

Wednesday, 29 October 2025]

No 187—2025] SECOND SESSION, SEVENTH PARLIAMENT

PARLIAMENT
OF THE
REPUBLIC OF SOUTH AFRICA

**ANNOUNCEMENTS,
TABLINGS AND
COMMITTEE REPORTS**

WEDNESDAY, 29 OCTOBER 2025

TABLE OF CONTENTS

ANNOUNCEMENTS

National Assembly and National Council of Provinces

1. Bills passed – to be submitted to President for assent..... 2

National Assembly

1. Removal of members of Council of Private Security Industry Regulatory Authority 2

TABLINGS

National Assembly

1. Speaker 2

COMMITTEE REPORTS

National Assembly

1.	Basic Education	5
2.	Mineral Resources and Energy	10
3.	Social Development.....	55
4.	Social Development.....	72
5.	Public Works and Infrastructure.....	139

ANNOUNCEMENTS

National Assembly and National Council of Provinces

1. Bills passed by Houses – to be submitted to President for assent

- (1) Bill passed by National Council of Provinces on 29 October 2025:
 - (a) **Revenue Laws Amendment Bill [B5–2025]** (National Assembly – sec 77).

National Assembly

The Speaker

1. Removal of members of Council of Private Security Industry Regulatory Authority

- (1) Correspondence from the Acting Minister of Police, communicating the removal of members of the Council of the Private Security Industry Regulatory Authority, in terms of the Private Security Industry Regulation Act, 2001 (Act No. 56 of 2001).

Referred to the **Portfolio Committee on Police** for consideration.

TABLINGS

National Assembly

1. The Speaker

- (a) Letter from the Auditor-General, dated 29 October 2025, to the Speaker of the National Assembly, explaining the reasons for the failure to submit annual financial statements in terms of section 133(2)(a) of the Local Government: Municipal Finance Management Act (MFMA) – financial year ending 30 June 2025.

Honourable Didiza (MP)

Report by the Auditor-General on the failure to submit annual financial statements in terms of section 133(2)(a) of the Local Government: Municipal Finance Management Act (MFMA) – financial year ending 30 June 2025.

1. Section 133(2)(a) of the MFMA obliges the Auditor-General South Africa (AGSA) to submit to Parliament and the provincial legislatures the names of any municipalities or municipal entities that have failed to submit their Annual Financial Statements (AFS) in accordance with section 126 of the Act. This requirement is rooted in the understanding that failure to submit the AFS within the stipulated timeframe weakens the municipalities or entities' capacity to properly account for public funds and its performance against predetermined objectives, thereby undermining the accountability, transparency and integrity of public financial management.
2. This serves to advise Parliament of the municipalities that failed to submit their annual financial AFS for auditing for the financial year ended 30 June 2025. The detailed list is attached as Annexure A.
3. I have also notified the relevant provincial legislatures, municipal councils, the National Treasury, the MECs for finance and the MECs for local government of such failure, as is required in terms of sections 133(1)(b) and 133(2)(a) of the MFMA.
4. The following five municipalities and one entity failed to submit their AFS for the 2024-25 financial year by 31 August and 30 September 2025 for the consolidated AFS, respectively:
 - Nala Local Municipality (Free State)
 - Maluti-A-Phofung Local Municipality (Free State)
 - Maluti-A-Phofung Water (SOC) Ltd (Free State)
 - Maluti-A-Phofung Local Municipality (consolidation AFS) (Free State)
 - Naledi Local Municipality (North West)
 - Phokwane Local Municipality (Northern Cape)
 - !Kheis Local Municipality (Northern Cape)

The only repeat non-submission from the prior year is that of !Kheis Local Municipality and Maluti-A-Phofung Local Municipality (consolidated AFS).
5. Most of the auditees listed above have subsequently submitted the financial statements and performance reports for audit. At the date of this letter, the AFS of Nala Local Municipality, Maluti-A-Phofung Local Municipality, and Maluti-A-Phofung Water (SOC) Ltd remain outstanding. My office has issued material irregularity notifications to the accounting officers for delaying the accountability processes due to the non-submission of their AFS.
6. Following the non-submission of AFS by several municipalities in the 2023-24 financial year, I formally requested you to trigger heightened oversight by relevant structures in Parliament. Both the Standing Committee on Public Accounts (Scopa) and the Portfolio Committee on Cooperative Governance and Traditional Affairs

held focused hearings, which have contributed to a notable reduction in repeat non-compliance with section 126 of the MFMA. I appreciate your intervention and commend these committees for their engagement and follow-through on the recommendations I made in that letter.

7. The timely submission of quality financial statements by accounting officers in local government remains a concern. It is the primary reason for delay in finalising audits within the legislated timeframes. Building on the progress made through the oversight actions of Parliament during the 2023-24 financial year, I encourage the continued use of these platforms to drive sustainable improvements in accountability within local government.
8. My office and I remain available to support Parliament and all other relevant role-players in our collective quest for sound, sustained financial and performance management in the public sector.

Yours sincerely

(Signed)

Tsakani Maluleke
Auditor-General

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- (b) Reply by the Minister of Mineral and Petroleum Resources to *Report of the Portfolio Committee on Mineral and Petroleum Resources on Oversight Visit to North West and Gauteng Provinces*, as adopted by the House on 13 May 2025.

Referred to the **Portfolio Committee on Mineral and Petroleum Resources** for consideration.

- (c) A petition from Mr S J Moore, calling on the National Assembly to investigate increasing the number of young persons registered to vote. (Mr S J Moore, MP).

Referred to the **Portfolio Committee on Home Affairs** for consideration and report.

COMMITTEE REPORTS

National Assembly

1. Report of the Portfolio Committee on Basic Education on attending the 25th Annual National Teaching Awards Ceremony, dated 28 October 2025

The Portfolio Committee on Basic Education, having attended the 25th Annual National Teaching Awards Ceremony on 9 October 2025 at the Birchwood Hotel and Conference Centre, Johannesburg, reports as follows:

1. Introduction

- 1.1 The Portfolio Committee on Basic Education received an invitation from the Minister of Basic Education to send a multi-party delegation to attend the 25th Annual National Teaching Awards at the Birchwood Hotel and Conference Centre, Johannesburg on 9 October 2025.
- 1.2 The delegation comprised the following members of the Portfolio Committee on Basic Education: Hon N Sharif MP (DA), Hon D Van Der Walt MP (DA) and Hon S Mkhize MP (MKP).
- 1.3 The member of staff who formed part of the delegation was Mr L A Brown, the Committee Secretary.

2. Background

The 2025 National Teaching Awards (NTAs) celebrated a quarter of a century (silver jubilee) of rewarding teacher excellence. The NTAs were conceptualized and launched in the year 2000 by the then Minister of Education, Professor Kader Asmal, to recognize outstanding teachers in difficult circumstances. Entering its 25th year in 2025, the awards scheme has been refined and expanded over time, with the goal of acknowledging teacher excellence, encouraging participation on a global stage, and fostering a culture of appreciation for educators in South Africa. The main objectives of the National Teacher Awards are to:

- Focus public attention on the positive aspects of Basic Education, thereby raising the public image of the teaching profession.
- Recognise and promote excellence in teaching performance.
- Honour dedicated creative and effective teachers and schools;

- Encourage best practice in schools; and
- Afford South Africans the opportunity to publicly thank teams and individual teachers in schools.

Each year the Department recognizes and promotes the extraordinary efforts of some of the nation's most dedicated teachers while promoting and saluting excellence in the teaching profession. Through the National Teaching Awards, the Department of Basic Education acknowledges the extraordinary efforts of teachers, often achieved under exceedingly difficult conditions in service to children from underprivileged families and economically depressed communities. The 25th National Teaching Awards recognised outstanding teaching and leadership in the following categories and awards:

1. Excellence in Secondary School Leadership;
2. Excellence in Primary School Leadership;
3. Excellence in Special Needs Leadership;
4. Excellence in Teaching Mathematics (FET);
5. Excellence in Teaching Physical Science;
6. Excellence in Secondary School Teaching;
7. Excellence in Grade R Teaching;
8. Excellence in Primary School Teaching;
9. Excellence in Teaching Mathematics (GET);
10. Excellence in Teaching Natural Sciences;
11. Excellence in Technology-enhanced Teaching and Learning;
12. Excellence in Special Needs Teaching;
13. Excellence in Teaching Life Skills (Grade 1-6);
14. National Best Teacher Award;
15. Kader Asmal Lifetime Award; and
16. Minister's Special Award.

3. National Teaching Award Ceremony Programme

The National Teaching Awards Ceremony programme followed the following format:

- Opening and Welcome by the Premier of the Gauteng Province, Mr Panyaza Lesufi
- Introduction of the Minister of Basic Education by the Deputy Minister of Basic Education, Dr Reginah Mhaule
- Keynote Address by the Minister of Basic Education, Ms Siviwe Gwarube
- Presentation of Awards by the Minister, Deputy Minister and Premier
- Congratulatory Address by Deputy Minister, Dr Reginah Mhaule
- Vote of Thanks by the Acting Director-General, Dr Granville Whittle

4. National Teaching Awards

After the address by Minister Gwarube, the programme moved to the various awards and winners as follows:

4.1 Excellence in Secondary School Leadership:

1st Place – Michael Daniel Ludick, Kimberley Technical High School, Northern Cape

2nd Place – Hawa Bibi Munshi, Lenasia Secondary School, Gauteng

3rd Place – Tebello Shadrack Tshabalala, Kopanong Secondary School, Free State

4.2 Excellence in Primary School Leadership:

1st Place – Ditshego Tlhowe, Tlhabane West Primary School, North West

2nd Place – Busani Biyela, Grantham Park Primary School, KwaZulu-Natal

3rd Place – Sindile Mokone, Laerskool Oos Eind, Gauteng

4.3 Excellence in Special Needs Leadership:

1st Place – Martha Combrinck, Thuthukani Special School, KwaZulu-Natal

2nd Place – Noko Ramaano, Fulufhelo Special School, Limpopo

3rd Place – Lindiwe Tlake, Mphatlalatsane Special School, Free State

4.4 Excellence in Teaching Mathematics (FET):

1st Place – Sebetle Tshehla, Kgahlanamorulana Secondary School, Limpopo

2nd Place – Meluleki Shabalala, Nombuso High School, KwaZulu-Natal

3rd Place – Johanna Van Zyl, Ligbron Academy, Mpumalanga

4.5 Excellence in Teaching Physical Science:

1st Place – Lana Schreuder, Rhenish Girls' High School, Western Cape

2nd Place – Tlhalefang Zwane, Mpolokang Secondary School, North West

3rd Place – Sechaba Lekhooa, Popano Secondary School, Free State

4.6 Excellence in Secondary School Teaching

1st Place – Mashoto Lebeya, Baranuka Secondary School, Limpopo

2nd Place – Luyanda Buti, Gwenyathi Secondary School, Eastern Cape

3rd Place – Sihle Gumede, AJ Mwelase Senior Secondary School, KwaZulu-Natal

4.7 Excellence in Grade R Teaching:

- 1st Place – Sonnia Kallai, Banana Primary School, Limpopo
- 2nd Place – Yolandi Louw, Soverby Primary School, Northern Cape
- 3rd Place – Lungile Sifunda, Sogasa Primary School, Mpumalanga

