- The Department will prioritise the review of justice-related colonial and apartheid-era legislation in line with the Constitution and transformation imperatives. Outdated legislation in relation to key service delivery areas, such as the Masters Office, requires urgent attention.
- The Department will continue to ensure that all pieces of legislation declared to be inconsistent with the Constitution are amended within the deadlines set by the Constitutional Court.

7.5.16. *State Legal Services:*

- The Office of the Chief State Law Advisor will continue to provide government with legal advisory services to contribute to the reduction of litigation against the state. Over the MTDP period, the focus will be on improving legal services rendered to other government departments and entities through stakeholder engagement to identify and address challenges relating to the instructions received from them. This will include assisting government departments by providing training in legislative drafting and administrative law processes, in collaboration with Justice College and the University of Stellenbosch.

- The Department will also focus on its interpretation services to encourage the passing of laws in all the indigenous languages of the country. This will include the development of the legal terminology in collaboration with language experts and the Pan South African Language Board (PANSALB).

7.5.17. *Transformation of the state legal services*:

- The Department will continue to capacitate the state legal offices to ensure provision of sound legal advice and management of state litigation.
- The empowerment of the previously disadvantaged legal practitioners representing the State in legal matters remain a priority.
- Establishing a forum for government lawyers on non-litigation matters will facilitate the interaction between state law advisors and heads of legal services units within government departments.

7.5.18. *Ratification of the UN Convention Against Cybercrime*: South Africa was instrumental in negotiating the UN Convention against Cybercrime. This convention will ensure strengthened international cooperation in preventing and combating cybercrime and protect people's rights online. Now that the UN General Assembly has adopted the Convention, the Department will focus on ensuring that South Africa is among the first countries to sign and ratify it.

7.5.19. *Review of anti-corruption architecture*: Whistle-blower protection legislation will be introduced in Parliament to strengthen whistle-blowers protections through stronger legislation. In addition, several other bills will be introduced in Parliament to strengthen the anti-corruption architecture.

7.5.20. *Public awareness to improve perception*: The Department is committed to ensuring that all South Africans are informed about their constitutional rights and the justice services available to them. Over the next five years, the Department will intensify outreach programs, aiming to bolster the promotion and awareness of justice services and the Constitution across the country. Annual surveys will be conducted to gauge public awareness of justice services and the Constitution. The target is a steady year on year increase in public awareness culminating is 55% by 2030.

7.6. Notably, the Auditor General assessed the APP 2025/26 as follows:

- The following indicators from the strategic plan that emanate from the MTDP are not included in the APP, namely '*Whistle-blower protection legislation introduced in Parliament*' and '*Report on the review of South Africa's anti-corruption architecture implemented*'.
- The following indicator from the Strategic Plan was not included in the APP – '*Criminal Procedure Bill submitted to the Ministry for introduction and finalisation in Parliament*'.
- The following indicators emanating from section 96 of the Child Justice Act, 75 of 2008 and section 65 of the Criminal Law (Sexual Offences and Related Matters) Amendment Act 32 of 2007, relating to annual reporting to Parliament to ensure transparency and accountability in the justice system, were not included in the APP: '*Annual report on the implementation of the Child Justice Act submitted to Parliament by target date*' and '*Annual report on the implementation of the Criminal Law Sexual Offences and Related Matters Amendment Act submitted to Parliament by target date*'.
- The following indicators from the MTDP where the Department leads were not included in the APP: '*Number of cyber-attacks/ incidents in the country reduced*' and '*Percentage of the population that are safe*'.
- The following indicator in the MTDP was not completely transferred to the APP, that is '*Percentage of the criminal cases backlog on the court roll reduce*d'. The Department only included an indicator on the '*percentage of criminal cases postponed due to unavailability of court administrative support services*'. However, this indicator does not include the NPA, which also contributes to backlog cases.

7.7. ***Personnel:*** As of 31 January 2025, the Department has 21 868 posts of which 20 731 were filled and 1 137 not filled. The vacancy rate is 5.2%. However, in compliance with the Department of Public Service and Administration (DPSA)'s Circular 94 of 2023, the Department has abolished all unfunded vacant posts on PERSAL contributing to the low vacancy rate.

Human resources per programme 31 January 2025				
Programme	**Filled posts**	**Vacant posts**	**Total posts**	**Vacancy rate**
Administration	957	6	963	0.6%
Lower Court Services	11 736	12	11 748	0.01%
State Legal Services	2 411	17	2 428	0.7%
National Prosecuting Authority	5 539	1 098	6 637	16.5%
Auxiliary and Associated Services (Justice Modernisation)	88	3	92	3.3%
Total	**20 731**	**1 136**	**21 868**	**5.2%**

8. Programme 1: Administration

8.1. The purpose of the Programme is to provide strategic leadership, management and support services to the Department.

8.2. The Programme comprises the following subprogrammes:

- Ministry: Provides leadership and policy direction to the Department.
- Management: Provides overall management of the Department's operations and resources.
- Corporate Services: Provides strategic support to the Department and integrated business solutions in Human Resources (HR) management, Information and Communication Technology (ICT), public education and communications, and capacity building of personnel.

- Financial Management Services: Provides financial services to the Department with respect to financial resource allocation and management.
- Internal Audit: Assists the Accounting Officer in maintaining efficient and effective controls by evaluating those controls to determine their effectiveness and efficiency, and to develop recommendations for enhancement or improvement.
- Office Accommodation: Provides for accommodation charges, leased agreements and municipal rates.

8.3. The Administration programme has 23 output indicators linked to the following Outcomes: 'A capable, efficient ,effective and ethical department' and 'Strengthened and improved awareness of the justice services and community outreach programmes'.

8.4. Key output indicators and targets for 2025/26 include:

- Unqualified audit opinion on Vote (unqualified) and Funds (clean) obtained and percentage predetermined objectives reduced (90%).
- Percentage undisputed and valid invoices paid within 30 days (100%).
- Percentage discretionary procurement allocated to women (40%).
- Percentage women occupying Senior Management Services (SMS) and LP10 positions (50%).
- Percentage appointment of persons with disabilities (2.2%) and youth (20%).
- Percentage of investigations on reported corruption cases finalised within 90 days (82%).
- Percentage disciplinary hearings finalised within prescribed timeframe (80% within 90 days).
- Percentage grievances resolved within prescribed timeframe (85% within 60 days).
- Percentage action plan activities for the Security Strategy implemented (20%).
- Number of justice services accessible online increased (2 new online services).

- Number of public education awareness sessions on justice services (305) and on the Constitution and human rights (115) conducted.

8.5. The 2025/26 APP introduces the following new outputs:

OUTPUT	OUTPUT INDICATOR	TARGET 2025/26
Material audit findings reduced on predetermined objectives	Percentage of material audit findings on performance information reduced	90%
Training Programmes conducted to reduce skills gap in the Cluster and the Department	Number of training programmes conducted to reduce skills gap in the Cluster and the Department	44 training programmes
Identified offices for completion of Z204 forms for vetting process	Number of identified offices complete Z204 for vetting process	5 offices (Minister, Deputy Minister, Director General, Heads of Service Points, Provincial Heads)
Courts providing court proceedings virtually increased	Percentage of courts providing court proceedings virtually increased	50% (366 of 732 courts)

8.6. *Personnel.* As of 31 January 2025, the Programme had 963 posts (compared to 1 435 designated posts in 2024/25), of which six posts were vacant.

8.7. *Projected expenditure 2025/26*

Administration R'million	**Appropriation**		**Real % change 2025/26**
	2024/25	**2025/26**	
Ministry	33.0	39.8	15.2%t
Management	188.3	221.1	12.2t
Corporate Services	1 065.0	876.6	-21.4%

Administration R'million	Appropriation		Real % change 2025/26
	2024/25	**2025/26**	
Financial Administration	201.9	240.4	13.7%
Internal Audit	127.5	126.4	-5.3%
Office Accommodation	1 482.0	1.552	0,05 %
TOTAL	**3 097.0**	**3 056.0**	**-5.8%**

8.8.1. The Administration programme is allocated R3.062 billion in 2025/26, compared with an adjusted allocation of R3 097.0 in 2024/26. Overall, the allocation decreases in real terms by -6% when compared to 2024/25.

8.8.2. Office Accommodation receives 50.8% of the Programme's allocation, followed by Corporate Services (28.6%). Notably, the allocation to Corporate Services decreases in real terms by -21.4% when compared to 2024/25. The allocations to Ministry, Management and Financial Administration subprogrammes all increase in real terms when compared to 2024/25.

9. **Programme 2: Lower Court Services**

9.1. The Lower Court Services programme facilitates the resolution of criminal and civil cases by providing accessible, efficient and quality administrative and quasi-legal support to the lower courts and justice service points.

9.2. The Programme comprises the following sub-programmes:

- Lower Courts: Funds the activities and operations of various regional and district courts. There are 2 147 district and regional courts in South Africa.
- Magistrate's Commission: Funds the Magistrate's Commission, which makes recommendations on the appointment and tenure of magistrates.
- Facilities Management: Funds the provision of accommodation for courts and justice service delivery points, including the construction of new and additional accommodation, and the leasing of privately-owned premises for use by the Department.

- Administration of Lower Courts: Funds the management of court administration and performance evaluation functions.

9.3. Lower Court Services has 18 output indicators and targets that are linked to the following Outcomes: 'Reformed, integrated and modernised Criminal Justice System'; and 'Efficient, resilient and strengthened Justice System enhanced for improved accessibility'.

9.4. Key output indicators and targets for 2025/26 include:

- Number of court facilities refurbished and upgraded through minor capital works (90).
- Percentage of child justice preliminary inquiries monitored for finalisation within 30 days after the date of first appearance (80%) [Target reduced].
- Percentage of NRSO clearance certificates issued within 10 working days from the date of receipt of the compliant application (70%) [Target reduced].
- Number of NRSO clearance Certificates issued from backlog cases (50 982) [Reinstated].
- Percentage of maintenance matters finalised within 90 days from the date of proper service of process (85%) [Target reduced].
- Percentage of maintenance investigations finalised within 60 days from the date of receipt of instruction or referral (80%) [Target reduced].
- Number of activities actioned in collaboration with other stakeholders to prevent and combat trafficking in persons, to implement the Combating and Prevention of Trafficking in Persons Act 7 of 2013 (14).
- Percentage of decrees of divorce issued by the Registrar or Assistant Registrar within 14 working days of the finalisation of the divorce (90%) [Target reduced].
- Percentage of domestic violence protection orders served by the Clerk of the Court on the respondent not later than 24 hours from the time the order is received from the court (75%) [Target reduced].
- Number of sexual offences courts established (16).

9.5. The following new outputs and indicators have been added:

NEW OUTPUT	INDICATOR	TARGET
Interventions for the effective coordination of the Criminal Justice System implemented	Number of interventions for the effective coordination of the Criminal Justice System implemented	1
Convicted sex offenders registered in the NRSO	Percentage of convicted sex offenders registered in the NRSO within 10 days from the date of receipt of the conviction order	70%
Courts compliant with the minimum standards for domestic violence support services	Number of district courts upgraded in line with the minimum standards for domestic violence support services	40
Criminal cases postponed due to unavailability of court administrative services [REINSTATED]	Percentage of criminal cases postponed due to unavailability of court administrative support services	<1%
Courts providing additional Justice services	Number of courts providing additional Justice services	18
Report on the state of Traditional Courts submitted to the DG	Report on the state of Traditional Courts submitted to the DG by target date	Report submitted to the DG for approval by 31 March 2026
Evaluation Report on Court Annexed Mediation pilot sites submitted to the DG	Evaluation Report on Court Annexed Mediation pilot sites submitted to the DG for approval by target date	Report submitted to the DG for approval by 31 March 2026
Policy Framework on Small Claims Court submitted to the DG	Policy Framework on Small Claims Court submitted to the DG for approval by target date	Framework submitted to the DG for approval by 31 March 2026

NEW OUTPUT	INDICATOR	TARGET
Access to Justice Symposium held	Access to Justice Symposium held by target date	Symposium held by 31 March 2026

9.6. ***Personnel:*** As of 31 January 2025, the Programme had 11 748 posts (compared to 12 926 posts in 2024/25) with 12 vacancies. The vacancy rate has remained static at 0.1%. (Notably, on 1 January 2023, the Programme had 13 349 posts, of which 689 -or 5.2% - posts were vacant).

9.7. ***Planned expenditure***

Lower Court Services R'million	Appropriation		Real % change 2025/26
	2024/25	2025/26	
Lower Courts	5 921.0	6 240.0	0,66 %
Magistrates Commission	22.4	16.2	-30,93 %
Facilities Management	603.2	552.7	-12,49 %
Administration of Lower Courts	686.4n	733	2,00 %
TOTAL	**7 233.0**	**7 542.0**	**-0,41 %**

9.7.1. The bulk (or 57.3%) of the Department's budget is allocated to the Lower Court Services Programme. The Programme is allocated R7.54 billion for 2025/26. Overall, the allocation to the Programme decreases by -0.41% when compared 2024/25.

9.7.2. The largest share of planned expenditure (82.7%) is allocated to the Lower Court Services subprogramme. However, in real terms, the subprogramme grows minimally by 0.7%. The Administration of Lower Courts subprogramme receives the second largest allocation at 9.72% of the Programme's overall budget.

9.7.3. The Facilities Management subprogramme, which funds the provision of accommodation for courts and justice service delivery points, including the construction of new justice facilities and additional accommodation, is allocated

R552.7 million for 2025/26. This is a real decrease of -12.5% and follows a real decrease of -6.42% percent in 2024/25.

9.7.4. The Programme's spending focus remains on Compensation of employees (R5.5 billion), Goods and services (R1.5 billion) of which property payments account for slightly half (R700.6 million), and Buildings and fixed structures (R487.8 million).

10. **Programme 3: State Legal Services**

10.1. The Programme provides legal and legislative services to government; facilitates the resolution and mediation of family disputes; supervises the registration of trusts and the administration of deceased and insolvent estates and estates undergoing liquidation; manages the Guardian's Fund; prepares and promotes legislation; facilitates constitutional development and undertakes research in support.

10.2. The Programme comprises the following sub-programmes:

- *State Law Advisers*: Provides legal advice, representation and legislative drafting services to the executive, state departments, state-owned enterprises and other government bodies through the Office of the Chief State Law Adviser.
- *Litigation and Legal Services*: Provides attorney, conveyance and notarial services to the executive, state departments, state-owned enterprises and other government bodies through the Offices of the State Attorney and provides legal support to the Department and Ministry.
- *Legislative Development and Law Reform*: Conducts research and prepares and promotes new and amended legislation.
- *Master of the High Court*: Funds the Master's offices, which supervise the administration of deceased and insolvent estates, trusts, curatorship and the Guardian's Fund.

- *Family Advocate*: Conducts family mediations in non-litigation matters with the goal of settling parental disputes out of court. In litigation matters, the Family Advocate files court reports, makes recommendations, and appears in court to promote and protect the best interests of children. This sub-programme also deals with international cases of children who were abducted or retained in foreign countries in terms of the Hague Convention on the Civil Aspects of International Child Abduction.
- *Constitutional Development*: Conducts research, coordinates the implementation of constitutionally mandated legislation such as the Promotion of Equality and Prevention of Unfair Discrimination Act (2000) and the Promotion of Administrative Justice Act (2000), promotes the Constitution and its values, assists and protects independent institutions supporting constitutional democracy to ensure their independence and effectiveness, and coordinates, promotes and develops programmes in support of social justice and participatory democracy.

10.3. State Legal Services has 49 indicators for 2025/26, which are linked to the following Outcomes: '*Efficient, resilient and strengthened Justice System enhanced for improved access*'; '*Advanced Constitutionalis*m*, Human Rights, the Rule of Law and International Cooperation*'; '*Professionalized, modernized and quality state litigation, legal advisory services and legal reform*'; '*Transformed legal service for an improved access to justice for all*'; '*Fighting Crime and Corruption through prosecution*'; '*Colonial/apartheid-era justice-related legislation reviewed and replaced*'; and '*Strengthened and improved the awareness of the justice services and community outreach programmes*'.

10.4. The Programme has the following new outputs and indicators:

OUTPUTS	OUTPUT INDICATOR	TARGET
Guardian's Fund applicants paid	Percentage of Guardian's Fund applications paid within 30 days from date of receipt of all required documents	90%

OUTPUTS	OUTPUT INDICATOR	TARGET
Increased access to family law services	Number of self-help kiosks rolled out to Master’s service point	100
Master’s Turnaround Strategy implemented [Reinstated]	Number of interventions from the Masters Turnaround Strategy implemented	3
Selected Community Advice Offices in each municipal district supported	Number of Community Advice Offices in each municipal district supported	52
Regulations to address TRC recommendations implemented	Number of Regulations to address TRC recommendations implemented	3
Initiatives to strengthen public participation in democratic processes implemented	Number of initiatives to strengthen public participation in democratic processes implemented	3
Initiatives to assist Departments to implement the recommendations and directives of the constitutional institutions by various organs of state Advanced constitutionalism, human rights and the rule of law	Number of initiatives to assist Departments to implement the recommendations and directives of the constitutional institutions by various organs of state Advanced constitutionalism, human rights and the rule of law	4
Initiatives to implement Chapter 5 of PEPUDA	Number of initiatives to implement Chapter 5 of PEPUDA	2
Initiatives implemented for protection of human rights and deepened Constitutionalism	Number of initiatives implemented for protection of human rights and deepened Constitutionalism	5
Bilateral agreements on extradition/mutual legal assistance/judicial cooperation negotiated	Number of bilateral agreements on extradition/mutual legal assistance/judicial cooperation negotiated	2

OUTPUTS	OUTPUT INDICATOR	TARGET
UN Treaty against Cybercrime signed	UN Treaty against Cybercrime submitted to the Minister for approval for submission to Cabinet by target date	Treaty submitted to the Minister by 31 March 2026
Engagements undertaken in international fora to support the development and strengthening of international law, norms and standards	Number of engagements undertaken in international fora to support the development and strengthening of international law, norms and standards	5
Initiatives to implement National Mechanism on Reporting, Implementation and Follow up (NMRIF) of human rights treaty obligations initiative conducted	Number of initiatives to implement National Mechanism on Reporting, Implementation and Follow up (NMRIF) of human rights treaty obligations initiative conducted	1
Engagements conducted in strengthening the effectiveness of the established NAP Governance Structure to promote social cohesion, equality and tolerance	Number of engagements conducted in strengthening the effectiveness of the established NAP Governance Structure to promote social cohesion, equality and tolerance	4
Engagements to implement the Prevention and Combating of Hate Crimes and Hate Speech Act conducted	Number of engagements to promote awareness on Sexual Orientation, Gender Identity, Gender Expression, and Sex Characteristics (SOGIESC), to Prevent and Combat Hate Crimes and Hate Speech conducted	3
State Attorney Turnaround Strategy submitted to the Ministry	State Attorney Turnaround Strategy submitted to the Ministry for approval by target date	Turnaround strategy submitted for approval by 31 March 2026

OUTPUTS	OUTPUT INDICATOR	TARGET
Intergovernmental Nation Lawyers Forum (INLF) initiatives to streamline and strengthen state litigation implemented	Number of INLF initiatives to streamline and strengthen state litigation implemented	5
Legal sector code implemented to ensure participation of previously disadvantaged legal practitioners	Percentage implementation of the Legal sector code to ensure participation of previously disadvantaged legal practitioners	20%
Briefs allocated to Previously Disadvantaged Individual (PDI) legal practitioners	Percentage of briefs allocated to PDI legal practitioners	20%
Fees paid to PDI legal practitioners	Percentage of fees paid to PDI legal practitioners	83%
Fees paid to female legal practitioners	Percentage of fees paid to female legal practitioners	30%
Engagements conducted by DoJ&CD supported Community Advice Offices to promote the Constitution, human rights, rule of law, and legal literacy to strengthen participatory democracy and active citizenry	Number of engagements conducted by the Department supported Community Advice Offices to promote the Constitution, human rights, rule of law, and legal literacy to strengthen participatory democracy and active citizenry	800
Materials developed to improve knowledge and understanding of the Constitution and human rights	Number of materials developed to improve knowledge and understanding of the Constitution and human rights	6
Forums created to advance public discourse on human rights and constitutionalism	Number of forums created to advance public discourse on human rights and constitutionalism	9

OUTPUTS	OUTPUT INDICATOR	TARGET
Information sessions conducted to foster social cohesion, tolerance and unity in diversity	Number of information sessions conducted to foster social cohesion, tolerance and unity in diversity	9

10.5. ***Personnel***. As of 31 January 2025, the Programme had 2 428 posts, of which 2 411 were filled, with 17 vacancies.

10.6. ***Planned expenditure***

Lower Court Services R'million	**Appropriation**		**Real % change 2025/26**
	2024/25	**2025/26**	
State Law Advisors	70.5	91.1	23.42% %
Litigation and Legal Services	493.5	552.5	6.93 %
Legislative Development and Law Reform	94.4	115.0	16.35 %
Master of the High Court	611.2	657.4	2.73 %
Constitutional Development	141.0	134.0	-9.23 %
Family Advocate	289.0	330.9	9.36 %
TOTAL	**1 699.0**	**1 880.0**	**5.71 %**

10.6.1. The State Legal Services programme is allocated R1.9 billion for 2025/26, compared to R1.7 billion in 2024/25. The programme receives 14.3% of the overall budget allocated to the Department's programmes in 2025/26.

10.6.2. In real terms, the Programme's budget increases by 5.7% when compared to 2024/25. Most subprogrammes receive significant increases: State Law Advisors increases by 23.42%, Legislative Development and Law Reform by 16.4%, and the Family Advocate by 9.36%. Only the Constitutional Development subprogramme decreases in real terms (by -9.23%).

10.6.3. The Master of the High Court and the Litigation and Legal Services subprogrammes are allocated 35% and 29.3%, respectively, of the overall allocation to the Programme.

10.6.4. The spending focus for the Programme remains largely on 'Compensation of employees' (R 1.7 billion), and 'Goods and Services' (R165.1 million), of which the items 'Travel and Subsistence' and 'Legal Services' are allocated R27.3 million and R25.3, million, respectively.

11. Programme 4: National Prosecuting Authority

11.1. The NPA provides a co-ordinated prosecuting service that ensures that justice is delivered to the victims of crime through general and specialized prosecutions; removes the profit from crime; and protects certain witnesses. The NPA also forms part of the Anti-Corruption Task Team (ACTT) and the Fusion Centre; and leads an integrated task force to ensure a systematic and strategic response to the recommendations of the State Capture Commission. Further, the NPA leads a workstream of law enforcement agencies to implement recommendations made by the Financial Action Task Force (FATF) to remove South Africa from its grey list of countries that are flagged for having weaknesses in their framework for combating money laundering and the financing of terrorism.

11.2. The NPA is not listed as a Schedule 3 National Public Entity under the Public Finance Management Act 1 of 1999. Instead, it is run as a programme within the Department of Justice and Constitutional Development and the Director-General: Justice and Constitutional Development is its accounting officer. As such, the NPA has not tabled a Strategic and Annual Performance Plan, separate to that of the Department. This has not always been the case, as the NPA tabled a strategic plan for 2020-2025. However, the last annual performance plan tabled was for 2022/23.

11.3. The Programme has the following sub-programmes:

- *National Prosecutions Service*: Primarily responsible for general and specialised prosecutions and the appeals that might follow, which include resolving criminal matters outside of the formal trial process through alternative dispute resolution mechanisms, settling admissions of guilt for minor offences and considering dockets brought by the police where persons have not been charged. This sub-programme further deals with priority crimes litigation, sexual offences and community affairs and specialised commercial crimes.
- *Investigating Directorate Against Corruption (IDAC)*: Established to deal with offences or criminal or unlawful activities involving serious, high profile and complex corruption, including allegations of corruption arising from commissions of inquiry.
- *Asset Forfeiture Unit*: Seizes assets that are the proceeds of crime or have been part of the offence through a criminal or civil process.
- *Office of Witness Protection*: Provides for protection, support and related services to vulnerable, intimidated witnesses and related persons in judicial proceedings in terms of the Witness Protection Act (1998).
- *Strategy, Operations and Compliance*: Provides corporate support services to the National Prosecuting Authority in terms of finance, human resources, ICT, strategy support, integrity, security, communication and risk management.

11.4. ***Policy priorities***

11.4.1. Several outcomes under the MTDP's Strategic Priority 3: 'Build a capable, ethical and developmental state', are of relevance to the NPA:

- An ethical, capable and professional public service.
- Digital transformation across the state.
- A reformed, integrated and modernised Criminal Justice System.
- Combat priority offences (economic, organised crime and corruption).

11.4.2. Further, under Strategic Priority 3 of the MTDP, the NPA leads the following:

OUTCOME INDICATOR	STRATEGIC INTERVENTION	INTERVENTION INDICATOR	BASE-LINE	END-TERM TARGET	LEAD DEPARTMENT
Victim centric service enhanced through implementation of NSP on GBV and Sexual Offences	Expand victim support services/victim centric service enhanced	Number of TCCs and sexual offences courts established and operational	64	10 new TCC (2 per year) - 74 TCCs	NPA (supported by DoJ&CD, SAPS, DSD, DoH)
Enhance the effectiveness of South Africa's anti-money laundering (ML)/ counter terrorism financing (TF) regime	Prioritise investigation and prosecution of ML and TF cases	Number of ML and TF cases investigated and prosecuted	86	120	NPA (Supported by SAPS/ SSA/ FIC)
Conviction rate for identified crimes of the priority offence	Address illicit economy crimes, prioritised organised crime, including serious	Conviction rate for identified crimes of the priority offences list	New indicator	90% conviction rate for serious commercial crime and serious	NPA (Supported by SAPS/ DPCI/ SAPS/ DPCI

	commercial crime and cybercrime through the Integrated Organised Crime Plan			organised crime	
	Implementation of the National Anti-corruption Strategy	Improved conviction rate for corruption	74%	84%	NPA/ DPCI (Supported by SAPS/ SSA/ SIU/ PSC/ DPSA
Increase in freezing and recovery of money and assets that are the proceeds of crime	Increase in freezing and recovery of money and assets that are the proceeds of unlawful conduct and crime	Total value of recoveries and freezing orders	R5.3 billion recoveries 1 billion freezing orders	R6.3 billion recoveries R3.5 billion freezing orders	NPA/AFU/ SIU/ DoJ&CD (Supported by the FIC)

11.5. The NPA has the following plans for the MTEF period:

- Six new Thuthuzela Care Centres will be established to expand on its victim-centric approach.
- A high conviction in sexual offences serves as a deterrent to the rising crime levels in the country. As a result, the NPA will ensure that a conviction rate of 70% in sexual offence matters is attained, through quality investigation and prosecution.
- The NPA will enhance efforts towards docket screening and case preparation to ensure successful convictions in High, Regional and District Courts.

- The effectiveness of the Witness Protection Programme is to ensure that no witnesses and/or related persons are threatened, harmed of killed while on the programme.
- The NPA will continue to prioritise efforts towards addressing complex corruption and organised crime. Through enhanced collaborations, the NPA will pursue key actors and entities that are implicated in grand corruption. The SCCU will ensure that 90% conviction is attained over the MTEF period, while the target for number of persons to be convicted for corruption is at least 230 persons convicted for 2025/26, increasing to 250 convictions in 2026/27 and 260 in 2027/28. Through enhanced legislative powers, the IDAC will continue to hold state capture players accountable through increased authorisations and enrolment of trial ready cases.
- To deal with fraud and corruption, the NPA will continue to work with other law enforcement agencies to ensure that cases of money laundering and complex money laundering are proactively identified, properly investigated and enrolled. Increased enrolments and successful prosecutions will enhance the country's prospects of being removed from FATF grey listing over the MTEF period.
- To ensure that crime does not pay, the NPA will use asset forfeiture to identify and recover ill-gotten gains, while pursuing successful prosecutions. The AFU's reach will become broader to include tracing of ill-gotten profits from all crime-typologies beyond a narrow focus on corruption. The AFU will intensify the use of Corporate Alternative Dispute Resolution (C-ADR) to hold not only individuals but also corporates who benefit from unlawful activities.

11.6. The NPA has 17 output indicators linked to the following outcome:' *Fighting Crime and Corruption through prosecution*':

OUTPUT INDICATOR	**TARGET**			
	2024/25*	**2025/26**	**2026/27**	**2027/28**
Number of new TCCs established	2	2	2	2

OUTPUT INDICATOR	TARGET			
	2024/25*	2025/26	2026/27	2027/28
Conviction rate in sexual offences	70%	70%	70.5%	71%
Conviction rate in High Court	87%	87%	87%	87%
Conviction rate in Regional Court	74%	74%	74%	74%
Conviction rate in District Court	88%	88%	88%	88%
Number of witnesses and related persons threatened, harmed or killed while on the witness protection programme	0	0	0	0
Conviction rate in complex commercial crime	90%	90%	90%	90%
Number of persons sentenced for corruption	210	230	240	250
Number of IDAC investigations authorised	11	8	10	13
Number of state capture, complex corruption and related matters enrolled	6	7	10	12
Number of prosecutions involving money laundering instituted	90	90	100	100
Number of prosecutions involving money laundering finalised	50	55	65	70
Total value of freezing orders obtained	R700 million	R700 million	R700 million	R700 million
Total value of recoveries obtained	R350 million	R160 million	R180 million	R200 million
Conviction rate in serious organised crime	New	90%	90%	90%
Conviction rate for corruption	New	80%	81%	82%
Conviction rate in murder prosecutions	New	74%	75%	76%

*Estimated performance

11.7. ***Personnel***. On 1 January 2025, the NPA had a staff establishment of 6 637 posts (compared to 6 441 in 2024/25), of which 5 539 are filled and 1 010 are unfilled, with a vacancy rate of 15.7%. By comparison, on 1 January 2023, the NPA had a staff establishment of 6 432 posts, of which 5 203 were filled and 1 098 are vacant with a vacancy rate of 16.6%.

11.8. ***Planned expenditure***

NPA R'MILLION	**BUDGET**				**REAL % CHANGE**	**AVE % EXPENDITURE**
	2024/25*	**2025/26**	**2026/27**	**2027/28**		
National Prosecutions Service	4 294.8	4 748.8	4 748.8	4 963.6	4.9%	75.2%
IDAC	259.7	321.6	321.6	336.1	9.0%	5%
Asset Forfeiture Unit	257.4	288.5	288.5	301.5	5.4%	4.5%
Office for Witness Protection	233.8	290.7	290.7	303.8	9.1%	4.5%
Strategy, Operations and Compliance	671.9	668.3	668.3	698.5	1.3%	10.8%
Total	**5 717.6**	**6 317.9**	**6 317.9**	**6 603.7**	**4.9%**	**100%**

*Estimate

11.8.1. The NPA is allocated R6.3 billion for 2025/26, compared with 5.7 billion in 2024/25. In real terms, the NPA's allocation increases by 2.5%

11.8.2. Over the medium term, the IDAC and Office for Witness Protection experience the highest growth at 9% and 9.1% respectively.