4.8 Excellence in Primary School Teaching:

- 1st Place – Naledi Masienyane, Letlotlo Naledi Primary School, Free State
- 2nd Place – Thozama Mathe, Letlotlo Naledi Primary School, Eastern Cape
- 3rd Place – Magaretha Bosman, Learskool Sannieshof, North West

4.9 Excellence in Teaching Mathematics (GET):

- 1st Place – Tshepiso Seshuane, Thuto-Neo Primary School, North West
- 2nd Place – Gina Strauss, Rouxville Primary School, Free State
- 3rd Place – Shameema Ahmed Alli, Lenasia Secondary School, Gauteng

4.10 Excellence in Teaching Natural Sciences:

- 1st Place – Nkosinathi Matela, Westonaria Primary School, Gauteng
- 2nd Place – Bongumusa Mabuza, Reabona Secondary School, North West
- 3rd Place – Mpilo Cele, Mzingazi Primary School, KwaZulu-Natal

4.11 Excellence in ICT Enhance Technology Teaching and Learning:

- 1st Place – Esther Gumede, Magaliesburg State School, Gauteng
- 2nd Place – Prudence Sebushi, Makanye Primary School, Limpopo
- 3rd Place – Ronewa Tshikhudo, Noka Ya Lorato Primary School, North West

4.12 Excellence in Special Needs Teaching:

- 1st Place – Chantelle Carsten, Paarl School, Western Cape
- 2nd Place – Mashianyana Sedibeng, Phatlaphadima Special School, Limpopo
- 3rd Place – Koketso Motaung, Temogo Special School, North West

4.13 Excellence in Teaching Life Skills:

- 1st Place – Ammarah Ford-Pieters, Cedar Primary School, Western Cape
- 2nd Place – Bongani Sibanyoni, George Mhaule Primary School, Mpumalanga
- 3rd Place – Lindelwa Mtshali, Gingindlovu Primary School, KwaZulu-Natal

4.14 National Best Teacher Award:

- Thulani Sibiya, Sophungane Secondary School, Mpumalanga

4.15 Kader Asmal Lifetime Achievement Award:

Motseki Mofokeng, Letlotlo Naledi Primary School, Free State

4.16 Minister's Special Award:

Charnelle Nicole Arendse, Belmore Primary School, Western Cape

4. Conclusion

The 25th National Teaching Awards Ceremony was concluded with a special word of thanks from the Acting Director-General, Dr G Whittle.

Report to be noted.

2. BUDGETARY REVIEW AND RECOMMENDATIONS REPORT OF THE PORTFOLIO COMMITTEES ON MINERAL AND PETROLEUM RESOURCES, AND ELECTRICITY AND ENERGY DATED 28 OCTOBER 2025

Following the general elections held on 29 May 2024, the Department of Mineral Resources and Energy (DMRE) was reconfigured into two separate departments, namely the Department of Mineral and Petroleum Resources (DMPR) and the Department of Electricity and Energy (DEE). In line with this restructuring, two corresponding Portfolio Committees were established — the Portfolio Committee on Mineral and Petroleum Resources and the Portfolio Committee on Electricity and Energy — with their respective Chairpersons elected on 9 and 10 July 2024.

The 2024/25 financial year, which ended on 31 March 2025, covers a period during which the Department had not yet been split. Accordingly, the Annual Reports for this period reflect performance and expenditure under the former DMRE, as both the budget and human resources remained aligned to Budget Vote 34 for the 2024/25 financial year.

The official split of the Departments took effect in the 2025/26 financial year, resulting in separate budget votes — Vote 10 for the DEE and Vote 34 for the DMPR. Consequently, this meeting marks the final joint engagement of the two Committees on budget-related matters. Nonetheless, the Committees will continue to collaborate on cross-cutting issues of mutual interest, such as the energy transition, oil and gas, and other areas requiring coordinated oversight.

The Portfolio Committees on Mineral and Petroleum Resources, and on Electricity and Energy, having considered the performance of the Department of Mineral Resources and Energy (DMRE) and its entities for the 2024/25 financial year, report as follows:

1. INTRODUCTION

This report outlines the process undertaken by the Portfolio Committees on Mineral and Petroleum Resources, and on Electricity and Energy, in considering the 2024/25 Annual

Reports for Budget Vote 34, which covers the Department of Mineral Resources and Energy (DMRE) and its entities.

The Annual Reports were tabled in Parliament by the Minister of Mineral Resources and Energy on 30 September 2025, and subsequently presented during briefing sessions with the Committees, as reflected in Table 1 below.

It is important to note that references made in this document to “the Committee” pertain to the former Portfolio Committee on Mineral Resources and Energy of the Sixth Administration, within which the relevant activities and engagements were originally reported.

This report has been compiled in accordance with the Money Bills and Related Matters Amendment Act, 2009 (Act No. 9 of 2009). The Act mandates the National Assembly to conduct an annual assessment of the performance of each national department, with particular emphasis on the medium-term estimates of expenditure.

In terms of Section 5 of the Act, a specific procedure is outlined for the assessment of departmental performance by the National Assembly. Furthermore, the Act requires that, in October of each year, the committees of the National Assembly prepare Budgetary Review and Recommendation Reports (BRRRs) for the departments falling within their respective mandates.

1.1 Purpose of the Budgetary Review and Recommendation Report

In line with the provisions of the Money Bills and Related Matters Amendment Act, 2009 (Act No. 9 of 2009), as outlined above, the Budgetary Review and Recommendation Report (BRRR) for each department under the oversight of a National Assembly Committee — in this case, the Department of Mineral Resources and Energy (DMRE) — must:

- I. provide an assessment of the Department’s service delivery performance given the available financial resources
- II. provide an assessment of the effectiveness and efficiency of the Department’s use and forward allocation of resources; and
- III. may include recommendations on the forward use of resources.

Furthermore, the BRRR serves as a source document for the Standing and Select Committees on Appropriations and Finance, assisting them in formulating recommendations to the Houses of Parliament on the Medium-Term Budget Policy Statement (MTBPS).

1.2 Preparing for the Budgetary Review and Recommendations Report

In preparation for the BRR Report and in compliance with its mandate as set out in Section 5(1) of the Money Bills Amendment Procedure and Related Matters Act, 2009 (Act No. 9 of 2009), the Committee/s undertook the following activities in 2024/25 financial year:

- Briefings by the Department on quarterly performance and expenditure reports of the Department for the 2024/25 financial year.
- Undertook oversight visits as follows: Portfolio Committee on Mineral and Petroleum Resources Oversight Visit to North West and Gauteng Province 07-11 October 2025. The visit focused on Mine Health and Safety. Portfolio Committee on Mineral and Petroleum Resources Oversight Visit to Mpumalanga and Free State Provinces, 24-28 February 2025. Oversight focus was on petroleum and compliance issues with legislation in the mines. Portfolio Committee on Mineral and Petroleum Resources Oversight visit to Western Cape Province, 25-26 March 2025. Oversight focus was on petroleum industry. Committee on electricity and energy oversight on the Koeberg Nuclear Power Plant, 10 October 2024. Purpose of the visit was for the Committee Members to familiarise themselves with nuclear power. Portfolio Committee on Electricity and Energy's Oversight, 24 – 28 March 2025. The visit focus was on Eskom Power Stations, Komati and Kusile, South African National Energy Development Institute (SANEDI) and the DEE.
- Committee on Mineral and Petroleum Resources held the Stakeholders' Engagement on 29 October 2024.
- Held briefings and considered the medium-term Strategic Plan, the Annual Performance Plan and the Budget of the Department for the 2024/25 financial year, including those of its entities, as listed in Table 1.
- Received briefing on the 2024/25 Annual Reports of the Department and its entities' audit outcomes from the Auditor-General of South Africa.

- The BRR Report also draws from other briefings and inputs that the Committee received throughout the 2024/25 financial year.

Table 1: BRRR Briefings

Committee Activity	Date
Auditor General of South Africa	14 October 2025
Department of Mineral Resources and Energy	14 October 2025
Mine Health and Safety Council	14 October 2025
South African Diamond and Precious Metals Regulator	14 October 2025
State Diamond Trader	14 October 2025
Council for Geoscience	14 October 2025
Mintek	14 October 2025
South African National Energy Development Institute	15 October 2025
National Radioactive Waste Disposal Institute	15 October 2025
National Energy Regulator of South Africa	15 October 2025
National Nuclear Regulator	15 October 2025
South African Nuclear Energy Corporation	15 October 2025

1.3 Mandate of the DMRE and its entities

The overarching purpose of the DMRE is to ensure that diverse resources are available in sustainable quantities and at affordable prices for the growth of the South African economy. In line with the National Development Plan (NDP), the Department contributes to the fight against poverty, unemployment, and inequality while considering environmental concerns and obligations. The Department's vision is to be a leader in the transformation of South Africa through economic growth and sustainable development in the mining and energy sectors. Its mission is to regulate, transform and promote the minerals and energy sectors, providing sustainable and affordable energy for growth and development, and ensuring that all South Africans derive sustainable benefit from the country's mineral wealth.

The Department executes its mandate through the following entities, as shown in Table 2 below.

Table 2. Entities of the DMRE

Mineral and Petroleum Resources entities	
Name of Entity	Role of Entity
Council for Geoscience	Council for Geoscience (CGS) which was established in terms of the Geoscience Act, No 100 of 1993 as amended, its role is to be a national custodian of geoscientific information and knowledge.
Council for Mineral Technology of South Africa (Mintek)	Council for Mineral Technology of South Africa (MINTEK), which was established in terms of Mineral Technology Act No 30 of 1989, its mandate is to conduct research and development in mineral technologies and promote expansion of mineral related industries.
South African Diamond and Precious Metal Regulator (SADPMR)	South African Diamond and Precious Metal Regulator (SADPMR), the legislative mandate for the SADPMR is derived from section 3 of the Diamond Act No 56 of 1986, the regulator is also responsible for enforcing the provisions Diamond and Precious Metals Act No 37 of 2005 as well as the Diamond Export Levy Act No 15 of 2007.
State Diamond Trader (SDT)	State Diamond Trader (SDT), established in terms of section 14 of the Diamonds Act No 56 of 1986 as amended, its role is to grow local diamond beneficiation, while ensuring transformation in the diamond industry.
Mine Health and Safety Council	Mine Health and Safety Council (MHSC) whose legislative mandate is found in the Mine Health and Safety Act, No. 29 of 1996, its role is to advise and conduct research on health and safety issues as they pertain to the mining industry.
Central Energy Fund (CEF) Group	The mandate of the CEF Group is derived from the Central Energy Fund Act, 1977 (Act No 38 of 1977) and the ministerial directives issued thereafter. Its role is to finance and promote the acquisition of research into and exploitation of oil, gas and renewable/clean energy-related products and technology.
Alexkor	The core business of Alexkor is the mining of diamonds on land, along rivers, on beaches and in the sea along the north-west coast of South Africa.

NB: Alexkor did not table its annual report, and it reported to the Department of Public Enterprise (DPE) during the period under review. Thus, this report does not cover Alexkor. Including it on the list of entities as during the current administration it falls under the Mineral and Petroleum Resources Portfolio.

Electricity and Energy Entities	
Name of Entity	Role of Entity
National Nuclear Regulator (NNR)	The NNR is established in terms of the National Nuclear Regulator Act, 1999 (Act No. 47 of 1999). The Act establishes the Regulator as a competent authority for nuclear regulation in South Africa. Its role is essentially to provide for the protection of persons, property and the environment against nuclear damage

Electricity and Energy Entities	
Name of Entity	Role of Entity
	through the establishment of safety standards and regulatory practices.
National Energy Regulator of South Africa (NERSA)	NERSA is a regulatory authority established as a juristic person in terms of Section 3 of the National Energy Regulator Act, 2004 (Act No. 40 of 2004). NERSA's role is to regulate the electricity, piped gas and petroleum pipeline industries in terms of the Electricity Regulation Act, 2006 (Act No. 4 of 2006), Municipal Finance Management Act, 2003 (Act No. 56 of 2003), the Gas Act, 2001 (Act No. 48 of 2001) and the Petroleum Pipelines Act, 2003 (Act No. 60 of 2003).
National Radioactive Waste Disposal Institute (NRWDI)	The NRWDI is a Nuclear Waste Disposal Institute established in terms of Section 3 of the National Radioactive Waste Disposal Institute Act, 2008 (Act No. 53 of 2008). Its role is to provide for the establishment of an NRWDI to manage radioactive waste disposal on a national basis and to provide for its functions and for how it is to be managed.
South African National Development Institute (SANEDI)	SANEDI is an applied energy research institute established in terms of Section 7(1) of the National Energy Act, 2008 (Act No. 34 of 2008). Its role is to direct, monitor and conduct energy research and development, promote energy research and technology innovation, as well as undertake measures to promote energy efficiency throughout the economy.
South African Nuclear Energy Corporation (NECSA)	NECSA is established in terms of Section 3(1) of the Nuclear Energy Act, 1999 (Act No. 46 of 1999), and its role is to provides for the commercialisation of nuclear and related products and services, and delegates specific responsibilities to the corporation, including the implementation and execution of national safeguards and other international obligations. The Nuclear Energy Policy of 2008 reinforced NECSA's mandate relating to research and development, and nuclear fuel cycle responsibilities.
Eskom	Eskom's mandate is to lower the cost of doing business, Enable economic growth, Provide a stable electricity supply, and Provide electricity in an efficient and sustainable manner. Eskom's purpose is to improve the quality of life of people in South Africa and the region by providing sustainable electricity solutions

NB: Eskom reported to the Department of Public Enterprise (DPE) during the period under review. Thus, this report does not cover Eskom. Including it on the list of entities as during the current administration it falls under the Electricity and Energy portfolio.

2. OVERVIEW OF THE PERFORMANCE OF THE DMRE, 2024/25

This section analyses the overall performance of the Department for the 2024/25 financial year.

2.1 Overall financial performance of the department

For the 2024/25 financial year, the Department had a final appropriation of R8.881 billion which is a 15.65 percent decrease from the R10.2 billion allocated in the 2023/24 financial year. This means the Department had a spending reduction of R1.054 billion or 11.94 percent. Consequently, by the end of the year under review, the Department had spent R8.826 billion or 99.4 percent of the budget which is an improvement from the 96.2 percent spend of the total allocated budget of 2023/24. The slight underspend for 2024/25 is 0.6 percent or R54.8 million.

Programme 5 on Mineral and Energy Resources Programme and Projects is the largest of the department's budget with R5.051 billion which is 56.88 percent of the department's total final appropriation. Programme 3 on Mining, Minerals and Energy Policy Development is R1.18 billion representing 13.3 percent, Programme 6 on Nuclear Energy Regulation and Management is R1.08 billion which is 12.2 percent. Programme 1 on Administration is allocated R791 million representing 8.9 percent, Programme 2 on Minerals and Petroleum Regulation was allocated R527 million which is 5.9 percent and finally, Programme 4 on Mine Health and Safety Inspectorate was allocated R245 million with 2.8 percent of the department's budget for 2024/25 financial year.

Table 2 below depicts the budget allocated and the actual expenditure of the DMRE or Vote 34 for the 2024/25 financial year:

Table 2: Overall budget of the Department for 2024/25 financial year

Economic classification	Final appropriation	Actual expenditure	Variance	Expenditure as a % of final appropriation
Rand thousand	R'000	R'000	R'000	R'000
Administration	791 617	762 009	29 608	96,3%
Minerals and Petroleum Regulation	527 067	521 021	6 046	98,9%
Mining, Minerals and Energy Policy Development	1 181 385	1 176 590	4 795	99,6%
Mine Health and Safety Inspectorate	245 248	243 956	1 292	99,5%
Mineral and Energy Resources Programmes and Projects	5 051 377	5 041 292	10 085	99,8%
Nuclear Energy Regulation and Management	1 084 768	1 081 722	3 046	99,7%
Total economic classification	8 881 462	8 826 590	54 872	99,4

Source: Department of Mineral Resources and Energy Vote 34, (2024/25)

As shown in Table 2 above, in terms of budget performance, the department's final appropriation for the year under review (2024/25) was R8.88 billion, a decrease of 15.65 percent from the R10.2 billion allocated in the 2023/24 financial year. The department underspent its budget by R54.8 million or 0.6 percent, however expenditure is at 99.4 percent or R8.82 billion. This is an improvement from the 96.2 percent spend in the previous financial year.

The Department requested R54 million in rollovers from National Treasury, mostly for electrification projects (R42m) and ICT and safety equipment (R12m). These requests reflect timing delays rather than underperformance, as the projects were committed but unspent at year-end. National Treasury approval was pending at the time of reporting, as per the financial statements notes.

Below are the 2024/25 expenditure and explanation of the material variances and/or underspend per programme.

2.1.1 Programme 1: Administration

The Programme spent R762.01 million from the projected spending of R791.6 million resulting in a net budget underspend of R29.61 million or 3.7 percent. The DMRE provides the following reasons for the underspending under this programme:

Compensation of employees' line item was underspent by R13.88 million due to unfilled vacancies in the new Ministry of Electricity and Energy following the receipt of additional funding for these vacancies through the Adjustment Budget process and from the frozen vacancies following the implementation of cost containment measures by DPSA and Treasury. By 31 March 2025 the Department's PERSAL establishment report reflected 78 frozen vacancies under this programme.

Goods and Services was underspent by R14.85 million due to underspending on operating leases (R4.50 million) and computer services (R8,61 million) mainly due to unspent funds for the backup system and mining licensing system or cadastral system.

Capital assets payments of R963 thousand due to delayed delivery of procured computer equipment.

2.1.2. Programme 2: Minerals and Petroleum Regulation

The Programme spent R521.02 million from a projected expenditure of R527.07 million resulting in a net budget underspending of R6.02 million or 1.1 percent. The underspending (R4.64 million) was due to implementation of cost containment measures by National Treasury which led to the freezing of vacancies.

2.1.3. Programme 3: Mining, Minerals and Energy Policy Development

The Programme closed the planned expenditure with 0.41 percent underspending, or R1.176 billion actual spend against a projected spend of R1.181 billion. The reason for the underspend is mainly due to timing for example payments for events such as G20 were processed by the travel agent and charged after year end. Put differently, the programme expenditure matched commitments but some invoices fell into 2025/26.

2.1.4. Programme 4: Mine Health and Safety Inspectorate

The Programme actual spend for the period under review is R243.9 million against a projected expenditure of R245.2 million which is an underspend of 0.53 percent. Minor underspending across goods and services and operating items. Like Programme 3, the minor variance is due to timing, and minor procurement delays rather than cancelled programmes or unfulfilled performance targets.

2.1.5. Programme 5: Mineral and Energy Resources Programmes and Projects

The Programme spent R5.041 billion against a projected spending of R5.051 billion which is an underspending of R10.08 million or 0.2 percent. The Department stated the below were reasons for the underspending:

- R3.82 million underspending due to planned workshops and engagements not taking place.

- INEP Non-Grid Service Providers had an underspending of R575 thousand due to two invoices which were received late.
- Lower than anticipated costs charged by the appointed service provider for the monitoring of non-grid connections under INEP. Put differently, there was a R648 thousand saving.

The DMRE also stated that the underspending in this programme was as a result of a lack of applications for pumping subsidies from mining companies therefore the R2.46 million underspend of transfer payments.

2.1.6 Programme 6: Nuclear Energy Regulation and Management

The Programme spent R1.081 billion against a projected spending of R1.084 billion resulting in an underspend of which represents 0.28 percent. The reason provided for the underspend is that the planned funding for the New Nuclear Build project financial model study was not used because no suitable service provider was identified. The study was deferred pending a new procurement or strategy under the new Department of Electricity and Energy.

2.2 Non-financial performance

As indicated in the preceding section, the Department has six programme areas. Each programme has sub- programmes within it. In this section of the paper, the focus is on an analysis of the performance or non- financial targets. The main objective of this section is to assess whether the Department achieved the planned targets and fulfilled their service delivery mandate. It is important to note that the Department revised its performance targets throughout the financial year, therefore the analysis below is focused on the performance targets in the revised 2024/25 Annual Performance Plan tabled in Parliament.

Table 3: Overall Performance of the Department for 2024/25 Financial year Programme

Programme	Total Targets	Achieved Targets	Not Achieved Targets
Programme 1: Administration	9	7 (77.7%)	2
Programme 2: Minerals & Petroleum Regulation	12	11 (91.6%)	1
Programme 3: Mining, Mineral & Energy Policy Development	14	6 (42.8%)	8

Programme 4: Mine Health & Safety Inspectorate	9	9 (100%)	0
Programme 5: Programme & Projects Management	16	11 (68.8%)	5
Programme 6: Nuclear Energy	9	8 (88%)	1
Total	69	52 (75 %)	17 (25%)

As can be seen in Table 3 above, the Department had set itself 69 performance targets for the 2024/25 financial year. The Department achieved 52 or 75 percent and fell short by 17 targets or 25.7 percent. It is important to note that the Department spent 99 percent of its allocated budget whilst it achieved 75 percent of its performance targets for the year under review. Ideally there should be a correlation between the budget spent and the targets achieved. Moreover, the rate of 75 percent achievement of performance targets is below the National Treasury benchmark of 80 percent for the National Departments.

When compared to the previous financial year, there is an increase in the performance of the Department. In the 2023/24 financial year the Department set itself 117 performance targets and achieved 77 or 65.8 percent of its performance targets whilst spending the 96 percent of the total allocated budget.

As depicted in the table above, only one programme achieved 100 percent of its target, namely Programme 4: Mine Health and Safety Inspectorate. Programme 3: Mining, Mineral & Energy Policy Development achieved below 50 percent in their target performance with 42.8 percent. Programme 2: Minerals and Petroleum Regulation is the second-best performing programme, followed by Programme 6: Nuclear Energy.

Below is a summary of the key targets missed, achieved and exceeded by the Department, illustrated per programme.

Programme 1: Administration Programme achieved 77.7 percent of its planned targets, which is a regression from 100 percent achieved in 2023/24 financial year. The fruitless and wasteful expenditure and irregular expenditure performance target was not achieved. The DMRE indicates that an amount of R18 697.71 was paid in interest due to late payment of

invoice to Telkom and late payment of arbitration award. Regarding the irregular expenditure service was rendered without prior approval from the relevant authority.