11.8.3. Over the medium term, the National Prosecutions Service is allocated 75% of planned expenditure, followed by Strategy, Operations and Compliance, which receives 10.8% of the MTEF allocation.

11.8.4. In terms of economic classification, over the medium term, 'Compensation of employees' remains the major cost driver at 85.1% of the Programme's allocation. The remainder of planned spending is allocated as follows: Goods and Services -13.5%; Transfers and Subsidies - 0.4%; and Payments for capital assets -0.9%.

12. Programme 5: Auxiliary and Associated Services

12.1. Justice Modernisation

12.1.1. The Justice Modernisation sub-programme implements IT infrastructure and networks, and funds the integrated justice system programme, which seeks to re-engineer, automate and integrate business processes across the criminal justice value chain.

12.1.2. Justice Modernisation contributes to a 'Reformed, integrated and modernised criminal justice system' linked to the following output indicators and targets:

OUTPUT	INDICATOR	BASELINE 2024/25	TARGET		
			2025/26	2026/27	2027/28
Effective IJS Governance Systems	Number of IJS Governance intervention sessions held	11	14	14	11
IJS Operational Sites assessed	Number of IJS operational sites	1	2	2	-

OUTPUT	INDICATOR	BASELINE 2024/25	TARGET		
			2025/26	2026/27	2027/28
for vulnerability to cyber attacks	assessed for vulnerability to cyberattacks.				
Criminal Justice System (CJS) digitised and integrated	Number of police stations at which where Integrated Person Management (IPM) is deployed	34	40	50	50
Inter-departmental information exchange platform	Number of additional government departments and/or entities connected to transversal platform and exchanging information electronically	1	1	1	1
IJS Enterprise Architecture Roadmap implemented	Percentage of Enterprise Architecture Roadmap implemented	NEW	100%	-	-

12.1.3. **Personnel**: The sub-programme comprises 92 posts, of which 4 are currently vacant, and 88 are filled and a vacancy rate of 0.43%.

12.1.4. **Planned expenditure**: Justice Modernisation is allocated R695.3 million for 2026/27, compared with R548 million in 2024/25, increasing by 21.2%in real terms from 2024/25.

Justice Modernisation: Budget 2025 MTEF

R'MILLION	BUDGET				REAL % CHANGE 2025/26
	2024/25*	2025/26	2026/27	2027/28	
Justice Modernisation	548.0	695.3	731.7	764.8	21.2%

*Estimate

13. **Legal Aid South Africa**

13.1. Legal Aid SA's main objective is to render or make available legal representation to indigent persons at state expense as contemplated in the Constitution, ensuring the rights of citizens to access to justice.

13.2. On 1 January 2022, Legal Aid SA took over the management of the legal component of the Land Rights Management Facility in the Department of Agriculture, Land Reform and Rural Development (DALRRD). As a result, Legal Aid SA legislative mandate has expanded to include the following legislation:

- Restitution of Land Rights Act 22 of 1994 .
- Land Reform (Labour Tenants Act 3 of 1996.
- Extension of Security of Tenure Act 62 of 1997.

13.3. **Land Court Act 6 of 2023**

13.3.1. On 4 April 2024, the Land Court Act 6 of 2023 came into operation. The Act establishes a specialist Land Court and a Land Court of Appeal to deal solely with issues concerning land rights and claims to eliminate the structural obstacles that land claimants face in their pursuit of land restitution and to provide stronger judicial monitoring of claims.

13.3.2. Section 16 of the Land Court Act, 2023, provides as follows regarding intervention in proceedings before Court, the right to appear and legal representation.

‘*(3) Any party appearing before the Court may do so in person or may be represented by a legal practitioner as contemplated in the Legal Practice Act, 2014 (Act No. 28 of 2014), of their own choice and at their own expense.*

(a) Where a party involved in a matter before the Court is not represented by a legal representative because such party cannot afford to pay for legal representation, and the Court is of the opinion that it would be in the best interests of the party to have legal representation, the Court must refer the matter to Legal Aid South Africa as contemplated in section 2 of the Legal Aid South Africa Act, 2014 (Act No. 39 of 2014).

(b) *Legal Aid South Africa must deal with a matter referred to in paragraph (a) in accordance with section 4(1)(f) of the Legal Aid South Africa Act, 2014, to provide legal representation at State expense, where substantial injustice would otherwise result.*

(c) *Expenditure in connection with the implementation and application of paragraph (a) must be defrayed from money appropriated by Parliament for this purpose and monies appropriated by Parliament for this purpose constitute earmarked funds on the vote of Legal Aid South Africa and may not be used for any other purpose’.*

13.3.3. Furthermore, section 35 of the A provides as follows regarding transitional arrangements:

‘(3) *Any money available from the budget allocation for purposes of section 29(4) of the Restitution of Land Rights Act, before its amendment by this Act, forms part of the budget allocation of Legal Aid South Africa for purposes of giving effect to section 16(4) of this Act.*’

13.4. The Strategic Plan 2025 - 2026 sets out the strategic objectives, outcomes, outcome indicators and five-year targets. Legal Aid SA’s plans are aligned with the NDP’s Chapter 12 relating to building safer communities, and the seven-point plan from the Criminal Justice Review as a means of strengthening the criminal justice system. MTDP priority ‘Social cohesion and safer communities’.

13.5. Legal Aid SA’s strategic outcomes for 2025 -2030 are to provide quality justice for all, especially, the poor and vulnerable, thus contributing to building safer communities; and to be a respected, high performance, sustainable and accessible public entity that will have a positive impact on society, the economy and the environment.

INSTITUTIONAL OUTCOME	OUTPUT INDICATOR	2024/25*	2025/26
Outcome 1: Provision of access to quality client-focused legal aid in criminal matters	Percentage of clients that apply for legal aid in criminal matters are provided with legal representation	95% of clients that apply for legal aid in criminal matters are provided with legal representation	95% of clients that apply for legal aid in criminal matters are provided with legal representation
Outcome 2: Provision of access to quality client-focused legal aid in civil matters	Percentage of persons that qualify for/are granted legal aid in civil matters	45 067 new civil matters	85% of clients assisted
Outcome 3: Provision of access to quality client-focused legal aid in land matters	Percentage of persons that qualify for/are granted legal aid in land matters	1 400 new land matters	95% of clients assisted
Provision of strategic litigation and advocacy services	Number of new strategic litigation matters approved	15	4
Outcome 5: Provision of quality legal advice	Percentage of clients who contacted Legal Aid SA for legal advice	215 360 clients assisted	100% of clients assisted

INSTITUTIONAL OUTCOME	OUTPUT INDICATOR	2024/25*	2025/26
Outcome 6: Public awareness programmes to empower individuals on their legal rights and obligations to make informed decisions to promote greater access to justice	Number of education awareness programmes conducted to improve awareness of Legal Aid SA and legal rights	New	2000
Outcome 7: Strengthened financial sustainability and enhanced operational efficiency while ensuring long-term viability and optimal resource utilization	Cash ratio	MTEF 2025/26 – 2027/28 approved by Board November 2024 and Budget approved in February 2025	Cash ratio: 1:2:1
Outcome 8: Strengthened financial management and reporting	Financial reporting compliant with relevant standards and regulations Audited Financial Statements	Clean audit outcome	Clean audit outcome
Outcome 9: Reviewed	Number of regulatory	Tabling in Parliament of	Legal Aid South Africa Act, Regulations and Manual reviewed and

INSTITUTIONAL OUTCOME	OUTPUT INDICATOR	2024/25*	2025/26
regulatory framework	frameworks reviewed: Legal Aid South Africa Act; Legal Aid Regulations; Legal Aid Manual	amendments to the Legal Aid Act. Regulations and Manual amendments approved by the Excutive Authority	proposed amendments submitted to the Executive Authority
Outcome 10: Adequate staffing to deliver on the mandate	Percentage of staff complement Percentage of staff turnover Percentage of Employment Equity targets as per Employment Equity Plan 2025-2030	Recruitment 95% Staff turnover 4.5%	Recruitment at 90% Staff turnover < 10% 100% of Employment Equity targets achieved
Outcome 11: Improved modernised IT infrastructure, including digitisation, to meet operational requirements and continuous business improvements	Number of IT systems implemented Phases of ERP system completed Percentage completion of updated IT infrastructure	Average network availability 93% ERP system tender initiated UPS contract awarded for replacement of local offices' UPS	3 IT systems implemented/ upgraded. IT infrastructure updated (network switches & UPSs).
Outcome 12: Strengthened	Number of cybersecurity control measures	Cybersecurity roadmap in place and tested	Recommendations from penetration testing implemented.

INSTITUTIONAL OUTCOME	OUTPUT INDICATOR	2024/25*	2025/26
cybersecurity environment	implemented to minimize cybersecurity risks	Quarterly penetration testing Acquire enhanced active directory and vulnerability management system	Recommendations from business continuity and cybersecurity. assessment implemented. User training completed at 95%.

*Estimated performance

13.6. Key performance indicators and targets include:

PERFORMANCE INDICATOR	TARGET 2024/25	TARGET 2025/26
Number of new legal matters approved per year: • Criminal matters • Civil matters	Criminal matters – 324 568 Civil matters - 47 041	Criminal matters - 324 568 Civil matters - 47 041
Number of finalised legal matters per year: • Criminal matters • Civil matters	Criminal matters - 313 179 Civil matters – 47 806	Criminal matters - 313 179 Civil matters - 47 806
Percentage coverage of legal aid practitioners per district court per year	86%	86%
Percentage coverage of legal aid practitioners per regional court per year	96%	96%

13.7. *Budget*

13.6.1. Legal Aid SA is allocated R2.4 billion in 2024/25 compared to a revised estimate of R2.3 billion in 2024/25. There is also no additional allocation for the cost of living adjustment as per the public sector wage agreement.

13.6.2. The amount includes the additional allocation of R50 million, R52 million and R54 million for the Land Rights Management Unit funding for the financial years 2024/25, 2025/26 and 2026/7 respectively. However, no provision is made for the 531 transferred land matters with estimated liabilities of R115 million (as of 30 September 2024).

13.6.3. Despite its expanded mandate, the allocation to Legal Aid SA for 2025/26 decreases in real terms by -2.1.2% compared with 2024/25.

Legal Aid SA Programme budget - 2025 MTEF

Subprogramme (R'million)	**2024/25***	**2025/26**	**2026/27**	**2027/28/26**	**% Ave. expenditure****	**Real % change**
Legal Aid Services	596.3	794.1	740.4	764.1	29.5%	27.1 %
Administration	1 656.4	1 517.0	1 669.1	1 741.4	67.3%	-12.5 %
Special projects	76.3	76.1	79.3	82.4	3.2%	-4.7 %
TOTAL	**2 329.0**	**2 387.2**	**2 448.8**	**2 587.9**	**100%**	**-2.1 %**

*Estimated

**Average expenditure as a percentage of the total Programme Budget for the 2025 MTEF

13.6.4. Salaries and related costs continue to be the largest driver of spending accounting for 80% of the allocation. The operating budget is the second highest driver accounting for 12% of the allocation. Other direct expenditure at 5% is for expenditure directly linked to the provision of Legal Services. The remaining 3% is for the capital budget.

13.6.5. Legal Aid SA has experienced budget cuts year-on-year, from 2015/16. Legal Aid SA advises that budget reductions to the grant allocation were implemented as follows: R228.7 million in 2024/25, R239 million in 2025/26 and R249.9 million in 2026/27.

13.6.6. These cumulative reductions have resulted in no relief capacity and a reduction of the number of days the courts can be covered.

13.6.7. Legal Aid SA reports that it faces significant funding pressure because of the R239 million budget reduction for the 2025/26 financial year: As salaries and related costs account for 81.8% of the budget, cost containment measures can only apply to its operating budget, which is not significant. Although staff rationalisation plans (freezing of positions, delayed recruitment) are being used to manage employee costs, this impacts negatively on service delivery to clients and operational capacity, ultimately reducing the number of clients it can assist. Leased office accommodation adds to financial pressures, as rental escalation rates outpace the modest increases in budget allocations. Despite ongoing cost-cutting efforts, there are limited opportunities to achieve further savings, and its reserves are dwindling rapidly. To manage these constraints effectively, organisational targets have been realigned with available resources, ensuring that Legal Aid SA can meet service demands without overstretching its capacity.

13.8. *Personne*l: On 31 March 2025, Legal Aid SA had 2 698 funded posts. For 2025/26, Legal Aid SA has revised its recruitment rate to 90%.

14. Special Investigating Unit

14.1. The SIU's principal function is to investigate serious malpractices, maladministration, and corruption in connection with the administration of state institutions, state assets and public money, as well as any conduct that may seriously harm the interests of the public.

14.2. The SIU is also empowered to institute and conduct civil proceedings to recover financial losses incurred by state institutions through civil litigation in any court of law or special tribunal, in its own name or on behalf of state institutions; and bring potential disciplinary matters to the attention of state institutions.

14.3. The SIU has a national footprint, with offices in all provinces and an additional satellite office in Mthatha.

14.4. The SIU convenes the National Priority Crime Operational Committee (NPCOC) Program 4, which initiates advocacy programmes to raise public awareness about the protection of whistleblowers.

14.5. The SIU makes various referrals, including disciplinary referrals to state institutions for purposes of consequence management; referrals to the NPA for prosecution; referrals to other regulatory bodies such as SARS and the Legal Practice Council; and makes recommendations aimed at restricting identified companies from doing business with government/blacklisting.

14.6. The SIU has entered several MOUs with various agencies regarding its referrals:

- The SIU has signed two MoU's concerning criminal referrals. The first MoU was signed on 28 August 2017 with the NPA, and the second MoU was signed on 22 November 2022 with the NPA, DPCI and SAPS.
- The SIU has also signed MoU's with various other agencies. Most recently, on 17 April 2025, the SIU and Legal Practitioners Fidelity Fund signed an MOU to enhance collaboration against fraud and maladministration in the legal profession and related sectors.

14.7. The SIU locates its largely role under the NDP's Chapter 14 outlining the country's envisaged *fight against corruption*; and the MTDP Strategic Priority 3: '*Building state capacity and creating a professional, merit-based, corruption-free and developmental public service'*. In line with these, the SIU will focus on '*ridding society of systemic corruption, maladministration and malpractice*' and, over the next five years, will focus on consolidation, innovation, and collaboration to strengthen the fight against corruption.