Programme 2: Minerals and Petroleum Regulation Programme achieved 91.6 percent of its targets which is slight regression from the 92.3 percent achieved in the 2023/24 financial year. The targets not achieved in this programme during the year under review is the fuel sample tests. The Department planned 1 080 but only managed to test 566 due to delayed appointment of service provider. Notably the DMRE exceeded its planned job creation target of 8 000 by enabling 12 709 jobs through issuing of mining rights. Further the planned target of 600 jobs enabled through issuing of petroleum retail licenses, the actual achieved target is 708 jobs enabled. For the planned 132 Social and Labour Plans (SLP's) projects completed, the DMRE achieved 134 SLP's. Further, the Department surpassed its planned 212 SLP inspections by achieving 249 SLP's inspections for 2024/25.

Importantly, the Department planned to approve 200 permits to HDSA controlled entities and individuals and prospecting permit and right applications and exceeded this target by awarding 2 517 applications during the period under review.

Programme 3: Mining, Mineral and Energy Policy Development Programme achieved 42.8 percent of its performance targets which is a slight increase from the 40.6 percent in 2023/24 financial year. The eight (8) targets not achieved are as follows:

- The Department had planned however did not table the following legislation:
 - ✓ Radioactive Waste Management Fund Bill,
 - ✓ Radioactive Waste Management Disposal Institute Act Regulations
 - ✓ Gas Amendment Bill
- The Department planned to submit the Mineral Resources Development Bill (MRDB) to Cabinet for approval to gazette for public comments and did not achieve this target during the period under review.
- The Department planned to implement Inga Hydropower Scheme project and did not achieve this target.

- The Department planned to produce a production and consumption data report as part of the integrated energy plan and did not achieve this target.
- The Department planned to submit the Integrated Resource Plan 2023 to Cabinet however did not achieve this target.
- The Critical Minerals Strategy for South Africa was not approved by Cabinet within this period of review therefore the Department did not achieve the target.

Programme 4: Mine Health and Safety Inspectorate Programme achieved 100 percent of all its planned performance targets, illustrating a year-on-year increase for the last 3 financial years, an increase from 50 percent in 2022/23, to 83 percent in 2023/24 respectively. This following performance targets were surpassed.

- The Department had planned for 8 000 inspections and achieved 9 489 inspections
- Planned 40 Occupational Health and Safety Regional Tripartite Workshops and achieved 72.
- 86 appeals received and 97 were completed illustrating that the Department exceeded the 80 percent planned target of adherence to prescribed timeframes for medical appeals received during the financial year.

Programme 5: Mineral and Energy Resources Programme and Projects achieved 68.8 of the planned performance targets which is an increase from the 57.1 of the planned performance targets in the previous financial year. Key targets not achieved are follows:

- The target of issuing a Request for Proposals (RFP) to procure additional capacity in line with section 34 determination.
- Number of derelict and ownerless mines. Department rehabilitated 2 out of 3
- The target for RFP for 1 000 MW of gas-to-power issued to the market
- Target of additional capacity brought online specifically the 2 257 MW from 21 projects
- Framework development on Approach to Distribution Asset Management (ADAM) programme rollout.
- The Department planned to draft a Mining Sector Women Empowerment and Gender Equality Strategy and Implementation Plan, quarterly reports on implementation of energy sector empowerment and gender equality strategy and gender frameworks.

These did not take place as planned and the Department indicates that consultation will take place in the new financial year.

- Including the mining sector youth empowerment strategy target which was also not achieved.

Programme 6: Nuclear Energy Programme achieved 88 percent of its planned targets which is an increase from the 66.7 percent of the planned targets in the previous financial year. The one (1) target not achieved is as follows:

- The Department had planned to have 4 quarterly monitoring progress reports for the 2 500 MW New Nuclear Build Programme (NNBP) roadmap implementation produced which was not completed during the period under review.

2.3 Auditor General's Report on the DMRE

During the year under review, the Department obtained an Unqualified Audit Opinion with findings from the AGSA. In the previous financial year, the Department obtained the same opinion from the AGSA. Key findings of the AGSA on the Department were as follows:

- **Inability to collect revenue:** A total of R218.9 million accrued to the DMRE however the Department failed to collect the outstanding amount owed from holders of rights and/or license fees. The non- collection and non-compliance with section 38(1)(c)(i) of the PFMA as the Department did not take effective steps to recover money due to the state.
- **Internal Control Deficiencies:** AGSA noted weaknesses in performance reporting as the targets were not specific or measurable and performance reports were not accurate or complete. The material misstatements were in the performance information for Programme 3 and Programme 5. The AGSA states that the Department did not correct all of the misstatements therefore this is reported as material findings.
- **Unresolved Material Irregularities:** the Solar Water Heater Project storage fees resulted in fruitless and wasteful expenditure of R315.7 million as of June 2022. The inefficient use of funds since 2016 as the DMRE paid for storage fees for solar water heaters because beneficiaries were not identified. This was considered non-compliance with PFMA section 38 (1)(b).

It is important to note that all of the above AGSA findings are a repeat of the previous financial year. The AGSA has put the following recommendations as it was concluded that appropriate actions were not being taken.

- On the inability to collect revenue, the AGSA recommendation is that the Department must launch an investigation into causes of non-collection, quantification and recovery of outstanding fees and an implementation of action plan with defined timelines. The deadline for full implementation is 22 February 2026 with progress reporting due 31 October 2025.
- The AGSA noted that actions were partially implemented and ongoing as of July 2025 regarding the storage fees and the AGSA is still assessing progress.

3. AN OVERVIEW OF THE PERFORMANCE OF THE DEPARTMENT'S ENTITIES

As stated above, eleven (11) State-Owned Entities (SOEs) contribute to and implement the objectives of the Department. This section provides a summary of the DMRE entities.

As explained above, Eskom and Alexkor were added to the portfolio as new entities under the Portfolio Committees on Electricity and Energy and Mineral and Petroleum Resources, respectively. However, during the period under review, these two entities did not form part of Budget Vote 34. In addition, Alexkor did not table its Annual Report for the 2024/25 financial year. In contrast, Eskom tabled its annual report, which was subsequently deliberated on by the Portfolio Committee on Electricity and Energy. The discussions arising from the consideration of Eskom's annual report are presented in Sections 4 and 5 of this report.

3.1 Mintek

Mintek received obtained a clean audit from the Auditor General of South Africa (AGSA), meaning that the entity is free from material misstatements and there are no material findings on reporting or performance objectives.

The total staff at Mintek at the end of March 2025 was 597, with 272 staff members in science, engineering and technology (SET) roles representing 46 percent of the workforce. The gender

split is 46 percent female and 54 percent male. During the period under review Mintek hired 53 new SET staff, 77 SET employees supported through further studies such as bursaries and there is an overall reduction on staff turnover which during the period of review is 7.6 percent. Mintek invested R12.5 million in staff development which is important considering Mintek indicates strong competition for skills from private sector and academia for specialised talent.

In order to achieve its mandate, Mintek has indicated six (6) programmes with specific sub-programmes, namely:

- Applied Research and Technical Innovation
- Industry Establishment and Expansion
- Commercialise Intellectual Property
- Capable Workforce
- Research and Development Infrastructure
- Financial Sustainability

Below is the overall performance of Mintentek for 2024/25 financial year

Table 4: Overall Performance of Mintek for 2024/25 Financial Year

Programme	Total Targets	Achieved Targets	Not Achieved Targets
Applied Research and Technological Innovation	3	3 (100%)	0
Industry Establishment and Expansion	4	4 (100%)	0
Commercialise Intellectual Property	5	4 (80%)	1
Capable Workforce	6	5 (83%)	1
Research and Development Infrastructure	5	5 (100%)	0
Financial Sustainability	5	4 (80)	1
Total	28	25 (89%)	3

Source: Mintek Annual Report 2024/25

As can be seen in the table 4 above, Mintek had set itself 28 performance targets for 2024/25 financial year. Mintek achieved 25 or 89 percent of the targets and fell short by 3 targets. The achieved targets are above 80 percent which is above the National Treasury benchmark for National Departments therefore Mintek performance is satisfactory.

Three (3) of the total six (6) programmes, Mintek achieved 100 percent of the performance targets and the remaining three (3), Mintek managed to achieve more than 80 percent for each programme.

In terms of financial performance, by the end of the 2024/25 financial year, Mintek total income was R898.3 million exceeding the 2024/25 annual target of R686 million by 31 percent. The total expenses of R892.1 million which consists of compensation of employees of R365.6 million and operating expenditure of R484 million. The revenue from products, services, royalties and licenses amounts to R527.1 million, this is an increase from the previous financial year of R389.7 million.

The total funds received from government was R263 million which is a significant decrease from the previous financial year which was R502 million and R453 million in 2023. The itemised funds received by 31 March 2024 are listed in table 3 below:

Focusing on the core mandate of Mintek, the investment in research and development amounts to R263.0 million which is a decrease from the investment of the previous financial year which was R278.9 million.

Table 5: Itemised Government Funds Received by Mintek by 31 March 2025

Government Funds to Mintek by 31 March 2024	Allocation/ Name of Grant/Funds	Amount (R)
Department of Mineral Resources and Energy	State Grant	R302 million
Department of Mineral Resources and Energy	Medium Term Expenditure Framework (MTEF)	R0
Department of Mineral Resources and Energy	Asbestos	R312 million
Department of Mineral Resources and Energy	Other	R9,315
Department of Science and Innovation	-	R41 million
National Research Fund	-	R2.9 million
Mining Qualifications Authority	-	R7.9 million
CSIR	-	R1.1 million
Water Research Council	-	R1. 4 million
Technology Innovation Agency	-	R2.7 million
Total		R672,2 million

3.2 State Diamond Trader

The SDT obtained a clean audit from the Auditor General of South Africa (AGSA), meaning that the entity is free from material misstatements and there are no material findings on reporting or performance objectives.

As of 31 March 2025, the SDT had a Board-approved structure of 29 positions, with two vacancies resulting in a 7 percent vacancy rate. The workforce demographics reflect a total staff complement of 29, with strong representation of African females representing 58 percent of the workforce particularly in semi-skilled and unskilled levels. Equally, African females represent half of top management of SDT. African males follow with 24 percent represented across all occupation levels but for the unskilled level. Two (2) coloured males in top management and specialist levels of the workforce representing 6 percent. Lastly is one Indian female representing 3.4 percent of the workforce in skilled technical level. During the period under review, no changes occurred within Executive Management.

During the 2024/25 financial year, SDT had a total of 16 planned targets, 11 targets planned under strategic output 1 on organisational sustainability, and 5 planned targets under strategic output 2 on growing and

transforming the South African beneficiation industry. SDT achieved 11 planned targets and five (5) of the planned targets were not achieved. Out of the five (5) targets not achieved, two (2) of the targets are as a result of diamond market conditions. The SDT performance for the financial year is therefore 69 percent. The achieved targets are below the 80 percent of the National Treasury benchmark for national departments therefore SDT performance is not satisfactory.

In terms of financial performance, during the 2024/25 financial year, the SDT purchased rough diamonds worth R322 million and generated sales of R334 million. While operations continued, sales to Historically Disadvantaged South Africans (HDSAs) fell from R119 million to R57 million, which SDT indicates is due to difficult market conditions. However, 55 percent of all purchasing clients were HDSAs, showing continued participation despite the lower sales value.

SDT had a net loss of R17 million which SDT has indicated is as a result of the depressed diamond market. Revenue dropped by 47 percent, from R631.5 million to R334.5 million. Despite lower revenue, the gross profit increased by 18 percent to R11.8 million, with the profit margin improving from 2 percent to 4 percent. Operating expenditure rose by 35 percent to R39 million, but this remained 13 percent below the budget, which SDT has indicated is as a result of several projects were deferred due to market challenges.

3.3 Mine Health and Safety Council

The MHSC obtained a clean audit for 2024/25 meaning that the entity is free from material misstatements and there are no material findings on reporting or performance objectives.

The MHSC approved 64 post and by March 2025 the headcount was 57 with 7 vacancies therefore a vacancy of 11 percent which is an improvement from 13 percent of the previous financial year. During 2024/25, seven (7) appointments including the Chief Financial Officer was made, and six (6) terminations. Of the 6 terminations, one (1) was in senior management, two (2) was in the professional qualified level, two (2) in semi-skilled and one (1) in the skilled level. All terminations were resignations for various reasons such as better working conditions, opportunities and relocations closer to home.

MHSC had eleven (11) planned output indicators, ten (10) or 91 percent was achieved whilst one (1) or 9 percent was not achieved. The MHSC has also overachieved the targets for nine (9) or 81 percent of the planned output indicators. The target not achieved is under programme 5 focused on financial sustainability to which MHSC spent 6 percent on capital projects against a planned target of 95 percent spend.

Regarding financial performance, the MHSC revenue was R133 million, and expenditure was R96.8 million therefore a net surplus of R36 million for 2024/25. Part of the revenue is the levies collected by MHSC.

During 2024/25 the entity collected R123 984 against an estimated R124 521, which is an under collection by R537. This is a small under collection, and overall, the MHSC has an 89 percent collection rate for levies billed for the year against a target of 85 percent.

3.5 South Africa Diamond and Precious Metals Regulator

The SADMPR obtained an unqualified audit opinion with two material findings for 2024/25, which is a regression for the entity from clean audit from the previous financial year (2023/24). The unqualified opinion represents sound financial reporting, and the AGSA made two material findings, namely:

- Non-compliance with supply chain management prescripts. Specifically, that during 2024/25 the SADMPR procurement processes did not fully comply with the preferential procurement prescripts in particular the allocation and application of preferential points. The AGSA made this finding as regulatory non-compliance not financial mismanagement therefore the financial opinion remained unqualified.
- Issues of incomplete evidence of reported performance data under administration and regulatory compliance programmes. Specifically, the achievement on training, bursaries and inspection counts were reported without complete documentary evidence at the time of audit verification.

For 2024/25, SADPMR had a total of 64 targets and achieved 59 targets, and did not achieve 5 targets, therefore the entity's overall performance is 92 percent.

In terms of financial performance, the SADMPR total revenue generated for 2024/25 is R115,2 million and the total expenditure is R133,5 million resulting in a deficit of R18,4 million. In the previous financial year, the total revenue was R116,4 million, and the total expenditure was R130,5 million resulting in a net deficit of R14 million. Out of the total revenue in 2024/25, R71,8 million or 62 percent of the revenue of SADMPR is from government, and the remaining 38 percent or R43,3 million is from SADMPR services rendered, collected licenses and permit fees, interest received and other revenue.

3.6 Council for Geoscience

The Council for Geoscience (CGS) concluded the 2020–2025 planning cycle with a strong performance record, maintaining unqualified audit opinions throughout the period and achieving clean audits in 2021/22, 2022/23, and 2024/25. The organisation attained an overall performance rate of 83%, reflecting improved implementation of its strategic objectives.

Through its Integrated Multidisciplinary Geoscience Mapping Programme (IMMP), the CGS advanced national geoscientific coverage and knowledge generation. By the end of 2024/25, cumulative onshore mapping reached 18%, while offshore coverage expanded to 0.47% of South Africa's Exclusive Economic Zones. The programme continues to underpin the country's mineral and energy resource development agenda. The CGS played a key role in implementing the National Exploration Strategy through technical support to the Junior Mining Exploration Fund (JMEF), which attracted over 114 applications targeting critical minerals such as lithium, copper, and rare earth elements. It also contributed to national climate change mitigation initiatives by identifying a potential carbon storage capacity of up to 34 gigatonnes in the Govan Mbeki Municipality.

Further achievements included seismic risk assessments for Johannesburg, support to the SANDF's Thaba Tshwane lease reduction programme (saving approximately R1 billion annually), and contributions to the renewal of Koeberg Nuclear Power Station's operating licence through seismic hazard assessments. The organisation also advanced mine water mitigation, mine closure research, and groundwater protection efforts.

In promoting geoscience diplomacy, the CGS launched the National Data Centre to host real-time seismic data and continued to serve as the secretariat of the Organisation of African Geological Surveys (OAGS). Partnerships with the China Geological Survey and participation in the International Continental Drilling Program further enhanced international collaboration.

Human capital development remained central, with 57% of staff holding postgraduate qualifications and increasing representation of women in management. Financially, the CGS recorded total revenue of R791 million in 2024/25 and a net surplus, supported by cost controls, reduced liabilities, and strengthened liquidity. Accumulated surpluses rose to R460 million, and the current ratio improved to 1.6:1.

Going forward, the CGS argues that it will continue to implement the IMMP as the main instrument for delivering its scientific and developmental mandate. Emphasis will be placed on diversifying revenue streams, deepening collaboration with strategic partners, and leveraging geoscience data to support national economic growth, energy security, and the just transition.

The 2024/25 reporting period reaffirms the CGS's role in advancing South Africa's developmental objectives and its vision of "a prosperous and transformed society enabled by geoscience solutions."

3.7 National Energy Regulator of South Africa

The entity received an unqualified opinion with findings for the 2024/25 financial year, a similar outcome as reported in the previous year, and a step back from the clean audit opinion received in the 2022/23 financial year. The entity also continued to report a net loss for the year of R62.5 million, which is an increase from the loss of R43.3 million in the previous financial year. However, the entity's performance against the Shareholder's Compact is 92.0 per cent, with 69 of the 75 performance indicators achieved. This is a step back from the 97 per cent achieved in the previous year, where only 59 of the 65 KPI's or 97 per cent were achieved. However, given the findings on its performance management, this achievement is questionable.

3.8 National Nuclear Regulator of South Africa

The entity received a clean audit (an unqualified opinion without any findings) for the 2024/25 financial year, maintaining its audit finding from the previous financial year, 2023/24. The entity also continued to report a surplus for the year of R33.7 million, which is a decrease from the surplus of R44.5 million in the previous financial year. However, the entity's performance against the Annual Performance Plan declined a bit as 15 of the 19 targets were fully achieved, with 4 targets mostly achieved. In the previous financial year, 20 of the 22 key performance indicators (KPI's) or 90.9 per cent were achieved, not using the weighted score the NRR uses.

As of the 31 March 2025, the entity employed 169 employees, with 8 vacancies, or a 4.9 per cent vacancy rate. Of these, 82 are male, and 73 are female, with 6 disabled employees. The

employee costs for the year amounted to R211 million, while training accounted for 1.1 per cent at R2.3 million for the 2024/25 financial year.

The entity generates most of its revenue from authorisation and application fees, which account for 67.7 per cent of the entity's revenue. The entity also receives a government grant amounting to R45.6 million for the 2024/25 financial year, a decrease of R2.4 million on the R46.9 million in the previous year, due to fiscal cuts. Other sources of interest are received from application fees, interest received and other income. Total income for the year amounted to R349.6 million, an increase of 1.5 per cent on the R344.5 million was generated in the previous financial year.

Total expenditure amounted to R315.9 million, an increase of 7.3 per cent on the R300.0 million was spent in the previous financial year. The cost driver for the entity is compensation of employees, which amounted to R211.0 million, an increase of 2.4 per cent, on the R206.1 million spent in the previous financial year. Goods and services also account for 24.0 per cent of expenditure, amounting to R75.8 million for the year, an increase of 8.4 per cent year-on-year. Goods and services expenditure is for the day-to-day running of the entity. The largest cost driver within goods and services is consulting and professional fees at R11.5 million for the 2024/25 financial year, a decrease from the R12.2 million spent in the previous financial year. Additional expenses are on software expenses at R10.6 million, and IT expenses at R8.7 million. The entity reported a surplus for the financial year of R33.7 million, a decrease of R10.8 million, on the R44.5 million surplus reported in the 2023/24 financial year.

The entity has total assets of R347.6 million, which includes property, plant and equipment of R135.0 million and cash and cash equivalents amounting to R205.7 million. Property, plant and equipment include buildings of R104.8 million. Cash and cash equivalents include short-term deposits of R204.5 million. Current liabilities amount to R41.1 million, which includes provisions of R32.9 million for the 2024/25 financial year. These provisions are for annual leave and performance bonuses for staff.

3.9 National Radioactive Waste Disposal Institute

The National Radioactive Waste Disposal Institute (NRWDI) achieved a 79% performance rate in 2024/25, a 3% improvement from the previous year, and received its eighth consecutive

clean audit, confirming strong governance and financial management. Total revenue amounted to R51.2 million against expenditure of R50 million, with savings mainly due to vacancies. A key milestone was the transfer of the Vaalputs nuclear waste disposal licence to NRWDI in July 2025, enabling full operational control and compliance with safety and environmental standards. The Institute continues implementing its strategic repositioning plan and progressing towards establishing the Central Interim Storage Facility (CISF) by 2030 to support South Africa's long-term nuclear waste management strategy, promote socio-economic benefits, and uphold the constitutional right to a safe and sustainable environment.

3.10 South African National Energy Development Institute

The South African National Energy Development Institute (SANEDI) achieved 100% of its performance targets in 2024/25, maintaining a clean audit for the fourth consecutive year. The entity advanced key priorities of the Department of Electricity and Energy (DEE), including technical support for the Integrated Resource Plan (IRP), hydrogen and clean coal technologies, smart metering, and municipal energy sustainability. SANEDI contributed to national energy security, just transition objectives, and climate change mitigation, achieving energy savings of 1.35 million MWh and reducing 1.26 Mt of greenhouse gas emissions through initiatives such as the 12L Tax Incentive and Cool Roof projects.

Financially, SANEDI recorded total revenue of R144 million, up 20.9% from the previous year, with a manageable deficit of R9 million, funded from accumulated surpluses. The organisation's total assets increased to R344 million, supported by prudent cost controls and efficient project execution. SANEDI continues to align its research, innovation, and energy efficiency programmes with South Africa's energy policy objectives, strengthening its role in advancing sustainable and inclusive energy development.

4. OBSERVATIONS AND DELIBERATIONS

The following concerns were raised in relation to the performance of the DMRE and its entities during the Committee's deliberations.