14.8. Key strategic focus priorities include:

- *Enhancing investigative capacity*. To enhance the resources allocated to investigation teams in response to the growing need for thorough, high-quality investigations, the SIU will develop a comprehensive Resourcing Plan in partnership with provincial leaders and key divisions.
- *Delivering Quality Results and Consequence Management*. The SIU's success relies heavily on achieving timely and impactful outcomes. The SIU is committed to undertaking thorough and high-quality investigations, ensuring the effective recovery of stolen funds. In addition, the SIU is focused on the implementation of robust consequence management measures. This includes enhancing its recovery efforts through the Special Tribunal to reclaim more misappropriated resources and hold those responsible accountable.
- *Optimising business processes through automation*. The SIU is committed to using technology to improve its operational processes. By implementing a comprehensive case management system, the SIU will be able to track investigations in real-time, which will significantly enhance the transparency and efficiency within the SIU's value chain.
- *Strengthening Whistle-Blower protection*. The SIU will strengthen its reporting platforms, making them more accessible for those who wish to come forward. Additionally, the SIU will introduce new strategies and safeguards to ensure the protection and well-being of individuals who expose corruption. Improving Client Experience. The SIU is committed to ensuring that state institutions have real-time access to the status of ongoing investigations. By keeping clients informed, the SIU seeks to improve overall satisfaction and confidence in its services to create more collaborative and effective partnerships.
- *Building organisational resilience*: Going forward, the SIU will focus on fostering positive employee relations, implementing robust governance practices, and promoting ongoing professional development.

14.9. The SIU retains the following Strategic Priorities (SP): SP 1 - Recover and protect public resources; SP 2 - Strengthen Governance systems to prevent future corruption; and SP 3 - Enhance public confidence in the integrity and accountability of state institutions.

14.10. The SIU has four organisational strategic outcomes:

<table>
<tr><th colspan="4">RIDDING SOCIETY OF SYSTEMIC CORRUPTION, MALADMINISTRATION AND MALPRACTICE</th></tr>
<tr><th>MTDP/JCPS Intervention Indicator/target</th><th>Outcome indicator</th><th>Baseline</th><th>Five-year outcome</th></tr>
<tr><th colspan="4">Outcome 1: A high-performing, compliant SIU, certified as a Top Employer</th></tr>
<tr><td rowspan="4">New appointments in the JCPS value chain.
Implemented action plan to enhance and strengthen the JCPS value chain.
Increased departments/entities connected to the transversal CJS platform and the exchange of information electronically.
Review/overhaul of the identified legislation to strengthen the criminal justice value chain.</td><td>O1.1. External audit outcome</td><td>Unqualified, with material findings (2023/24)</td><td>Unqualified external audit opinion</td></tr>
<tr><td>O1.2. ICT investment as a percentage of total budget allocation</td><td>3%</td><td>3%</td></tr>
<tr><td>O1.3. External Top Employer certification</td><td>New indicator</td><td>Top Employer certification achieved</td></tr>
<tr><td>O1.4. Current ratio</td><td>2:1</td><td>Current ratio maintained at minimum 2:1</td></tr>
</table>

RIDDING SOCIETY OF SYSTEMIC CORRUPTION, MALADMINISTRATION AND MALPRACTICE			
MTDP/JCPS Intervention Indicator/target	**Outcome indicator**	**Baseline**	**Five-year outcome**
Outcome 2: State assets and cash resources recovered and protected from maladministration, fraud, and corruption (Linked to Strategic Pillar 1)			
• Actual Cash/Assets Recoveries: • R6.3 billion as follows: R5.5 billion (SIU) and R800 million (NPA). • Implementation of key actions that address compliance with identified global FATF requirements	O2.1. Rand value of : Cash and/or assets recovered, contracts set-aside, and losses prevented	R34 billion	R43.4 billion
Outcome 3: Public confidence in the governance systems, structures, and policies of the state restored and sustained (linked to Strategic Priority 3)			
Promote ethical conduct, integrity, professionalism and service delivery. Multi-disciplinary specialised anti-corruption task forces established in priority sectors	O3.1. Average turnaround time for completion of investigations	Average 3.5 years across all investigations	Average 18 months across all types of investigations, to be monitored as follows: Simple: 6 months; Standard: 12 months; Complex: 18-24 months.
	O3.2. National Anti-Corruption Risk and Prevention	Draft of National Corruption Risk and	End-Term report on approval and implementation of the NCRPF

RIDDING SOCIETY OF SYSTEMIC CORRUPTION, MALADMINISTRATION AND MALPRACTICE			
MTDP/JCPS Intervention Indicator/target	**Outcome indicator**	**Baseline**	**Five-year outcome**
	Framework (NCRPF) approved by Cabinet	Prevention Framework (NCRPF) - June 2024	
	O3.3 Percentage score of public opinion on corruption reduction in South Africa	New indicator	Year 1 - 2: Establish measurement tool, conduct survey and set baseline. Year 5: 10% improvement in the public opinion score on the reduction of corruption in South Africa
	O3.4 Percentage positive public sentiment of SIU	New indicator	Year 1 - 2: Establish measurement tool, conduct survey and set baseline. Year 5: 10% improvement on positive public sentiment of the SIU
	O3.5. Percentage impactful rating of anti-corruption forums	LGACF Evaluation: 67% impactful rating. HSACF Evaluation:	75% impactful rating of anti-corruption forums

RIDDING SOCIETY OF SYSTEMIC CORRUPTION, MALADMINISTRATION AND MALPRACTICE			
MTDP/JCPS Intervention Indicator/target	**Outcome indicator**	**Baseline**	**Five-year outcome**
		60% impactful rating.	
	O3.6. Development of National corruption measurement tool	Use of Transparency International Corruption Perception Index	National corruption measurement tool established, and baseline index set
Outcome 4: Corruption, maladministration and fraud deterred through proactive preventative mechanisms and implementation of consequence management (linked to Strategic Pillar 2)			
Implementation of the National Anti-corruption Strategy by Departments in the JCPS value chain through prevention, investigation, prosecution and conviction	O4.1. Percentage improvement in the implementation of referrals for disciplinary action against officials and executives	7 289 referrals for disciplinaries	70% improvement in the implementation of referrals for disciplinary action.
	O4.2. Percentage improvement in the implementation of referrals made to the	2 719 referrals made to the NPA	70% improvement in the implementation of referrals made to the NPA

RIDDING SOCIETY OF SYSTEMIC CORRUPTION, MALADMINISTRATION AND MALPRACTICE			
MTDP/JCPS Intervention Indicator/target	**Outcome indicator**	**Baseline**	**Five-year outcome**
	prosecution authority		
	O4.3. Percentage improvement in the implementation of referrals for administrative actions, regulatory actions and professional bodies	133 490 referrals	70% improvement in the implementation of referrals for administrative actions, regulatory actions and professional bodies
	O4.4. Number of lifestyle audits conducted in State institutions	Lifestyle audits conducted in 4 institutions in FY2023/24	Lifestyle audits conducted in 28 institutions

14.11. The SIU has identified certain challenges in respect of its work:

- The proclamation process may undermine public perception of the SIU's independence.
- Protracted delays in the issuing of proclamations.
- Threats to the safety of SIU employees and whistleblowers.
- Competition with stakeholders (for example, the NPA and Asset Forfeiture Unit (AFU)) can complicate collaboration.

- The current remuneration framework is inadequate for attracting and retaining top talent.
- Growing debt poses a risk to its long-term sustainability.
- Inefficiencies within the Office of the State Attorney, including delays in appointing and briefing counsel, postponements, and negative outcomes in civil litigation
- Outdated/inadequate systems, with insufficient capacity and skills in both finance and operations, hinder efficient performance and effective governance.

14.12. The SIU continues to have three programmes:

PROGRAMME	RESPONSIBILITY
Administration	Responsible for the provision of business oversight and enablement services to the core business units of the SIU.
Investigations and Legal Counsel	Responsible for ensuring the adequate execution of the mandated service delivery of the SIU.
Market Data Analytics and Prevention	The purpose of the Programme is the implementation of relevant and proactive initiatives to prevent the recurrence of fraud and corruption cases as a result of systemic weaknesses in the public sector and positively influence the behaviour of South Africans.

14.13. *Administration*

14.3.1. Administration has five sub-programmes; Financial Management; Human Resource Management; Information Communication and Technology (ICT); Enabling Services; and Assurance.

14.3.2. The Programme is allocated R477.9 million in 2025/26, growing in real terms by 14.1% compared to 2024/25. Overall, the Programme consumes 34% of the SIU’s total budget. The increase in capital expenditure over the MTEF is primarily due to the planned acquisition of ICT systems, aligning with the SIU's business strategy.

- The Programme delivers against Outcome 1**:** *A high performing, compliant SIU, certified as a Top Employer* and has three performance indicators: A clean audit; Maintaining a low employee turnover rate (of 4%); and Business processes automated (New indicator).

14.14. *Investigations and Legal Counsel*

14.4.1. The Investigations and Legal Council Programme has two subprogrammes: 'Case Management and Investigations' and 'Forensic Legal and Civil Litigation'.

14.4.2. The Programme delivers against the Outcome 2: *State assets and cash resources recovered and protected from maladministration, fraud, and corruption*; and Outcome 3: *Public confidence in the governance systems, structures, and policies of the state restored and sustained.*

14.4.3. The Programme has three new indicators:

- Turnaround times for investigations improved: A Project Management Office (PMO) to be established in 2025/26 with a fully implemented standardised project management framework and methodology
- Consultation on the National Anti-Corruption Risk and Prevention Framework (NCRPF) completed with public and provincial stakeholders completed.
- Implementation of Priority 3 deliverables by the G20 Anti-Corruption Working Group (ACWG) tracked and reported.

14.4.4. The 2025/26 performance targets include the following:

- R1 billion in actual cash and/or assets recovered (R600 million in 2024/25).
- R5 billion in contract(s) and/or administrative decisions/ action(s) set aside or deemed invalid (R10 billion in 2024/25).
- R1 billion of potential loss prevented (R800 million in 2024/25).

- 1 750 investigations are closed under a published proclamation (1 600 in 2024/25).
- R2.9 billion, which is the anticipated rand value of matters where evidence was referred for the institution or defence/opposition of civil proceedings (R2.6 billion in 2024/25).
- 55 cases are to be issued in the Special Tribunal (45 in 2023/24 and 55 in 2024/25).
- 16 Anti-Corruption Forum meetings convened for vulnerable sectors (16 in 2024/25).
- 4 targeted anticorruption awareness campaigns (4 in 2024/25).

14.4.5. The Programme is allocated R881.6 million in 2025/26, which represents 63.6% of the total budget allocation to the SIU. The allocation grows in real terms by 23.9% from the previous financial year.

14.15. *Market Data Analytics and Prevention*

14.15.1. The Market Data Analytics and Prevention Programme has three subprogrammes: Data analytics, Case Analysis and Prevention and Awareness.

14.15.2. The Programme seeks to deliver against the Outcome 4: Corruption, maladministration and fraud deterred through proactive preventative mechanisms and implementation of consequence management and has four indicators:

- Referrals made for action by relevant stakeholders, as follows:
  - ➢ 201 referrals are to be made for disciplinary action against officials and/or executives (190 in 2024/25)
  - ➢ 140 referrals for administrative action (135 in 2024/25)
  - ➢ 300 referrals will be made to the National Prosecuting Authority (270 in 2024/25)
- 4 trend analysis reports prepared and issued.
- 4 systemic improvement plans developed.
- 8 lifestyle audits conducted as per requests received from state institutions.

14.15.3. The Programme receives R39.4 million for 2025/26 and is the smallest allocation of the SIU's programmes (2.8% of the SIU's overall Programme budget). This allocation, however, grows in real terms by 14.4% compared to 2024/25.

14.16. *Revenue*

14.6.1. The SIU has a mixed funding model deriving income from a National Treasury grant and from work done for state departments. In 2025/26, the SIU's projected revenue of R1.4 billion is made up as follows: (i) R459.9 million transferred from Treasury (Grant funding); and (ii) R939 million comprising projected payments to the SIU for its investigation and litigation work.

Revenue	**Budget**		**Real % Change**
	2024/25	**2025/26**	
Payment for services	R571.7 million	R939.0 million	56.8%
Grant funding	R449.7 million	R459.9 million	-2.3%
Total	R1.0 billion	R1.4 billion	30.8%

14.6.2. The SIU's funding increases by 30.8% in real terms when compared to 2024/25 but is based on the projected increase in revenue collected for work done because of the increased number of Proclamations issued. (*In 2021, 14 proclamations were issued, in 2022, 19 Proclamations , in 2023, 9 proclamations, and in 2024, 40 proclamations (as of December 2024).*

14.6.3. Notably, the 2024 budget provided for *reductions* amounting to R171.2 million in grant income (R55.5 million in 2024/25, R56.7 million in 2025/26 and R59 million in 2026/27) over the MTEF period).

14.6.4. Over the medium term, the SIU expects to receive 33.1% or R1.9 billion of its total revenue from transfers from the Department and 66.9 %% or R4.1 billion from charging client departments and state institutions for services rendered and other non-tax revenue.

14.6.5. However, the current funding model has seen an upward trajectory in the outstanding debt and an unrealistic reliance on Project Income to 'balance the budget'. As such, there is a need for increased grant funding aligned with Proclamations.

14.6.6. The SIU continues to struggle with collecting payment for services rendered from state entities and initiated Operation Khokhela to collect monies owed.

14.6.7. The SIU's key cost driver is compensation of employees, which is allocated R815.9 million (69% of the total budget allocation). The SIU intends to increase its number of personnel to 800 in 2023/24.

15. **Information Regulator**

15.1. The Protection of Personal Information Act, 2013 (POPIA), regulates the processing of personal information by providing a framework setting the minimum standards that responsible parties must comply with when processing personal information. The Act applies to public and private bodies, including juristic persons, and aims to achieve a balance between the free flow of information and the right to privacy.

15.2. The Information Regulator is established in terms of section 39 of POPIA, with powers and functions relating to promoting and enforcing the right to privacy. POPIA also transfers certain key responsibilities to the Regulator concerning the Promotion of Access to Information Act, 2000, (PAIA).

15.3. The scope of the Regulator's powers and function are significant and include: monitoring and enforcing compliance with the POPIA and PAIA by private and public bodies; investigating complaints and in the course of an investigation attempting conciliation or referring a complaint to the Enforcement Committee; education and awareness; undertaking research and monitoring developments in information processing and computer technology; facilitating cross-border cooperation in the enforcement of the privacy laws and reporting to Parliament on policy matters affecting the protection of personal information, including the need for legislative, administrative, or other measures to enhance the protection of personal information.

15.4. On 25 March 2024 and in accordance with section 48(1)(c) of the Public Finance Management Act 1 of 1999 (PFMA), the Regulator was listed in the PFMA as a schedule 3A National Public Entity. As a schedule 3A public entity, the Regulator shall cease to function as a branch under the Department of Justice and Constitutional Development (DoJ&CD). The Regulator has established a Listing Transition Project Team (LTPT), to oversee the transition process. The transition comes with certain costs, and the Regulator has reported that funding is needed for:

- The change in accounting systems for new hardware, licenses and subscriptions.
- The change in governance structures - Independent Risk and Audit Committee, Internal Audit capacity, and Audit fees. The Regulator presently shares these with the Department and, therefore, independent governance structures will need to set up.
- The change in the organisational structure to support the segregation of duties, requiring additional capacity in administrative/support functions such as IT, Human Resources, Supply Chain and Finance.
- Bank accounts, as these come with increased costs for banking fees.
- Various systems presently with the Department e.g. Payroll, Asset Management functions and systems, Bookkeeping functions, Cashiers etc.

15.5. *Performance planning*

15.5.1. The Regulator’s work is guided by the Revised Strategic Plan (2022 – 2027) with the Annual Performance Plan (2025/26).

15.5.2. The Regulator has adopted the following impact statement: ‘All persons are empowered to assert their right to privacy, as it relates to protection of personal information, and the right of access to information’ and key strategic outcomes are ‘Personal information protected’ and ‘Access to Information promoted’.