4.1. AGSA

Irregular Expenditure: (AGSA) raised several instances of irregular expenditure across entities reporting to the Department, which were also flagged by the Committees as areas of concern. The details are as follows:

PetroSA: R955 million, a R365 million SARS penalty arising from going concern and liquidity challenges, and a R590 million deviation that was not appropriately approved or communicated. Central Energy Fund (CEF): R48 000 related to a payment made on an expired contract. Strategic Fuel Fund (SFF): R574.9 million, including R564 million for diesel supply to Eskom that did not comply with the Preferential Procurement Policy Framework Act (PPPFA), and R10.9 million identified during the audit due to non-compliance with the PPPFA. African Exploration Mining and Finance Corporation (AEMFC): R113.7 million in deviations deemed unjustifiable.

The Minister of Mineral Resources and Energy, Hon. Gwede Mantashe, acknowledged the Auditor-General's findings and committed to strengthening governance, internal controls, and compliance across the portfolio of entities. The AGSA commended the portfolio for not incurring unauthorised expenditure in both the current and prior financial years and further noted a decline in fruitless and wasteful expenditure, which was reported to be insignificant in the current year.

Revenue management – AGSA reported that revenue collection remains a persistent challenge for the Department. Members of the Committee specifically raised concerns regarding billing for prospecting rights. In response, the Department explained that the revenue shortfall is primarily due to companies that have failed to pay for prospecting licences, particularly those that applied for rights over certain areas but did not ultimately utilise them.

NERSA R54 billion error and the role of AGSA: The Auditor-General noted that this matter fell outside the scope of their audit. The AGSA explained that the miscalculations were primarily due to errors in applying accounting standards, which reflect ongoing resourcing constraints within the entity.

IEP and IRP Delays: Section 6 of the National Energy Act, 2008 requires the Minister responsible for energy to develop, publish, and annually review the Integrated Energy Plan (IEP). Although this section came into effect on 1 April 2024, the IEP has not been formally adopted or updated since its initial draft, resulting in non-compliance with the Act. The IEP is intended to serve as the long-term strategic framework for meeting the country's energy needs across all sectors.

Similarly, the AGSA expressed concern regarding the prolonged delays in finalising the IRP. The AGSA noted that these delays continue to negatively affect strategic energy planning, as the IRP is a critical instrument for determining the national energy mix and providing a roadmap for aligning electricity supply with projected demand.

The Committee shared the AGSA's concern and questioned the financial implications of the continued delays in finalising these key policy instruments. The AGSA further cautioned that, in the absence of an approved long-term plan, the Department will be compelled to rely on short-term emergency interventions, which are often financially unsustainable and inefficient. It is important to note that, following the annual report briefings by the AGSA and the Department, Cabinet has since approved the long-awaited updated IRP. This development is a significant step towards restoring policy certainty and enabling coherent energy planning.

National Solar Water Heater (NSWH) Programme – Loss Recovery and Accountability:

The Auditor-General and the Committee noted that losses incurred under the NSWH programme have not yet been recovered. The Committee emphasised that the matter must be fully addressed, with those responsible held accountable. It was further stressed that individuals implicated in the misappropriation of funds cannot be shielded from consequences.

AGSA further stated that Department of Mineral Resources and Energy (DMRE or now DEE) is currently assessing and providing responses regarding the MI raised by the AGSA. The Committee noted that subsequent steps, including the implementation of consequence management measures, will be determined based on the adequacy and completeness of the Department's responses.

ADAM (Approach to Distribution Asset Management) – The Department had set a target to develop a framework for implementing the ADAM programme, aimed at improving electricity distribution infrastructure. The programme was intended to address energy infrastructure challenges at the local government level and to support NERSA in enforcing licensing compliance. However, this target was not achieved. The Auditor-General of South Africa (AGSA) highlighted this non-achievement as a key issue requiring urgent attention from the Department. AGSA specifically noted that “the absence of a finalised and implemented ADAM framework continues to hinder the Department’s ability to effectively support municipalities in planning, financing, and maintaining distribution infrastructure, and to support NERSA in ensuring that there is a framework to enable enforcement of licence conditions.”.

4.2 DMRE

Performance versus Budget Expenditure: The Committee expressed dissatisfaction that the Department spent 99 percent of its allocated budget while achieving only 75 percent of its annual performance targets. Ideally, there should be a clear correlation between expenditure and performance outcomes. Furthermore, the 75 percent achievement rate falls below the National Treasury’s benchmark of 80 percent for national departments.

Locus Standi of the Independent Power Producers (IPP) Office: Members raised concerns regarding the locus standi of the IPP Office, noting that the AGSA has repeatedly identified findings on the legal standing of the office in successive audits. The AGSA had noted that the unique nature of the IPP Office makes it challenging for the AGSA to conduct audits effectively. In response, Minister Ramakgopa explained that the Department engaged with the AGSA to address the recurring findings. The AGSA indicated that the IPP Office team must develop a strategy to institutionalise the office.

Legislative update: The Department stated that the two draft Bills, Mineral Resources Development Bill and South African Petroleum Company Bill, are finalised and ready for submission. The Department further indicated its intention to present the Bills to the relevant Committee soon.

Implementation of the Cadastral System: The Department reported that the roll-out of the Cadastral system has commenced, with phase one being implemented in the Western Cape, specifically focusing on existing mining rights holders. The Department further indicated that it would return to the Committee to provide a full report on the progress and implementation of the Cadastral system.

Women in Mining: Members commended the Department on the continued progress regarding the inclusion of women in the mining sector. It was noted that, since their formal inclusion in 1987, there are currently 78 000 women employed in the sector. The Department highlighted that these figures represent significant progress, considering the historical exclusion of women from mining activities.

PetroSA and AEMFC – department focusing on addressing issues in these entities. For AEMFC department is reportedly processing new board to strengthen performance and governance. It was added that, at Alexkor, executives had been appointed to strengthen performance and governance of the entity.

Exploration Fund: Minister Mantashe highlighted the rapid growth and increasing interest in the Exploration Fund. He stated that Department has received pledges from several companies, which underscores the need for a revised governance structure to ensure proper management, accountability, and oversight of the funds.

Fuel Testing delays: The Department acknowledged delays in the Fuel Testing Programme, noting that, while the programme could have achieved 100% of its target, progress was hindered by the extended time required to obtain a legal opinion from the Department's legal advisor. The Department confirmed that the upheld regulations remain reliable and that the programme will continue in line with established compliance requirements.

4.3 Entities of the Department

4.3.1 Council for Geoscience

- During the Committee's engagement, CGS expressed appreciation for Members' interventions and guidance, acknowledging their role in improving the entities operations. On community engagement, CGS noted that while it cannot be present everywhere, it actively engages communities in major projects and provides bursaries and training opportunities to students from disadvantaged areas. This approach builds local capacity and ensures that beneficiaries contribute to their home regions, helping to address historical inequalities.
- Addressing the Council's reliance on government funding, CGS explained that it is pursuing revenue diversification through monetising its intellectual property, participation in exploration projects, and forming public-private partnerships. Legislative amendments now allow CGS to undertake exploration independently or jointly with state or private entities, up to the exploration phase, embedding PPPs while preventing conflicts of interest. These measures aim to strengthen the national mining value chain, support state-owned entities such as African Exploration Mining and Finance Corporation, and enhance fiscal self-sufficiency.
- On energy-related research, CGS has made progress in carbon capture, utilisation, and storage (CCUS), including geological characterisation, containment safety assessment, and pilot testing with CO₂ injection and real-time seismic monitoring. Geothermal research is ongoing, highlighting South Africa's potential for long-term sustainable energy, though results are expected over a 10–15-year horizon. The Council maintains extensive seismic monitoring with 28 national stations, ensuring public safety and transparency, and addresses misconceptions regarding the environmental impact of seismic surveys.
- Regarding scientific output, CGS emphasised the importance of context-sensitive research that addresses national priorities. CGS is establishing the African Council for Geoscience Journal (ACJS Journal) to promote African-led research and enhance the relevance of published work. It was clarified that South Africa contributes approximately 2–2.5% to global exploration, noting that private-sector underreporting limits data accuracy. Minister Mantashe highlighted South Africa's need for pragmatic, balanced energy strategies. He contrasted global responses to energy development, pointing to instances where other nations pursue coal and renewable energy without criticism, while similar South African efforts face litigation and social resistance. He

stressed that exploration must be primarily state-driven, complemented by private-sector participation, to ensure national development and energy independence.

- Members raised concerns regarding carbon capture's strategic implications. Members cautioned that while scientifically valid, CCS could divert resources from renewable energy development and fossil fuel transition. He also emphasised the importance of journal impact factors for scientific credibility and accurate reporting of South Africa's contribution to global exploration.
- It was reinforced that South Africa's mineral and geological potential remain largely untapped and emphasised the importance of scientific research and exploration in securing a prosperous and self-sufficient future, positioning South Africa to realise substantial domestic ownership in the mining sector.

4.3.2 Mintek

- It was confirmed that Mintek has explored phytomining technologies—using plants to extract metals from soil—in collaboration with the University of Cape Town (UCT). Although preliminary, the research remains a key area of interest in Mintek's future innovation strategy.
- It was also explained that Mintek's partnership with the Mining Qualifications Authority (MQA) extends beyond jewellery-making and artisanal mining to include internship and graduate programmes for science and engineering students. Mintek hosts approximately 30 to 40 interns annually, strengthening technical capacity and building a pipeline of skilled professionals for the minerals sector.
- On beneficiation, Dr Motuku highlighted Mintek's active involvement in developing critical minerals for the battery and clean energy value chains, including projects producing manganese, nickel, and copper sulphates—essential components for electric vehicle batteries. Through its Centre of Competence in Catalysis, Mintek also continues to lead globally in developing platinum-based catalysts and fuel cell membranes, maintaining over 15 years of international excellence.
- Government budget cuts, including a R45 million reduction following the withdrawal of a major Department of Science and Innovation (DSI) contract, have constrained research and forced several programme suspensions. The timing of these cuts, late in

the financial year, further limited the organisation's ability to reallocate resources effectively.

- Addressing research capacity, it was noted that universities face supervision bottlenecks due to overextended academics. To respond, Mintek is working with the Department of Higher Education and Training (DHET), National Research Foundation (NRF), and DSI to establish a Presidential Scholarship Programme and an Extractive Metallurgy Research Hub, enabling Mintek to directly supervise master's and PhD students in areas of critical material processing and governance.
- On transformation and gender representation, 46% of Mintek's workforce are women, the majority of whom are black. At technical and research levels, 76% of employees are black, with over 30% being black women—reflecting steady progress in equity and professional development.
- Regarding mine rehabilitation, Mintek has successfully rehabilitated 284 derelict and ownerless mines, though expansion is constrained by funding. Rehabilitation costs range between R30 million and R40 million per site, particularly for asbestos and gold mines, and are often compounded by community unrest and security challenges. These disruptions, especially during election periods, increase project costs and delay completion.
- The loss of IT staff to the private sector due to more competitive salaries is a challenge that affects operational stability. Dr Motuku reaffirmed Mintek's commitment to partnerships with government, industry, and communities to promote responsible resource use, safety, and beneficiation, while addressing graduate unemployment and expanding opportunities for young scientists.
- The need for increased government funding to sustain Mintek's research capacity and innovation mandate was emphasised.