15.5.3. The 2025/26 Annual Performance Plan focuses on stricter enforcement and modernisation initiatives, including:

- *Compliance assessments*. Increasing audits of public and private bodies to enforce accountability. The Regulator will increase the target for the number of public and private bodies assessed for PAIA compliance on request from 50% in 2024/25 to 70% in 2025/26. The target for the number of public and private bodies that will be monitored for compliance with the recommendations contained in previous Assessment Reports also increases.
- *Reconfiguration of units*. The Regulator plans to strengthen its capacity for handling security compromise matters/data breaches by reconfiguring internal units so that there is more convergence between highly skilled staff from the POPIA and Information Technology Divisions.
- *Codes of conduct*. A priority project is to develop a code of conduct on the processing of personal information at gated accesses. The Code will be issued as an initiative of the Regulator following public outcry regarding the practice of overprocessing the personal information of data subjects at gated accesses.
- *Guidance Note*. The Regulator plans to publish a Guidance Note on Transfer of Personal Information Outside the Republic of South Africa. This work is triggered by developments such as the adoption of the African Continental Free Trade Area Agreement (AfCFTA), the AfCFTA Digital Trade Protocol and the AU Digital Transformation Strategy, among others. Through the Guidance Note, the Regulator aims to empower responsible parties to be able to conduct transborder commerce requiring the processing of personal information in a manner that is consistent with the eight conditions for the lawful processing of personal information in terms of POPIA.
- *Legislative reforms*. In the 2025/26 financial year, the Regulator plans to initiate a process of bringing about legislative amendments to PAIA to enable it to develop and issue PAIA regulations; to modernise the legislation to make it fit for purpose; to respond to changes in society that have been brought about by technology, and to strengthen the Regulator’s enforcement powers in relation to PAIA.

- *Awareness campaigns*. The resources available to the Education and Communication Division will be increased to deepen and broaden public awareness work, especially on PAIA.

15.5.4. The Regulator has four programmes, namely ‘Administration’; ‘Protection of Personal Information’; ‘Promotion of Access to Information’; and ‘Education and Communication’. To measure its performance, the Regulator has identified 26 output indicators and 26 targets for 2025/26, distributed between its programmes as follows:

Programme	Output Indicator	Output Target
Programme 1: Administration	8	8
Programme 2: POPIA	7	7
Programme 3: PAIA	7	7
Programme 4: Education and Communication	4	4
Total	**26**	**26**

15.6. *Administration*

15.6.1. The Administration programme seeks to provide effective and efficient leadership, corporate and financial support services to the Information Regulator. The Programme is allocated R60.3 million in 2025/26, receiving the largest share of the Regulator’s budget at 44.7%**.**

15.6.2. The Programme consists of five subprogrammes: Office of the Chief Executive Officer: Corporate Services: Finance; Legal Services; Information and Communications Technology (ICT) (new); and Human Resource Management and Administration (HRM&D) (New).

15.7. *Protection of Personal Information*

15.7.1. The *Protection of Personal Information* programme seeks to ensure the promotion and protection of personal information processed by public and private bodies. The Programme is allocated R32.4 million in 2025/26, receiving the second largest share of the Regulator's budget at 24.0%.

15.7.2. The Programme has three subprogrammes: 'Compliance and Monitoring'; 'Complaints and Investigations' and 'Security Compromises'.

15.7.3. The Programme's output indicators and targets for 2025/26 are as follows:

INDICATORS	ESTIMATED PERFORMANCE 2024/25	2025/26
Percentage of complex complaints received, investigated, and completed within the prescribed timeframes	60%	60%
Percentage of simple complaints received, investigated, and resolved within the prescribed timeframes.	80%	85%
Percentage of simple complaints resolved through conciliation and mediation within the prescribed timeframes (New)	N/A	100%
Number of Responsible Parties assessed at own initiative on compliance with POPIA.	10	6
Number of section 89 interim reports submitted to Members (New)	N/A	8
Percentage of Responsible Parties assessed upon request within the prescribed period.	40%	40%
Draft code of conduct on processing of personal information at gated accesses developed and approved (New)	N/A	Draft code of conduct developed and approved (to be finalised in 2026/27)

15.8. *Promotion of Access to Information*

15.8.1. The *Promotion of Access to Information* programme seeks to ensure the effective promotion, protection, monitoring, and implementation of the constitutional right of access to any information held by the State and any information that is held by another person and that is required for the exercise or protection of any rights. The Programme is allocated R21.8 million for 2025/26 or 16% of the overall budget.

15.8.2. There are two subprogrammes: 'Compliance and Monitoring' and 'Complaints and Investigations' with the following output indicators and targets for 2025/26:

INDICATORS	ESTIMATED PERFORMANCE 2024/25	TARGET 2025/26
Percentage of complex complaints investigated and completed within the prescribed timelines.	60%	70%
Percentage of simple complaints investigated and completed within the prescribed timeframes.	70%	70%
Percentage of simple complaints resolved through conciliation and settlement within the prescribed timeframes. (New)	N/A	70%
Number of own initiative assessments on compliance with the provisions of PAIA conducted in public and private bodies.	80 targeted public/private bodies assessed on compliance	80
Percentage of public and private bodies assessed upon request within the prescribed period.	50%	70%

INDICATORS	ESTIMATED PERFORMANCE 2024/25	TARGET 2025/26
Percentage of Public and Private bodies assessed in the 2024/2025 financial year monitored on compliance with the recommendations contained in the Assessment Report.	60% of public/private bodies assessed in the 2023/2024 financial year monitored	100%
Number of Annual Assessment reports developed and published. (New)	N/A	1

15.9. *Education and Communication*

15.9.1. The *Education and Communication* programme provides services in research and policy analysis, education, public awareness, stakeholder communication and education through the following sub-programmes: (i) Communication and Media Relations; (ii) Policy and Research; (iii) Stakeholder Management and Engagement and the (iv) Education and Public Awareness sub-programme.

15.9.2. The Programme is allocated R20.4 million for 2025/26, comprising 15% of the Regulators total budget.

15.9.3. The Programme retains the same indicators and targets as for 2024/25:

INDICATORS	ESTIMATED PERFORMANCE 2024/25	2025/26
Number of education programmes conducted to promote protection of personal information	14	14
Number of education programmes conducted to promote access to information	14	14
Number of public awareness programmes on the right of access to information and the right to privacy (protection of personal information) conducted	24	24

INDICATORS	ESTIMATED PERFORMANCE 2024/25	2025/26
Number of proposed legislation or policy of government examined, and reports submitted	6	6

15.10. *Budget*

15.10.1. An amount of R135.7 million is allocated to the Information Regulator for 2025/26, increasing in real terms by 16.9% from 2024/25.

15.10.2. The Department of Justice and Constitutional Development is expected to reprioritise R328.0 million over the medium term to facilitate the Information Regulator's transition into a standalone public entity from 1 April 2025.

15.10.3. As part of its setup costs, the Regulator has earmarked R96 million over the next 3 years to procure systems for financial management, payments, asset management, records management and human resources.

Subprogramme R'million	Budget 2024/25	2025/26	2026/27	2027/28	% Total Expenditure
Administration	-	61.0	63.4	66.0	44.9
Protection of Personal Information	-	32.4	33.7	35.1	23.9%
Promotion of Access to Information	-	21.9	22.7	23.6	16.1%
Education and Communication	-	20.4	21.4	22.7	15.2%
Total	**110.9**	**135.7**	**141.0**	**147.4**	**100.0%**
Year-on-year growth	3%	18%	4%	4%	-

15.10.4. The biggest cost driver continues to be Compensation of Employees, which consumes R105.8 million or 77% of the allocation for 2025/26.

16. **South African Human Rights Commission**

16.1. The SAHRC is established in terms of section 184 of the Constitution as a State Institution Supporting Constitutional Democracy. The Commission is mandated to promote, protect and monitor human rights violations in South Africa. As such, its primary objectives include investigating human rights violations, monitoring and assessing the observance of human rights, educating the public about their rights, reporting on non-compliance, ensuring accountability, and advocating for the realisation of constitutional rights for all citizens.

16.2. Section 184(3) of the Constitution also obliges the SAHRC, each year, to require relevant organs of State to provide it with information on the measures that they have taken towards the realisation of the rights in the Bill of Rights concerning housing, health care, food, water, social security, education and the environment.

16.3. The SAHRC is also assigned specific powers and functions set out in the South African Human Rights Commission Act 40 of 2013, as well as in other legislation, such as the Promotion of Equality and Prevention of Unfair Discrimination Act, 2000 (PEPUDA); Promotion of Access to Information Act, 2000 (PAIA) and Protected Disclosures Act (PDA) 26 of 2000.

16.4. In addition, emanating from South Africa's ratification of certain international conventions, the Commission is allocated certain additional responsibilities:

- In March 2019, South Africa ratified the Optional Protocol to the Convention against Torture and Other Cruel, Inhuman or Degrading Treatment or Punishment (OPCAT) and the SAHRC was designated as coordinator and functionary of a multi-body National Preventive Mechanism (NPM). On 4 December 2024, the Cabinet approved the re-designation of the SAHRC as the National Preventive Mechanism (NPM). The NPM is required to conduct a system of regular, independent visits to places of deprivation of liberty (such as police stations, correctional centres, refugee reception centres, secure care centres, and child and youth care centres), to provide an important safeguard against abuse, and prevent torture and other cruel, inhuman or degrading treatment or punishment in places that by their very nature fall outside the public scrutiny.

- The SAHRC is designated as the Independent Monitoring Mechanism (IMM) under the Convention on the Rights of People with Disabilities (CRPD). This requires the SAHRC to establish an IMM and ensure its functionality; and monitor and report on South Africa's compliance with the CRPD to the United Nations Committee on the Rights of Persons with Disabilities.

16.5. *Planning*

16.5.1. In the previous planning cycle, the SAHRC observed how extreme weather patterns have become more frequent and posed a threat on the rights to food, life, health, education and shelter. In the 2025 – 2030 cycle, the SAHRC intends to play a pivotal role in advocating for stronger and sustainable environmental protections, as well as expand its focus on environmental justice through collaborations and partnerships with strategic stakeholders.

16.5.2. The SAHRC plans to focus on deepening its impact through enhanced stakeholder engagement, expanding human rights awareness, and ensuring compliance with national and international human rights obligations.

16.5.3. The SAHRC is committed to improving the accessibility of it's services, ensuring that all citizens, especially vulnerable and marginalized groups, have access to redress for human rights violations.

16.5.4. The SAHRC plans to modernise its ICT infrastructure and invest in artificial intelligence to enhance its communication and public engagement.

16.5.5. The SAHRC has developed five key outcomes to inform its work:

OUTCOME	OUTCOME INDICATOR	BASELINE	FIVE-YEAR TARGET
Outcome 1: Effective and efficient administrative services	Improved audit outcome	Unqualified audit outcome	Clean audit outcome obtained
Outcome 2: Increased reach and enhanced awareness	Number of promotional activities conducted	New	2 250
Outcome 3: Redress provided for Human Rights Violations through effective legal intervention	Percentage of human rights violations matters finalised	New	80%
Outcome 4: The observance of implementation and compliance by the State on Human rights obligations	Number of reports on observance of Human Rights produced	New	15
Outcome 5: Compliance with human rights obligations and active participation in international fora	Number of reports on compliance with international and regional obligations	New	5

16.6. *Programmes*

16.6.1. The Commission has four programmes: Administration; Monitoring the observance of human rights; Promotion of human rights; and Protection of human rights.

16.6.2. The Administration programme provides administrative support services to the Commission and will prioritise improvements in financial management and the modernisation of administrative processes. The Programme has the following indicators and targets:

INDICATOR	TARGET 2025/26
OUTCOME: ***Effective and efficient administrative services***	
Improved audit outcome	Unqualified audit outcome with 50% reduction in findings
Number ICT ERP system modules implemented.	3

16.6.3. The *Promotion of human rights* programme is responsible for the promotional aspects of the Commission's work. Under this Programme, the Commission has the following indicators:

INDICATOR	TARGET 2025/26
OUTCOME: ***Increased reach and enhanced awareness***	
Number of stakeholder engagements conducted.	250
Number of community outreach activities conducted (New)	200

16.6.4. The *Protection of Human Rights* Programme is responsible for carrying out the protection component of the Commission's constitutional mandate speedily resolving complaints referred to it using its complaints handling mechanism. Under this Programme, the Commission has the following indicators and targets:

INDICATOR	TARGET 2025/26
OUTCOME: ***Redress provided for human rights violations through effective legal intervention***	
Number of complaints finalised	1200
Percentage of systemic interventions finalised	80%

16.6.5. The *Monitoring the observance of human rights* programme is responsible for the Commission's constitutional monitoring and reporting mandate. The Programme has the following indicators and targets:

INDICATOR	**TARGET 2025/26**
OUTCOME: ***The observance of implementation and compliance by the State on Human rights obligations***	
Monitoring report on the implementation of recommendations completed	Monitoring report completed
Reports on State of Human Rights in South Africa completed	SOHR Report completed
Reports on section 183(4) completed	Section 183(4) Reports completed
Number of submissions on South African policies that affect human rights (New)	4
OUTCOME: ***Compliance with human rights obligations and active participation in international for a***	
Report on international and human rights completed (New)	International and regional human rights report completed

16.7. *Budget*

16.7.1. The SAHRC is allocated R220.6 million for 2025/26. Despite its expansive and expanded mandate, the SAHRC is allocated the smallest budget of all the entities/constitutional bodies in the Portfolio.

16.7.2. The Commission is allocated additional funds of R5 million in 2025/26, R8 million in 2026/27 and R10 million in 2027/28 to increase capacity. However, in real terms, the allocation decreases by -2% when compared to 2024/25. This follows a real decrease of -11.06% in 2024/25; and yet another real decrease of -7.79% in

2023/24. Notably, despite the additions to enhance capacity, to address the rising cost of compensation of employees, the Commission will continue to freeze the filling of vacant posts and reduce its personnel from 199 in 2024/25 to a projected 186 in 2027/28.

SAHRC: Budget 2025 MTEF

Programme R million	**Budget**				**Ave % Expenditure**	**Real % Change**
	2024/25*	**2025/26**	**2026/27**	**2027/28**		
Administration	77.5	81.8	86.3	90.5	36.1%	0.8%
Monitoring	12.9	R10.6	11.2	11.7	5.1%	-21.5%
Promotion	116.2	119.2	126.2	133.0	54.!%	-2.0%
Protection	8.3	9.0	9.5	9.9	5.9%	3.6%
TOTAL	215.0	220.6	233.1	245.2	100%	-2.0%

*Estimate

16.7.3. The Commission's largest cost driver remains Compensation of Employees, which is allocated R151.7 million or 69% of the overall budget for 2025/26.

17. Public Protector South Africa

17.1. The Public Protector is established in terms of section 181 of the Constitution as an independent state institution supporting constitutional democracy. Broadly, the PP's mandate is to support and strengthen constitutional democracy by investigating maladministration or improper conduct in state affairs or the public administration in any sphere of government and to take appropriate remedial action.

17.2. The Constitution also provides that the Public Protector must be accessible to all persons and communities. Currently, the Public Protector has twenty-two offices situated countrywide, consisting of a national/head office, nine provincial offices, six regional offices and six satellite offices. The PPSA has also installed drop boxes.