4.3.3 Mine Health Safety Council

- The Committee commended the Department and its partners for the notable decline in mining fatalities and injuries, reflecting sustained progress toward the Zero Harm target.

- Members acknowledged that the improvement is a result of collaborative efforts between government, labour, and industry, supported by the Mine Health and Safety Act and the biennial Mine Health and Safety Summits.
- The Committee noted the Department's shift from short-term accident prevention to addressing long- latency occupational diseases such as TB and respiratory illnesses and welcomed the development of new compliance guidelines and health surveillance measures.
- It was observed that the Culture Transformation Framework plays a vital role in driving behavioural change and embedding safety accountability across all levels of the mining sector.
- The Committee noted the introduction of new safety innovations, such as the Missing Person Locator (MPL) system, which aims to improve underground emergency response and worker protection.
- Concern was raised regarding capital project under-expenditure due to procurement challenges, with Members urging improved project planning and technical oversight.
- The Committee acknowledged ongoing funding constraints and emphasised the need for sustainable financing to support health and safety initiatives, research, and regulatory enforcement.
- The Committee further welcomed the Department's renewed focus on beneficiation and value-chain participation, noting the alignment with the national critical minerals strategy and the partnership with Mintek and the DTI.

4.3.4 State Diamond Trader

- The Committee noted the declining diamond production in South Africa and the resulting need for the State Diamond Trader (SDT) to review its business model and explore regional marketing partnerships with neighbouring diamond-producing countries.
- Members welcomed the SDT's efforts to expand trade opportunities into new markets, including the Middle East, and to balance its strategy between promoting natural diamonds and responding to the growing interest in lab-grown stones.
- The Committee commended the SDT's Enterprise Development Programme for supporting emerging and women-owned diamond businesses, providing access to

rough diamonds, trade exhibitions, and mentorship. However, Members expressed concern over the lack of access to finance, noting that no commercial banks currently fund diamond enterprises.

- The Committee supported the proposal to establish a dedicated funding mechanism to assist historically disadvantaged entrepreneurs in entering and growing within the diamond value chain.
- It was observed that overlapping mineral rights applications continue to pose challenges in the sector, creating administrative inefficiencies and potential disputes.
- The Committee welcomed the Department's benchmarking studies and ongoing policy reforms under the MPRDA to clarify and strengthen licensing processes.
- The Committee agreed with the Deputy Minister on the need for stronger investment in the marketing of natural diamonds, including through trade shows and public education campaigns that highlight their social and economic benefits.
- Members welcomed the Department's regional cooperation efforts with countries such as Botswana and Zimbabwe to build a unified African diamond trade network and enhance the continent's competitive position in the global market.

4.3.5 National Radioactive Waste Disposal Institute (NRWDI)

- Members were pleased to note that NRWDI received a clean audit for the 2024/2025 financial year, marking the eighth consecutive year of unqualified audit outcomes.
- NRWDI obtained its licence to operate the Vaalputs facility in July 2025 and is prepared to operate in full compliance with safety and environmental standards. The Institute is currently implementing a comprehensive transition plan to transfer all assets, systems, and personnel from NECSA.
- The establishment of a Central Interim Storage Facility (CISF) by 2030 is NRWDI's key strategic project, supporting South Africa's long-term nuclear objectives. This project is also expected to generate socio-economic benefits, including poverty alleviation, economic transformation, job creation, and skills development.
- Members raised concerns regarding the appointment of women at executive levels. NRWDI acknowledged the challenge, noting that the nuclear industry is male dominated, particularly in technical fields, but indicated ongoing efforts to improve

gender representation. NRWDI also noted that executive salaries are currently not competitive, though there has been improvement in the current financial year.

- Members welcomed the appointment of a Community Liaison Officer at the Vaalputs facility to strengthen engagement with surrounding communities. Previously, community engagements were largely managed by NECSA, but NRWDI will take responsibility for these activities starting in the next financial year.
- Members expressed concern regarding the delay in developing NRWDI's Ethics Framework, attributed to high attrition in the responsible functional area.
- Members noted with concern the NRWDI's current vacancy rate which stands at approximately 17%.
- Regarding the capital budget, NRWDI is currently funded through an operational grant from National Treasury, which is intended to be financed from the Radioactive Waste Management Fund, which is not yet enacted. The CISF has an estimated pre-construction cost of R100 million and projected construction costs of around R1.8 billion.

4.3.6 South African Nuclear Energy Corporation (NECSA)

- Members commended NECSA for achieving a clean audit during the period under review, marking the first clean audit since 2020/21.
- The entity intends to focus on improving liquidity ratios and exploring market options for financing.
- NECSA's high-level project budget estimates are approximately R60 billion, which will be implemented in phases.
- Regarding regulatory approvals, NECSA primarily requires engagement with the National Nuclear Regulator (NNR) and the Department of Forestry, Fisheries and the Environment (DFFE). For the Modular Pebble Reactor (MPR) projects, relating to Environmental Impact Assessment (EIA) approvals, NECSA is at an advanced stage. For the Small Modular Reactors (SMRs), the process has not yet started; however, NECSA has shared its strategic intent with both regulators.

4.3.7 South African National Energy Development Institute (SANEDI)

- Members commended SANEDI for achieving a clean audit during the period under review.
- SANEDI confirmed that its primary focus is on addressing national energy challenges, while also pursuing long-term initiatives such as green hydrogen and electric vehicles.
- The entity reported that there is no political influence over its work, particularly in the development and review of the Integrated Resource Plan (IRP) and Integrated Energy Plan (IEP). Continuous information and data sharing with industry stakeholders is considered crucial in this regard.
- Regarding SANEDI's participation in the Beyers Naude Municipality project in the Eastern Cape, the entity indicated that the project is technically viable and can be scaled nationwide.
- Members highlighted concerns over insufficient budget allocations, with SANEDI currently reliant on surplus funding, which is not sustainable. The entity has begun generating additional revenue through consulting work and is exploring donor funding, noting its limitations.
- SANEDI acknowledged challenges in Supply Chain Management (SCM) and has appointed an SCM Manager to address these issues.
- Members welcomed SANEDI's implementation of cost-cutting measures, including limiting international travel.
- On electric vehicles, SANEDI is collaborating with the University of Stellenbosch to retrofit a taxi and a bus; retrofits are complete, and data collection on their performance is ongoing.
- The entity is setting minimum standards for energy efficiency, establishing a baseline and future energy-saving targets.
- SANEDI has implemented a management fee for consultancy services and intends to continue sourcing funding via grants, such as for the G20 project.
- The entity is supporting the smart meter rollout, with seven municipalities already covered and twelve more planned for the current year.

4.3.8 National Energy Regulator of South Africa (NERSA)

- NERSA received an unqualified audit opinion, although material findings were identified.

- Members sought clarity regarding the withdrawal of the Compliance Enforcement Plan. NERSA explained that the previous plan faced legal challenges and did not fully reflect requirements introduced by the Electricity Regulation Amendment Act (ERAA), such as the establishment of the Tribunal. The revised plan has now been aligned with the ERAA.
- Members raised concerns about the R54 billion agreement with Eskom, highlighting capacity constraints within NERSA. Legal proceedings have been initiated by a stakeholder to challenge the agreement.
- Regarding disciplinary action for the R54 billion issue, the NERSA Board has requested that the Regulator report within three months with recommendations.
- Members questioned the absence of public participation on the R54 billion agreement; NERSA explained that judicial review processes do not require public consultation.
- Professional fees consumed over sixteen percent of NERSA's budget, largely due to legal costs stemming from court challenges to NERSA decisions.
- Members noted that legal costs are expected given the provisions in the ERAA and the National Energy Regulator Act, which allow aggrieved parties to approach the courts.
- Implementing the ERAA requires specialized skills, some of which are still being developed domestically; NERSA assured the Committee that skills development is ongoing as ERAA implementation progresses.

4.3.9 National Nuclear Regulator (NNR)

- Members commended the NNR for achieving a clean audit for the fourth consecutive year.
- Members expressed concern regarding vacancies on the NNR Board, specifically the community and labour representative positions. The NNR indicated that nominations have been gazetted and advertisements were placed in August/September 2025, and they are hopeful that these positions will be filled urgently.
- The NNR Act empowers the NNR to conduct public hearings on the Koeberg Long Term Operation (LTO) where appropriate. Despite the Board vacancies, the NNR conducted public hearings in both the Northern Cape and Western Cape to obtain public input.

- The NNR is in the process of developing general nuclear safety regulations, including those for small modular reactors (SMRs).
- Members raised concerns regarding a R10 million debt write-off for nuclear licence holders. The NNR clarified that this related to historic debts, and processes have now been implemented to ensure licence fees are current.
- Regarding Koeberg Unit 1 LTO, the Board confirmed compliance with the Constitution and the NNR Act. Documentation and submissions for Koeberg Unit 2 LTO are currently under review.
- No safety breaches have been reported at the Koeberg Power Plant. The NNR confirmed that it maintains regulatory standards and authorisation limits for compliance.
- The NNR indicated that it possesses the necessary skills to regulate the sector, and where specialised expertise is required, it engages technical support organisations.

4.3.10 Eskom

- The AGSA issued a qualified audit opinion on Eskom for the ninth consecutive year, primarily due to the incomplete and inaccurate disclosure of irregular expenditure and losses resulting from criminal conduct.
- Some Members expressed concern that there is a culture of impunity within Eskom, characterised by non-compliance with legislation, policies, and procedures, and a lack of effective consequence management. They noted that investigations and forensic recommendations have not been adequately implemented. Other Members, however, acknowledged an improvement in Eskom's overall performance.
- Members raised concern that Eskom has not implemented AGSA's previous recommendations, contributing to recurring audit qualifications.
- Members noted with concern that the AGSA was unable to quantify the full extent of irregular expenditure and criminal losses, highlighting weaknesses in Eskom's internal control and data systems.
- Members questioned whether any managers responsible for non-compliance were identified and whether consequence management processes were pursued against them.
- Members observed that losses due to criminal conduct increased from R6.7 billion in 2023/24 to R7.2 billion in 2024/25, reflecting persistent control failures.

- Some Members sought clarity on whether the R54 billion NERSA settlement had been included in Eskom's financial statements.
- The AGSA confirmed that Eskom's reported profit before tax (R23.8 billion) and profit after tax (R16 billion) were credible and fairly presented, noting that the results included a once-off SARS diesel- rebate settlement which would not recur. Improved generation performance, reduced load-shedding, and lower open-cycle gas turbine (OCGT) costs contributed positively to these results.
- Regarding the NERSA settlement, the AGSA explained that the amount was not recognised in Eskom's 2024/25 financial results but considered in assessing asset impairment and going-concern assumptions over the next five years.
- The AGSA identified municipal debt as a critical variable in evaluating Eskom's going-concern status. Although Eskom is currently considered a going concern, this position depends on resolving rising municipal arrears and ensuring sustainable cost recovery.
- The AGSA explained that losses from criminal conduct largely arise from illicit prepaid tokens, illegal connections, and meter tampering, as no revenue is recognised for electricity delivered without payment. The full extent of these losses cannot yet be quantified due to insufficient data logs and digital traceability within Eskom's systems.
- The AGSA noted that Eskom's planned smart-meter rollout programme will enable centralised monitoring of token usage, improving detection and prevention of illegal vending once fully implemented.
- On governance and accountability, the AGSA reported that several of Eskom's control weaknesses were linked to acting appointments in key executive positions. The Eskom Board has initiated processes to fill these posts permanently, and early indications suggest improved governance energy and oversight.
- The AGSA further indicated that progress reports on prior audit findings are now regularly tabled at Executive Committee (EXCO) level. However, as most appointments were made late in the financial year, it is too early to assess the full impact of these interventions.
- Eskom has established internal processes to manage reportable irregularities through relevant board committees, which are responsible for overseeing corrective actions and tracking their implementation.