17.3. The Public Protector Act 23 of 1994 and the Executive Members' Ethics Act 82 of 1998 (EMEA) assign additional powers and functions to the PPSA. The Public Protector Act 23 of 1994 enables the PPSA, while the EMEA requires the PPSA to investigate any alleged breach of the Executive Ethics Code on receiving a complaint. Other Acts assign further responsibilities to the PPSA, including the Public Audit Amendment Act 5 of 2018, Protected Disclosures Act 26 of 2000, and Prevention and Combating of Corrupt Activities Act 12 of 2004.

Performance planning

17.4. The PPSA contributes to the MTDP as follows:

MTDP OUTCOME	**MTDP OUTCOME INDICATOR**	**PPSA FIVE YEAR TARGET**
Improved service delivery at local government	• Strengthen the ability of national and provincial government to intervene in municipalities which fail to meet minimum norms and standards. • Bring stability to governance in metros and restore the delivery of services.	To investigate service delivery complaints against Municipalities and take remedial action to address the identified weaknesses.
A capable and professional public service	Strengthen the public procurement system, in line with the Public Procurement Act, for efficiencies,	Engagement with the Executive on systemic weaknesses impacting good governance.

MTDP OUTCOME	MTDP OUTCOME INDICATOR	PPSA FIVE YEAR TARGET
	effectiveness and to stimulate demand.	
Safer communities and increased business confidence	Strengthen whistleblower protection through stronger legislation and implementation	• Investigate corruption and maladministration and engage the Executive on the implementation of remedial action. • Use the PPSA's powers to hold State organs accountable and protect whistle blowers.

17.5. The PPSA has developed a new strategic plan for 2025-2030. Its new vision is to be a 'Centre of Excellence' that promotes good governance and ethics in State affairs. Reconfiguration of the institution, with a review of some business processes and job functions will be key to aligning to the new vision.

17.6. Key focus areas for the strategic period include:

- *Digital operations*. Integration of all support functions will be completed during this period through the full implementation of the ERP system. In addition, the PPSA will invest in digital infrastructure to enhance its physical infrastructure. This will include improvement of network connectivity in all the PPSA offices to ensure uninterrupted system availability. Furthermore, the PPSA will install self-service kiosks, with enabled video conferencing, to facilitate remote communication between the PPSA and the public.
- *Increased use of Alternative Dispute Resolution Mechanism (ADRM)*. The PPSA will use its powers to resolve matters through ADRM to fast-track the resolution of matters, particularly service delivery complaints. This will be done through robust engagement with affected organs of State.

- *Stakeholder collaboration*. Relations with current stakeholders will be strengthened and new partnerships will be sought. Satellite offices will be established in provinces in collaboration with other organs of State to ensure accessibility of PPSA services by communities irrespective of their geographic location.
- *Change Management*. The PPSA will implement a robust change management programme across all its branches and ranks. This is key to ensuring that the new way of thinking and doing things is effectively adopted to achieve the desired change. The envisaged change will be supported by a robust ethics programme.

17.7. The PPSA has identified the following four strategic outcomes:

- Improved institutional effectiveness and efficiency.
- Protection of the against conduct failure and maladministration.
- Enhanced accessibility of PPSA services to all stakeholders.
- Improved culture of good governance and ethics in the public service.

17.8. *Programmes*. The PPSA continues to have three Programmes: Administration, Investigations and Stakeholder Engagement.

17.8.1. The Administration programme has four indicators:

- Number of unqualified AGSA opinions with no material finding.
- Develop 5 ICT Enterprise Resource Planning (ERP) system modules.
- Number of PPSA staff developed (5 Specialised training programmes for employees and Business Case on establishment of learning Academy approved) (New).
- Establishment of E-Resource Hub (New).

17.8.2. In addition, under this Programme, the PPSA reports that it intends to:

- Implement human resources reforms, through a human capital management strategy, which includes talent acquisition, onboarding, effective performance management, talent learning and development, succession planning, employee engagement initiatives and talent retention.

- Strengthen its employee wellness programme, through the appointment of an appropriately qualified in-house resource to continuously identify risks that may negatively impact on employees' well-being and provide emotional support.

17.8.3. *Investigations.* The Programme six indicators, of which three are new:

OUTPUT INDICATOR	**TARGETS 2025/26**
Number of cases finalised through investigation	Finalise 2000 cases through investigation by 31 March 2026
Percentage of identified complaints resolved through ADR	50%
Percentage implementation of remedial action	50%
Percentage finalisation of cases within prescribed TAT (turnaround times)	Finalise 80% of cases within prescribed TAT
Percentage reduction of Backlog cases	80% reduction of Backlog cases
Number of systemic investigations finalised	Finalise two systemic investigations and/or interventions by 31 March 2026

17.8.4. *Stakeholder Engagement* has five indicators:

- 'Number of activities executed in the implementation of an Integrated Access and Stakeholder Management Strategy' with a target of 150 sessions for 2025/26.
- Number of good governance interventions with a target of 1 intervention in 2025/26.
- Number of bilateral engagements between the PPSA and organs State with a target of 10 engagements held for 2025/26.
- The following are new indicators: 'Number of focused interventions held for women, youth and persons with disabilities' with a target of 20 for

2025/26; and ‘Percentage customer service complaints resolved in line with the PPSA Customer Service Charter’ with a target of 90% for 2025/26.

17.9. *Budget*

17.9.1. The PPSA is allocated R395.6 million for the 2025/26 financial year, decreasing in real terms by -2.99% compared to 2024/25.

PPSA Budget 2025 MTEF

Programme R’ million	**2024/25***	**2025/26**	**2026/27**	**2027/28**	**Real % Change**	**Ave. Expenditure**
Administration	171.4	168.7	178.1	172.4	-6.0%	42.3%
Investigation	198.7	210.5	218.5	238.0	1.2%	52.9%
Complaints and Stakeholder Management	19.3	16.5	17.4	25.6	-18.4%	4.8%
Total	**389.5**	**395.6**	**414.0**	**436.0**	**-2.97%**	**100%**

*Estimate

17.9.2. In the 2024 MTEF Budget, the PPSA’s allocation was reduced by R117.3 million over the medium term. These reductions and the lack of additional funding for the cost-of-living wage agreement with organised labour has placed a strain on the PPSA’s budget, which required it to scale down on the filling of posts, increasing the caseload per investigator. In addition, in previous years, the PPSA has had to rely on supplementary funding from the Department because of its constrained finances: The Department has augmented the PPSA’s budget by a total amount of R117.9 million in the past five years.

17.9.3. For 2024/25, as an interim measure, the PPSA was granted funding from the Criminal Assets Recovery Account (CARA). The PPSA obtained approval for R48.2 million from the CARA Fund to augment its capacity to deliver on its constitutional mandate. The spending on these funds commenced in April 2024 and is accounted for and audited separately. The funds are for:

- Improvements to ICT infrastructure and digitisation of business processes. (Part of the motivation for CARA was to enable the PPSA to develop and maintain a digital resource centre for investigations. The system will enable maintenance of up-to-date jurisprudence while serving as a repository for all legislation and investigation reports).
- Skills development and training programmes for PPSA employees.
- Procurement of specialist human resources for highly specialised investigations.

17.9.4. In 2025 MTEF, the PPSA receives additional allocations of R20 million in 2025/26, R25 million in 2026/27 and R28 million in 2027/28. However, the R20 million addition for 2025/26 is less than the 10% or R37 million budget reduction implemented in 2024/25. Nonetheless, the PPSA reports that the additional funds will allow it to increase its capacity by filling posts that were previously suspended.

17.9.5. Spending on personnel costs in the 2025/26 financial year accounts for R290.5 million, which represents 75% of the total allocation. Spending on Goods and Services amounts to R98.2 million (23.5%).

18. **Observations**

18.1. *Funding*

The Committee acknowledges the Minister of Finance's response to the recommendations contained in its Budgetary Review and Recommendation Report (October 2024) but respectfully disagrees. The Committee acknowledges the constrained fiscal environment, but reprioritisation – as the Minister suggests – does not solve the present resource challenges within the Portfolio. The Portfolio is allocated a very small percentage of Government's expenditure and, in this regard, believes that decision-makers need to have a 'rethink', considering the Portfolio's contribution to the stability of our democracy.

An effective justice system is crucial to a functioning democracy as it upholds the rule of law, protects individual rights, and ensures fair and equal access to justice for all citizens. This, in turn, fosters trust in institutions, promotes social stability, and supports economic development. The NDP and MTDP both acknowledge this. However, the pressure of budget constraints over many years has placed considerable strain on the Portfolio's ability to deliver services effectively and, as such, threatens our democratic order. To illustrate, the MTDP emphasises a capable state as being foundational to driving inclusive growth and job creation. But our civil court rolls are so congested that, for example, in Gauteng – our economic hub - it is only possible to set one's dispute down to be heard in 2031. This is a significant deterrent to investment and, therefore, to economic growth. The Committee has also noted the rapidly deteriorating state of court infrastructure countrywide, yet the allocation for capital works is reduced. Further, the funds available for ICT infrastructure and the IJS do not support the modernisation and integration efforts required for increased efficiency and improved performance.

The Committee also believes that decision-makers fail to appreciate the inter-connectedness nature of our justice system. Capacity and other resource challenges experienced by one have a domino effect on others within the Portfolio. For example, on criminal case backlogs, the AGSA observed that although additional funding has been made available to the NPA to increased capacity, there has not been a similar investment at Legal Aid SA. In fact, Legal Aid SA's budget has experienced significant reductions over several years, additional funding for the Land Rights Management Unit aside. The lack of relief capacity at Legal Aid SA is widely acknowledged by stakeholders as significantly contributing to postponements and increased case backlogs.

The Committee has repeatedly observed that the Chapter 9 institutions within the portfolio are underfunded. Simply, their baselines do not support their constitutional and statutory mandates. In the case of the SAHRC, the situation is exacerbated by unfunded (or at best minimally funded) mandates following its designation as the National Preventative Mechanism under the Optional Protocol to the Convention against Torture (OPCAT) and, more recently, International Monitoring Mechanism under the Convention on the Rights of People with Disabilities (CRPD).

The Committee has strongly opposed the implementation of funding cuts to the budgets of either the PPSA or the SAHRC. While the Committee acknowledges that the PPSA and SAHRC receive additions for the 2025 MTEF, the relief is negated by significant reductions imposed in the 2024 MTEF. In real terms, their allocations do not grow – in fact both have decreased. Furthermore, these last cuts follow reductions in previous years.

Notably, despite Treasury's statement that the additional funding is to enhance capacity, the SAHRC intends to address the rising cost of salaries by continuing to freeze posts to reduce its personnel numbers. This creates significant challenges for the Commission as it seeks improve access and to meet its mandate. Nor is it clear to the Committee how the proposed improvements to the SAHRC's IT systems, which are intended to address capacity challenges and to improve efficiency, will be implemented given its budget constraints.

The Committee is of the view that the present allocations to these two institutions do not support their unique role within our constitutional architecture: it can even be argued that the funding proposals presented reflect a failure by Executive of its duty under section 181(3) of the Constitution to assist and protect them to ensure their effectiveness.

The Committee is also very aware of its own duty in terms of section 181(3) of the Constitution and believes that a comprehensive review of the funding allocated to the PPSA and SAHRC is necessary.

The Committee intends to seek technical advice from Parliament's Budget Office, with a view towards making representations to the Standing Committee on Appropriations.

Department of Justice and Constitutional Development

18.2. *Planning*

The Committee believes that, for accountability and transparency purposes, the APP should be sufficiently detailed. However, the Department's APP lacks specificity in key aspects. For example, the APP commits to submitting bills but does not say which Bills it intends to submit or include specific dates, such as introduction to Cabinet and

Parliament, especially when responding to commitments set in SONA or the MTDP regarding the introduction of a Whistleblower Protection Bill. The Committee is aware that these details are likely to be contained in the Operational Plan, but that document is not presented to Parliament.

The Committee wishes to thank the AGSA for its proactive review of the completeness of the Department's APP 2025/26. The AGSA also identifies several gaps where indicators emanating from the MTDP and/or the Strategic Plan are omitted or only partially addressed in the APP. The Committee notes that the Department has committed to considering the AGSA's completeness findings when revising the APP to incorporate the changes made in the final MTDP.

However, it is important not to allow technical indicators of performance to obscure people's real needs. In previous planning cycles, the Committee has observed the mismatch between the Department's plans and what is needed practically to address conditions on the ground. For this reason, the Committee agrees with the Minister's recent comments: '*Our focus must be on getting the basics right. Functional systems, responsive leadership, and a collaborative approach are fundamental to restoring public confidence and delivering accessible, efficient justice services'*.

18.3. *ICT procurement*.

Many of the Department's proposed interventions to improve performance rely heavily on ICT. The Committee notes that the Department intends to prioritise modernisation and digitisation by upgrading its ICT infrastructure (LAN, WAN, SD-WAN), replace legacy systems, bolstering cybersecurity and rolling out various e-services (e-filing, virtual courts) over the next five years. An amount of R2.3 billion is allocated over the medium term for this purpose.

However, the Department has experienced considerable challenges flowing from its reliance on SITA to procure IT equipment and for the provision of mandatory network services. SITA has proven to be slower and considerably more expensive than if the Department were to source the IT equipment itself.

There has been widespread dissatisfaction in Government with SITA, and, in response, the Minister of Communications and Digital Technology has gazetted amendments to the relevant regulations, which will allow government entities to procure IT equipment outside of SITA if they believe it will be cheaper or faster to do so. This Regulation took effect from 1 June 2025 but only addresses the procurement of IT equipment and not the provision of mandatory network services. The Committee notes the Department's concerns about SITA's capacity to deliver in this regard.

The Committee requests the Department to submit a detailed report by 31 July 2025 that provides a breakdown of planned expenditure on ICT modernisation over the medium term, and of any funding shortfalls; interim measures to ensure functional systems at justice service points; and immediate steps to address poor network connectivity, particularly in Masters' Offices and courts. The report should also address the Department's present challenges, including its continued reliance on SITA for mandatory services, and how these affect key projects.

18.4. *Integrated Justice System*

According to the APP, the IJS programme will continue to focus on the seamless integration of case management systems within the criminal justice system to enable secure, real-time, electronic exchange of information, with the goal of improving efficiency, reducing delays, and enhancing coordination across its member departments.

At present, the IJS functions in a fragmented environment where key departments each manage their own budgets and IT divisions. These departments are largely focused on improving their own internal systems, rather than working together on broader, integrated solutions.

This siloed approach has resulted in limited system integration and inter-operability. The Committee is of the view there is urgent need for (i) a cohesive strategic framework on integration; (ii) committed JCPS Cluster Ministerial coordination; (iii) a consolidated budget structure; and (iv) a reimagined model for cross-departmental technology implementation. The Committee is, therefore, disappointed that these imperatives are not captured in the Department's plans, and requests further information on how the

Department intends to address the need for greater co-ordination and integration across the JCPS Cluster (by 31 July 2025).

18.5. *Infrastructure.*

The Committee notes that the Department asked for R1.6 billion from Treasury for infrastructure but instead received around R400 million. The Committee refers to its recent visit to KwaZulu-Natal, where it observed first-hand poor – even dangerous – conditions at the courts visited, unreasonable delays in the completion of certain renovation and refurbishment projects, and costly but poorly maintained leased accommodation. The problems it observed are not limited to KwaZulu-Natal but exist throughout the country. The Committee believes that Department finds itself in an increasingly difficult position regarding the state of its buildings, as its options are limited by its reliance on the Department of Public Works and Infrastructure and the lack of budget. In part, the reduction to the Department's infrastructure budget is because of its continued failure to spend the allocations to this item, possibly because of a lack of capacity within DPWI. The Committee intends to engage the Department and DPWI in a dedicated meeting, as soon as its programme permits.

The Committee also notes that the position of DDG: Corporate Services has been vacant since June 2024 and presently is filled in an acting capacity by the Deputy DDG: Institutional Support and Development. Reportedly, the position was advertised; interviews were conducted and a successful candidate identified. However, DPSA found certain issues with the suitability of the candidate during vetting. Subsequently, the Department has readvertised the post. The continued vacancy is a concern to the Committee as, among other, the DDG: Corporate Services is responsible for the Justice Build Programme: Infrastructure Delivery. The Committee, therefore, requests a report on the status of the recruitment process by 31 July 2025.

The department should provide a fully costed plan for the establishment of the 90 sexual offences courts and 16 Thuthuzela Care Centres. The report should also include strategies to recruit specialized prosecutors and social workers required in these courts.

18.6. *Security*

During the oversight to KwaZulu-Natal, the Committee expressed concern about security at several of the facilities visited. A particular problem that the Committee identified was non-functioning X-ray machines, to the extent that it asked for a report on the status of all X-ray machines in courts across the province. Other problems it encountered included inadequate perimeter fencing, insufficient numbers of security officials at court buildings, especially after working hours and on weekends. Also, the cameras situated in court buildings frequently didn't work, preventing monitoring.

Recent events, including the murder of an individual inside the Wynberg Magistrate Court, have highlighted the ongoing challenges when it comes to securing courts. Reportedly. The people entering the Court were not properly searched, the metal detectors were not working, and only eight security personnel were available for the entire building.

According to the 2025/26 APP, the Department plans to implement a Security Strategy to create a safer environment for all personnel and citizens who come to courts daily, targeting 20% implementation of the Strategy in 2025/26. However, as there are no details about the Strategy, it is therefore difficult for the Committee to assess how 20% implementation will practically improve security. For this reason, the Committee suggests that the Department consider amending its APP to include specific measurables for this indicator.

18.7. *Master's Office*

The Committee welcomes the Department's focus on improving services at the Master's Office, as the Branch is in a mess, but shares the Ministry's concern that efforts aimed at improving conditions have had no discernible impact to date. This is notwithstanding considerable investment in digitisation initiatives aimed at streamlining Master's processes and making its services more easily/widely accessible. Unfortunately, the success of these initiatives appears to be severely hampered by ongoing ICT issues.

The dysfunction is considerable. For example, the Committee notes that the Minister recently expressed concern that officials at the Master's Office in Thohoyandou are currently operating from temporary spaces without access to proper ablution facilities.

The poor conditions at that Office are not a recent development. In the Sixth Parliament, the Committee undertook an oversight visit to the Thohoyandou High Court, observing the unacceptable working conditions at the Master's Office located there.

During its recent oversight visit to the Master's Office in Durban, the Committee also noted numerous challenges. These include network and system application instability causing frequent downtimes and system disruptions. The outdated IT infrastructure cannot support modernized systems that require regular updates without becoming unstable. Systems are regularly down, which significantly disrupts operations. There are recurring email connectivity issues leading to many complaints from the public. The link to Home Affairs is unstable and hinders service operations and the ability of practitioners to use the On-Line system. Connectivity issues result in legal practitioners refusing to use the online system because of it being so unreliable. This is counterproductive because the online system is supposed to ease the workload so that staff can attend to walk-ins. There is insufficient space for file storage and offices are overrun with files. Older files are stored off-site but because of network challenges, they are often difficult to retrieve. Cybersecurity is a concern, as there have been several hacking attempts on the deceased estates system. The physical accommodation is also unsatisfactory: the accommodation is dark and gloomy, the air conditioning works intermittently, and many offices have no windows. There are capacity challenges causing high caseloads. Retention of skilled staff is a challenge due to limited career progression and recognition, and the loss of experienced personnel has weakened the Office's operational capacity.

The Committee is, therefore, disappointed by the lack of detail contained in the Department's APP about the interventions planned for 2025/25, as part of the Turnaround Strategy. The intention seems to be to rollout further modernisation solutions but without further information, it is unclear how this will lead to improvements? The Committee, therefore, suggests that the Department consider amending its APP to include specific measurables and, in addition, requests a report from the Department providing a comprehensive breakdown of the three planned interventions under the Master's Turnaround Strategy and demonstrate how these address systemic, operational, and infrastructural deficiencies in that Office, by 31 July 2025.

Any turnaround plan requires effective leadership. It is, therefore, concerning that the position of Chief Master has been vacant since January 2023. Since then, the position has been filled on an acting basis. Most recently, the DDG: Legislative Development and Law Reform was appointed as Chief Master. The post was advertised in January 2024, but an appointment could not be made, and the position has been readvertised several times. The challenge appears to be the qualifying criteria for appointment. The most recent advert required a candidate to have a minimum of 8 years' experience at senior management level in litigation but was withdrawn at the Minister's request so that the profile could be reworked as the present focus on litigation skills, even at senior management level, is not sufficient. The Committee notes the reasons provided but urges the Department to resolve the profile urgently so that the position can be readvertised. The department should enhance its recruitment strategy. The filling of the post will ensure that the turnaround strategy is implemented effectively. The department should submit quarterly reports on the filling of this and other critical vacancies.

The Committee notes that at present five Master's positions are filled in an acting capacity. In April 2024, thirteen senior managers and other officials were placed on precautionary suspension pending the outcome of investigations into allegations of financial irregularities and maladministration in the affairs of the Master of the High Court. The suspended officials included the Master and Deputy Master: North Gauteng High Court; the Master and Assistant Master: South Gauteng High Court; and the Master and Deputy Master: Free State High Court. The Committee requests a comprehensive report on the status of the disciplinary proceedings, including how many have been finalised and, if so, the outcome of the proceedings; and whether any of the officials resigned before the investigations and/or disciplinary proceedings concluded before 31 July 2025.

18.8. *Guardians Fund.*

The Guardian's Fund is administered by the Masters Office. Regrettably, it has been susceptible to fraudulent activities in the past. The AGSA previously identified material irregularities in respect of the Fund caused by duplicate and irregular payments. According to the AGSA, while there have been some improvements in internal control processes, enhancement of certain key controls to prevent and detect recurrence is outstanding. The Department has reported that is developing a new administration and financial system for the Guardian's Fund. Development of the system commenced in 2021/22 but there have been several delays. The Department projected that the system would be completed and rolled out in 2024/25, but this target is pushed back once again to the end of March 2026. It is unclear why the Department has not prioritised the completion of the system and requests a full report on progress by 31 July 2025.

18.9. *Office of the State Attorney*

The State Attorney Amendment Act 13 of 2014 provided for the appointment of a Solicitor General to, among others: Exercise control, direction and supervision over all offices of State Attorney; develop policy, co-ordinate and manage all litigation on behalf of the State; and turn the offices of the State Attorney into a central authority for state litigation. On 2 April 2020, an Acting Solicitor-General, Mr F Pandelani, was appointed for 24 months. Subsequently, the position of Solicitor General has undergone various re-evaluations in respect of the level and salary allocation for the position. The position was eventually advertised. During this period, Mr Pandelani's contract was extended, and he served in the position until September 2024, when his contract terminated. The termination is now the subject of litigation, but the Department has assured the Committee that this does not prevent it from embarking on a recruitment process. In September 2024, the Department re-advertised the position, but the position remains unfilled.

The State spends billions of rands on litigation annually. According to the 2025-2030 Strategic Plan, the Department intends over the next five-years to turn the offices of State Attorney into a law firm of choice. It plans to achieve this by developing a State Attorney Turnaround Strategy. Implementation of the Strategy will reportedly provide a client-centred service tailored to the State's unique needs. The Committee notes that the APP targets the submission of a State Attorney Turnaround Strategy to the Ministry for approval by 31 March 2026.

In the meantime, the State Attorney's Office can be described as dysfunctional with staff reportedly collapsing under the pressure of the workload and the absence of management support.

The Committee also observed various challenges during a recent visit to the State Attorney's Office in Durban. The Office has severe ICT problems, which impacts on the work. The accommodation was unsuitable and presented a challenge in respect of file storage. There are severe capacity constraints, resulting in heavy caseloads and backlogs, which also impacts on staff wellness and on the quality of the work.

The Committee intends to monitor the progress of the Turnaround Strategy closely and will engage with the Department in a dedicated fashion on this item when the programme permits.

18.10. *Gender-based Violence and Femicide (GBVF).*

Government has identified GBVF as a national crisis. In 2020, a National Strategic Plan on Gender-Based Violence and Femicide 2020–2030 (NSP), aimed at ending GBVF, was adopted. However, a study published by the Human Science Research Council (HSRC), in November 2024, reveals the extent of GBV in South Africa, highlighting its widespread and severe nature. Persistently high rates of GBV, despite existing legislative frameworks and policies, suggest the need for an approach that looks beyond immediate instances of violence to tackle underlying structural and systemic factors.

As Chair of the NSP Pillar 3: Justice, Safety and Security, the Department monitors the multisectoral implementation of interventions and indicators concerning the Pillar. Recent reviews of the NSP highlight that poor inter-departmental co-ordination, insufficient data on GBV outcomes, and limited accountability hamper the Strategy's effective implementation. On 14 April 2025, an urgent meeting was convened by the JCPS Cluster in response to an alarming surge in reported incidents of GBVF across the country. This resulted in the adoption of a 90-day Acceleration Programme to intensify the national response and fast-track the implementation of the NSP.

Many GBV victims and their families continue to experience secondary victimisation at the hands of a legal system that appears to be weighted in favour of the accused. The Committee notes that, among others, to address inefficiencies within the criminal justice value chain, the Acceleration Programme has tasked a team of senior officials with aligning police, prosecutorial, and correctional services systems to eliminate delays in processing GBVF cases. The rollout of Thuthuzela Care Centres across all provinces is to be accelerated. Furthermore, the Department is tasked with urgently addressing the repair and maintenance of SOS systems in court facilities to enhance the safety witnesses, especially minors, and prevent secondary victimisation. In addition, the growing number of children arrested for sexual offences was identified as an emerging crisis that requires the development of an appropriate and urgent response.

Regarding the SOS systems, the Department reports that it will implement the Court Recording Audio-Visual Solution (CRAVS) in 2025/26 to replace the outdated Court Recording Technology (CRT), targeting the rollout of CRAVS to 50% of courts in 2025/26. This technology will allow parties to appear *via* video link, facilitating virtual legal processes such as appearances, remands, testimony, and trials. It will also enable real-time automated transcriptions of court proceedings and support AI-driven language interpretation. Virtual Courts will also protect vulnerable witnesses by allowing them to attend court remotely. The risk of detainee escaping and transportation costs to and from court will be reduced, as detainees will be able to appear *via* video link for case remands.

However, yet again, the Department's dependence on SITA is a challenge as the CRAVS solution has not yet been procured. A further challenge will be that CRAVS requires a stable underlying ICT infrastructure and strong and reliable network capacity network. According to the DG 'c*urrent bandwidth limitations represent a significant risk to CRAVS. Many court facilities are still operating at bandwidth speeds as low as 2 Mbps, which is far below what is required for the system to function properly. Although there has been some improvement, with some sites upgraded to 10 Mbps and plans in place to increase capacity to 80 Mbps or even 100 Mbps, the financial cost of these upgrades is a major constraint*'. The Committee is concerned that, without adequate network support, the rollout CRAVS could face significant challenges.

The Committee requests a report on the status of the process to procure CRAVS by 31 July 2025.

18.11. *Domestic violence.*

The crime statistics for 2024/25 show the high levels of intimate partner violence affecting South African communities. The extent to which domestic violence/GBV affects communities was also clear from the Committee's oversight visit to KwaZulu-Natal.

On 4 April 2024 the PPSA released a Report on a Systemic Investigation into Administrative Deficiencies Relating to Gender Based Violence (GBV) within South Africa's Justice System. The Committee has engaged with the Report, which highlighted the challenges that victims of domestic violence face when applying for protection orders. The Report concluded that the Department had not put adequate measures in place to effectively protect victims of GBV.

The Committee notes that the Department has responded to the PPSA's remedial actions in part. On 11 February 2025, the Department tabled a simplified application form. The Department also reported that due to the limited time afforded to the task, the audit of minor capital works, furniture and office equipment could only be finalised in 5 provinces but committed to finalising the audit by 30 April 2025. An online application solution that allows victims to apply for protection orders remotely after hours has been developed and is currently in the quality assurance phase.

The Committee notes that the Commission on Gender Equality (CGE) recently tabled a Report on an Investigation into The Implementation of Pillar 3 of the National Strategic Plan on Gender-Based Violence and Femicide in KwaZulu-Natal (2024/25), which identifies inconsistencies in respect of the processing of protection orders and their service across various districts in KwaZulu-Natal. The CGE holds that the Department's failure to ensure proper service of protection orders requires urgent action. The CGE makes various recommendations, including that the Department implement a province-wide directive reinforcing the mandatory submission of protection orders to SAPS or the sheriff within 24 hours; and develop a tracking and verification system to ensure that protection orders are issued, properly served, and acknowledged by SAPS or the Sheriff within the mandated timeframe. The CGE's findings are concerning and the Committee requests that the Department provide it with a written report by 31 July 2025 on how it intends to address the CGE's recommendations.

The Committee notes that the Department has set a target in its APP of 75% of domestic violence protection orders to be served by the Clerk of the Court on the respondent not later than 24 hours from the time the order is received from the Court. The explanation provided for the target set was the lack of capacity, especially of Clerks. The Department also intends to upgrade 36 courts in line with the National Strategy for Court-based Support Services for Victims of Domestic Violence. The Committee notes that the Department is engaged with developing National Directives for Domestic Violence matters.

The Committee notes that 85% of maintenance matters will be resolved within 90 days from the date of proper service of process, contributing to the reduction of feminisation of poverty. The department must develop a clear programme of dealing with backlogs in maintenance courts. The committee also notes the possible blacklisting of maintenance defaulters. The department should follow due process before blacklisting defaulters.

18.12. *Small Claims Courts*

The Small Claims Courts are an important contributor to access to justice as they promote the speedy resolution of disputes, are considerably cheaper than litigation and employ processes that are flexible and avoid technicalities. In 2023/24, the Department undertook a Review of the Small Claims Court System, which reportedly identified areas for improvement to ensure the continued relevance, functionality and efficiency of the Small Claims Courts. The 2025/26 APP provides that a Policy Framework on Small Claims Courts will be submitted to the Director General for approval. The Deputy Minister signalled the Department's intention to bring legislative amendments to address several issues that had been identified. The Committee will engage closely with the Policy Framework when it becomes available but, in the meantime, remains concerned about the extent to which the Department is engaged with addressing the practical challenges that affect these courts, including engaging with regulatory bodies such as the Legal Practice Council to ensure that these courts have the necessary commissioners.

NPA

18.13. *Independence*. The MTDP is clear that strong legislative safeguards must be implemented to protect the NPA's independence'. The Committee is acutely aware of the concerns regarding the need for legislative amendments to strengthen the NPA's independence. In the Sixth Parliament, when reporting the National Prosecuting Authority Amendment Bill [B29 – 2023], the Committee noted the criticism that the Bill did not go far enough by among others not settling aspects related to the NPA's independence, including the failure to adequately address security of tenure. The Committee requested the Minister to ensure the introduction of legislation that comprehensively addresses aspects relating to the NPA's independence before the end of January 2025.

The Committee also finds the NPA's continued status as a Programme within the Vote, for which the Director-General: Justice and Constitutional Development accounts to be anomalous. The NPA is established in the Constitution, is allocated the second largest budget in the Vote, yet does not independently present a strategic or annual performance plan. From an oversight perspective, the Committee believes that this arrangement to be unsatisfactory. The NPA should be fully independent from the department and have its own budget vote.

The Committee, therefore, requests further information regarding the Department's intention to bring the necessary legislation and the accompanying timeframes.

18.14. *IDAC.* The Committee requests details of the steps being taken to capacitate the IDAC as well as any challenges facing the Directorate as it pursues high level corruption cases and its current caseload. The Committee also requests an explanation regarding an amount of R106.6 million earmarked for IDAC that was identified as savings in 2024/25 and used to fund other items in the NPA and the Lower Courts Programme.

18.15. *Capacity.* The Committee is concerned by the reportedly high vacancy rate at the NPA (at 16.5%) and requests further information regarding this. The Committee also requests further information from the NPA on efforts to enhance capacity across various units in the NPA through the targeted appointment of 250 critical personnel, the procurement of specialist prosecution services for complex financial crimes, and the engagement of contracted forensic auditors and accountants for priority asset forfeiture cases, including a breakdown of funding.

18.16. *Digital Forensic Data Centre*. The Committee requests more information from the NPA regarding whether expenditure of additional funds that were previously allocated to fund the establishment of a digital forensic data centre, enhance security through integrated systems and protection services, and address operational costs associated with witness protection is progressing as intended.

Legal Aid SA

18.17. *Funding*. The Committee has already expressed its view that a lack of funding to Legal Aid SA significantly contributes to postponements and, ultimately, to backlogs. The Committee notes that Legal Aid SA reports that the actual regional court coverage has dropped below 90% in 65% of the Regional Courts because of mandatory budget cuts that prevent it from filling all budgeted positions and the unable to afford relief capacity.

The Committee has already remarked on the inter-connectedness of entities within the criminal justice value chain and agrees with the Deputy Minister on the need for a 'formula' for the allocation of resources between entities that form part of the criminal justice value chain to prevent funding challenges in one from causing bottlenecks that affect all.

The Committee continues to be of the view that the transfer of land representation to Legal Aid SA has not been fully funded as initially agreed. Legal Aid SA has instead been required to find additional funds for this function from its already constrained budget. Furthermore, while there may have been an allocation for contingency fees, this did not cover the entire amount required.

Special Investigating Unit

18.18. *Special Tribunal*.

The Special Tribunal was established in 2019 to hear applications by the SIU to freeze and confiscate the proceeds of corruption. It is central to the SIU's work as it allows it to apply for preservation orders without having to navigate busy court rolls to get matters before the High Court. At the end of March 2024, the Tribunal head Justice Lebogang Modiba resigned with effect from the end of June. In addition, another Tribunal judge retired, and four others had been inactive for most of the year. With the resignation of Judge Modiba, the Tribunal was at a standstill.

The Committee, therefore, welcomes the appointment by the President of Judge Margaret Victor as the Tribunal President for a period of three years on 1 November 2024. Furthermore, the President appointed five additional members of the Special Tribunal: (i) Justice Thandi Norman, of the Eastern Cape Division of the High Court; (ii) Justice David Makhoba, of the Gauteng Division of the High Court; (iii) Justice Brian Mashile, of the Mpumalanga Division of the High Court; (iv) Justice Andre Petersen, of the North West Division of the High Court; and (v) Justice Chantel Fortuin, of the Western Cape Division of the High Court.

The Committee however notes concerns that the appointments are for a period of three years as this potentially poses challenges of institutional independence and continuity and the possible need for legislative amendments going forward.

18.19. *Transitioning to the Office of Public Integrity (OPI).* The SIU reports that should the SIU transition to the Office of Public Integrity, it may bring with it operational and leadership changes, requiring a shift in structure and agility, while also increasing collaboration with public and private sectors for long-term impact. It anticipates that the transition will face challenges such as overlapping mandates, resistance from government managers, and the need for swift adaptation to align with the broader anti-corruption goals and technological advancements for efficiency and transparency. The Committee notes these remarks for future engagement should the transition occur.

18.20. *Anti-Corruption and Cyber Academy.* The Committee welcomes the establishment of an anti-corruption academy intended to help bolster capacity in forensic and cyber-crime investigation. The Committee hopes that the Academy's successes will lead to shorter turnaround times in the investigation of corruption and enhanced forensic capacity.

18.21. *Debt impairment***.** The SIU's enabling legislation empowers it to recover fees from state institutions for the investigation services rendered. Unfortunately, the SIU has struggled to do so. To recover outstanding funds, the SIU initiated Operation Khokhela in September 2022 but with limited success. The Committee notes that the SIU continues to contend that its financial stability over the medium term and beyond depends on the process to review and amend the current funding model. However, Treasury has not been sympathetic to the SIU's request and instead has urged it to collect the funds owing to it. The SIU has warned that the increased number of Proclamations will only exacerbate the growth in debt and will negatively affect the SIU's cashflow.

18.22. *Legislative amendments.*

The Committee notes that based on the jurisprudence emanating from various judgments dispensed by the Special Tribunal, the SIU initiated a review of the provisions of its founding legislation. The exercise revealed that legislative amendments to the SIU's enabling legislation could enhance the SIU and Special Tribunal's impact. The SIU reports that it has finalised a draft Bill in consultation with the Department. These amendments will, among others, address the pre-proclamation process to reduce delays and ensure faster responsiveness to emerging cases.; expand the SIU's mandate to provide specialised training; introduce provisions to establish a sustainable and flexible funding model for the SIU, ensuring adequate resources are allocated to support its expanding mandate and operational demands; strengthen remedial action to include statutory powers to hold institutions accountable and intervene when legal recommendations are not implemented.

In addition, the Unit reports that there is also a need to address challenges relating to the Special Tribunal. Specifically, to ensure its competence to preserve assets and to establish a mechanism to recover assets through mutual legal assistance in foreign jurisdictions.

The Committee is aware that amendments to the enabling legislation have been in pipeline for some time. Given the importance of the fight against corruption and the need to strengthen key agencies, such as the SIU, the Committee does not understand why the amendments have not been fast-tracked. The Committee, therefore, requests the Department to provide more information regarding the progress of the proposed amendments, with timeframes, by 31 July 2025.

18.23. *Referrals***.**

The SIU is empowered to refer evidence regarding or which points to the commission of an offence to the NPA. According to the SIU, it ensures that the evidence it refers to the NPA meets the standard for criminal prosecution in that a *prima facie* case exits against the persons or entities that may be subjected to criminal prosecution. However, this is disputed by the NPA, which insists the investigations undertaken by the SIU do not satisfy criminal standards for prosecutions. The Committee notes the SIU made 3 374 referrals to the NPA between 1 April 2020 and 5 May 2025.These referrals span local, provincial and national government departments, as well as numerous state-owned entities.
The Committee notes, however, that the SIU reports that each referral represents a person or legal entity, not necessarily an individual case docket. This has led to difficulties in reconciling figures with the NPA, which clusters individuals and entities into broader cases.

To address this, the SIU has developed a Case Monitoring Mechanism in collaboration with the Presidency and State Information Technology Agency (SITA). The new digital platform went live in April 2025 and aims to create a unified system for tracking referrals, standardising case references, and reporting progress across institutions. The pilot phase covers referrals to the North Gauteng office of the NPA and will be evaluated in July 2025 for national rollout. The Committee welcomes the initiative as a progressive step towards ensuring that transgressors are held accountable for their wrongdoings.

Information Regulator

18.24. *Schedule 3A entity*. The Committee notes that the Regulator is now a Schedule 3A public entity in terms of the Public Finance Management Act (1999). In support of this process the Regulator has reported that additional is required. In this regard, the Committee notes that the Regulator is allocated an additional R328 million over the medium term to facilitate the Information Regulator's transition into a standalone public entity. These funds are reprioritised from the Department

18.25. *Funding model.* The Committee notes that section 52 of POPIA states that the funds of the Regulator consist of such sums of money that Parliament appropriates annually, and fees as may be prescribed in terms of section 111(1). The Regulator contends that the current funding model, in which the Regulator depends on the funds appropriated by Parliament, is insufficient. The Committee, therefore, requests more information from the Regulator regarding a proposed alternative funding model, which will include annual registration fees, retention of collected fees and fines and penalties for non-compliance. The Regulator contends that this will ensure that it is self-sustainable and has long-term financial viability.

18.26. *Rise in cybercrime incidents*. The Committee notes a surge in cybercrime incidents in South Africa. Cybercrime is responsible for millions of people losing their personal information to increasingly sophisticated cyberattacks. Large scale data breaches are increasingly common, and the Regulator reports a rise in the number of complaints received. The Committee notes that the Regulator has established a new Security Compromises Reporting functionality on the eServices portal to assist with the reporting of complaints. As of 1 April 2025, it is mandatory for all organisations to report any security compromises using the portal, rather than by email. This is part of the Regulator's ongoing efforts to streamline the reporting process and improve the monitoring of security incidents affecting personal information. Despite this innovation, the Committee is concerned about the Regulator's present capacity, which consists of 8 investigators, to address the increased number of complaints received.

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18.27. *PAIA*. The Committee is concerned that the Regulator reports dismal compliance with PAIA's reporting requirements. Only 33% (278 out of 853 public bodies) submitted the required reports in 2023/24. The situation is much worse for private bodies (less than 2% of private bodies complied). The Committee notes that the Regulator is also proposing amendments to PAIA that will empower it with stronger enforcement tools and updated regulations. In Regulator reports that it will initiate a process of affecting these legislative amendments in 2025.

18.28. *Direct Marketing*. The Committee notes amendments to the Regulations issued under POPIA that introduce stricter consent requirements for sending direct marketing communications to consumers. The Information Regulator published the amendments in the Government Gazette on 17 April 2025. The amendments significantly enhance the rights of "data subjects" and clarify the compliance requirements for "responsible parties". Now that the amended Regulations are in force, organisations that want to send unsolicited communications for direct marketing purposes must first obtain the data subject's consent.

18.29. *Enforcement committee*. The Committee notes that, in accordance with section 50 (1)(b) of the POPI Act 4 of 2013, the Regulator has invited suitably qualified and experienced professionals to serve as Enforcement Committee Members for a three (3) year term contract. The closing date for applications was 20 June 2025. The Enforcement Committee comprises of 14 independent experts drawn from a wide array of professional backgrounds such as law, information security, education, finance accounting, auditing, actuarial science, forensics and criminal investigations.

SAHRC

18.30. *Fundin*g. The Committee has already commented on the need to revisit funding to the Chapter 9 institutions considering their unique contribution to our democracy, as well as to adjust the Commission's funding in line with its mandate. This would also consider its expanded mandates arising from South Africa's ratification of OPCAT and CERD.

18.31. *Capacity.* The Committee is outraged to learn that funding pressures requires the Commission to reduce its establishment even further over the medium term. This is despite the addition of funds for further capacity. The Commission is already under capacitated and further reductions to staff establishment will further undermine its ability to fulfil its responsibilities.

18.32. *Toxic environment*. The Committee continues to be concerned by the lack of self-reflection on the internal challenges affecting the Commission presently. A comprehensive analysis of the internal environment would assist the Commission to leverage its strengths and address its limitations to improve its overall effectiveness. However, there is no evidence of this in its plans. The Strategic Plan refers rather vaguely to 'ensur[ing] the stability of the institution and create a healthy work environment for all our staff members across the nine provinces and the head office' but there is no elaboration of the actual steps that will be taken by the Commissioners and Executive Management, working together as a collective with the staff, to ensure this stability or deal effectively with internal grievances. The Committee has spent considerable time engaging with the Commissioners and staff and concluded that here can be no doubt that a toxic environment prevails at the Commission. The Committee notes that the Commission has withdrawn its commissioners from the provinces but requires a report on the measures that have been put in place to build stability within the institution.

18.33. *Progress with the disciplinary proceedings against the Chief Executive Officer (CEO) Mr Mkhize*. The Committee request a progress report in the progress of the disciplinary proceedings against the CEO, Mr Mkhize. The process is reportedly being undertaken by outside counsel. The Committee, notes that currently, Adv. C Pillay is Acting CEO while Mr E Mokonyama is the Acting Chief Operations Officer.

18.34. *Legislative* reform. The Commission has advocated for legislative amendments that will give teeth to its recommendations. At present, the Commission's recommendations are frequently ignored. In principle, the Committee supports the need to address this challenge. However, it notes the Agro Data and AfriForum cases, which are ongoing, which could provide further clarity.

PPSA

18.35. *Funding*. The Committee has already commented on the need to revisit funding to the Chapter 9 institutions considering their unique contribution to our democracy**.** The Committee also notes that, despite the allocation of additional amounts, the PPSA's funding has decreased in real terms.

18.36. *Remedial action.* The Committee notes that the PPSA lists as a key risk the failure to make an impact due to non-implementation of remedial action. It is a concern that state organs either delay or fail to comply with the remedial action taken by the PPSA even though this is not only a constitutional obligation but also a key mechanism for the PPSA to ensure it has an impact in the fight against maladministration. The PPSA reports that it has made strides during 2024/25 to increase the percentage of remedial action implemented, to 38% by 31 March 2025. However, despite this, the implementation of remedial action is still too low considering that the recommended action is aimed at redressing the injustices suffered by complainants, as well ensuring the implementation of controls and consequence management to correct maladministration and other malfeasants to prevent similar incidents. The Committee notes that the PPSA plans to increase the level of implementation to at least 50% in 2025/26 and 80% by the end of the five-year planning period.

18.37. Legislative amendments. The PPSA reports that it has proposed amendments to the Public Protector Act, 1994, that advocates for the creation of a statutory enforcement framework to broaden the types of conduct that could be considered contempt of the Public Protector. This will include the deliberate failure or refusal to adhere to the Public Protector's remedial action, except when a judicial review application is filed. The proposals also include additional powers to enhance the PP's legal capacity to effectively deal with protected disclosures that are made to the PP and measures to protect whistle-blowers from retaliation or occupational detriment by public institutions. The Committee notes that the PPSA submitted the legislative proposals for amendments to Act, together with a draft Amendment Bill, to the Department on 5 June 2023. Additional amendments were submitted on 18 October 2024. The Committee, therefore, requests the Department to provide a report on the progress of the legislation.

19. **Recommendation**

19.1. Having considered Vote 25: Justice and Constitutional Development for 2025/26, the Committee recommends its approval.

20. **Appreciation**

20.1. The Committee thanks the Minister and Deputy Minister, the Director-General and all officials of the Ministry and Department of Justice and Consitutional Development for their co-operation.

20.2. The Committee thanks the National Director of Public Prosecutions and NPA officials for their co-operation in the process.

20.3. The Committee also wishes to thank the Public Protector; the Chairperson and Commissioners of the South African Human Rights Commission; the Board Members of Legal Aid South Africa; the Head of the Special Investigating Unit; and the Chairperson and Members of the Information Regulator, as well as all respective officials for their co-operation.

Report to be considered