- Eskom reported that it achieved a net profit of R16 billion in the 2024/25 financial year—the first return to profitability in eight years—and attributed this to operational recovery and financial discipline.
- Eskom explained that the Eskom Debt Relief Act has enabled the utility to stabilise its finances by reducing interest costs. The debt-relief funds are ring-fenced for debt reduction only and cannot be used for operational expenditure.
- Members commended Eskom for its improved financial and operational performance, including its first profitable year since 2017 and a significant reduction in load-shedding frequency.
- Following the 2024 audit, Eskom launched a three-year Audit Recovery Programme in January 2025, aimed at strengthening internal controls and governance systems, similar in structure to the Generation Recovery Plan. Eskom reported that its Energy Availability Factor (EAF) had reached 70% in September 2025, marking substantial progress in generation reliability.
- The Committee noted with concern Eskom’s staff complement exceeding 43 000 employees, questioning whether plans exist to manage personnel costs while maintaining efficient and affordable service delivery. Eskom indicated that its staffing levels are consistent with international benchmarks and that cost optimisation initiatives are underway.
- Members raised concern over the rise in losses due to theft and ongoing challenges in preventing criminal activity within the network.
- On generation capacity, Members observed that Eskom’s outlook depends on the return to service of Medupi Unit 4 and Koeberg Unit 2, both critical for system stability.
- Members noted that Eskom failed to meet its key performance indicator on implementing forensic recommendations, achieving only 70% compliance, reinforcing concerns about weak consequence management.
- Members expressed concern that Eskom’s emissions remain above legal limits, with eight power stations exceeding permissible thresholds. Eskom reported that Lethabo, Kendal, and Matimba power stations have since achieved compliance as of July 2025, following maintenance and upgrades.
- The Committee noted that municipal debt remains a major sustainability challenge, threatening Eskom’s long-term viability despite operational improvements.

- Eskom reported that irregular expenditure declined from R5.6 billion to R1.5 billion year-on-year, despite the Audit Recovery Plan being operational for only three months. Stronger results are expected in the following financial year.
- Regarding losses from criminal conduct, Eskom stated that fraud involving online prepaid vending systems had delayed the 2024 audit but that new cybersecurity and control measures have since been implemented. A new vending platform is being developed for completion by 2027.
- Eskom reported entering the 2025/26 summer period with 1.4 GW of additional generation capacity compared with the previous year.
- On tariff levels and affordability, Eskom committed to maintaining single-digit tariff increases over the next few years, supported by intensified cost-optimisation and revenue-enhancement initiatives.
- Eskom emphasised that its sustainability depends on an integrated approach encompassing operational efficiency, financial discipline, debt reduction, and the resolution of municipal arrears.
- Eskom confirmed that its forensic and internal-audit functions have now been separated—with internal audit focusing on prevention and forensics on detection and investigation.
- The Eskom Board introduced a policy of proactive assurance, ensuring that all information provided to shareholders and oversight bodies is independently verified by internal audit for accuracy and reliability.

5. RECOMMENDATIONS

Informed by its deliberations with the Department and its entities, the Committees recommends that the House requests the Ministers of Mineral and Petroleum Resources, and Electricity and Energy to:

5.1 Electricity and Energy

- 5.1.1 Ensure that the Department and its entities aim to achieve clean audits in the next financial year.

- 5.1.2 Engage with National Treasury to increase the budget allocation of the Department of Electricity and Energy to enable it to implement strategic programmes aimed at ensuring energy security, as 90% of its current budget is transferred to the Integrated National Electrification Programme (INEP).
- 5.1.3 Ensure that the IPP Office develops and implements a formal strategy to institutionalise its operations, addressing AGSA concerns regarding legal standing and auditability.
- 5.1.4 Prioritise the development and rollout of the Approach to Distribution Asset Management (ADAM) framework to strengthen municipal electricity infrastructure planning, financing, and compliance enforcement.
- 5.1.5 Finalise the Integrated Energy Plan (IEP) to comply with Section 6 of the National Energy Act and provide a clear long-term framework for energy planning.
- 5.1.6 Support the NRWDI Community Liaison Officer in establishing structured programmes for ongoing stakeholder engagement at Vaalputs and surrounding areas.
- 5.1.7 Regarding NECSA, encourage proactive engagement with regulators to anticipate and address potential compliance challenges for current and future nuclear projects.
- 5.1.8 Support SANEDI in replicating the successes of the Beyers Naudé Municipality model and applying the lessons learned from the project to other municipalities in order to expand access to renewable and energy-efficient solutions.
- 5.1.9 Support SANEDI in building technical and research capacity to position the entity as a central player in South Africa's green energy transition.
- 5.1.10 Ensure that NERSA strengthens internal controls and compliance systems to prevent recurrence of material audit findings.
- 5.1.11 Regarding NERSA, explore strategies to contain escalating legal costs, including enhanced pre-litigation consultation and improved stakeholder communication.
- 5.1.12 Table a progress report on NERSA's internal review and disciplinary recommendations relating to the R54 billion determination, within the committed three-month timeframe.
- 5.1.13 Continue supporting the NNR public participation processes in all LTO and regulatory matters.
- 5.1.14 Ensure capacity-building initiatives are maintained at NNR to ensure that regulatory staff possess the necessary expertise for emerging nuclear technologies.

- 5.1.15 Ensure that the Eskom board urgently addresses all repeat findings from the AGSA and provide updates on the implementation of the audit plan to the Committee on a quarterly basis.
- 5.1.16 Ensure that all disciplinary cases arising from financial misconduct be concluded within fixed timeframes and reported publicly.
- 5.1.17 Provide a detailed breakdown of disciplinary actions taken against officials at Eskom for financial misconduct and irregular expenditure.
- 5.1.18 All matters with criminal elements be referred to law enforcement agencies not only internal disciplinary channels and the Minister must able quarterly progress report detailing all actions taken to recover lost funds
- 5.1.19 The Minister of Electricity and Energy, together with the Minister of Finance must table a phased reduction plan to end Eskom's dependence on the fiscus within five years and provide Parliament with a quarterly fiscal dependency tracker detailing progress toward self-sustainability.
- 5.1.20 Develop a credible, long-term financial sustainability plan that reduces Eskom's dependency on the fiscus. Provide this plan to the Committee during the 2nd term of the 2026/2027 financial year.
- 5.1.21 Prioritise and urgently finalise the Integrated Energy Plan (IEP) in compliance with Section 6 of the National Energy Act.
- 5.1.22 Provide a detailed breakdown of Eskom's cost optimization savings of R16.3 billion stated in its Annual Financial Statements.
- 5.1.23 In collaboration with the Ministers of Finance, COGTA, explore the urgent establishment of an inter- ministerial task team to address the systemic failure of municipal revenue collection and the payment of energy-related revenue to Eskom.
- 5.1.24 Provide a detailed report for each power station outlining the plans to bring all Eskom coal-fired power stations into full compliance with their Atmospheric Emission Licences, including clear timelines and an action plan aligned with the 2030 timeframe.
- 5.1.25 Expedite the review and finalisation of the Electricity Pricing Policy.

5.2 Mineral and Petroleum Resources

- 5.2.1 Ensure that irregular expenditure is addressed across entities (PetroSA, CEF, SFF, AEMFC) by implementing robust internal control mechanisms, ensuring all deviations are properly approved, documented, and communicated.
- 5.2.2 Ensure that PetroSA provides the Committee with a detailed breakdown of its pricing structure for diesel sales to Eskom, including information on the sources of the diesel, to enable effective parliamentary oversight.
- 5.2.3 Expedite the submission of the Mineral Resources Development Bill and South African Petroleum Company Bill to Parliament.
- 5.2.4 Monitor the phased implementation of the Cadastral System, ensuring timely reporting, stakeholder engagement, and full transparency on progress across provinces.
- 5.2.5 The full cadastral database must be made publicly accessible, detailing all mineral rights holders and beneficial ownership structures.
- 5.2.6 Continue reinforcing governance and executive leadership at PetroSA, AEMFC, and Alexkor to improve operational efficiency, accountability, and financial management.
- 5.2.7 Ensure that Mintek's funding is strengthened to safeguard critical research and innovation programmes, particularly in beneficiation, mine rehabilitation, and clean energy technologies.
- 5.2.8 Engage the Minister of Defence to explore the possibility of securing maritime vessels and logistical support for offshore geological mapping and exploration for CGS.
- 5.2.9 Ensure that the CGS strengthens community outreach on geological risks and integrates geoscientific data into local development planning.
- 5.2.10 Facilitate cross-sector collaboration to leverage CGS expertise in national infrastructure, climate resilience, and resource development initiatives.
- 5.2.11 Strengthen community-level beneficiation initiatives to ensure local residents benefit directly from mineral development, aligned with the national critical mineral's strategy in partnership with Mintek and DTIC.
- 5.2.12 Table a Beneficiation Impact Report before the end of the 2026 budget cycle, detailing measurable community and HDSA participation outcomes.
- 5.2.13 Brief the Committee on progress made in establishing the South African National Petroleum Company and the transfer of assets. Further brief the Committee on the plans of the CEF Group to ensure that its subsidiaries implement definitive strategies to maintain their status as going concerns.

- 5.2.14 Enhance community engagement and training for artisanal and small-scale miners to promote safe and inclusive beneficiation.
- 5.2.15 Sustain and strengthen collaborative efforts across government, labour, and industry to further reduce mining fatalities and injuries.
- 5.2.16 Ensure the Department fully implements the AGSA's action plan to investigate and recover the R218.9 million in outstanding fees from rights and license holders. A progress report on the recovery of these funds, including quantifiable results, should be submitted to the Committee by the 2nd Quarter of 2026/27 financial year.
- 5.2.17 Strengthen the governance and operational efficiency of the Junior Mining Exploration Fund to accelerate the processing of applications and disbursement of funds, ensuring it effectively de-risks exploration and supports the growth of Historically Disadvantaged South African (HDSA) junior miners.
- 5.2.18 Implement measures to prevent recurring delays in the Fuel Testing Programme, including streamlining the process for obtaining legal opinions and ensuring the timely appointment of service providers, to guarantee consistent regulatory compliance and consumer protection.
- 5.2.19 Prioritise the development and implementation of a formal regulatory framework for Artisanal and Small-Scale Mining Policy as part of the legislation.
- 5.2.20 Ensure that the Council for Geoscience work closely with provincial and municipal planning departments to integrate geoscientific data into local economic development strategies and spatial planning frameworks.
- 5.2.21 Report to the Committee on plans to deal with irregular expenditure with the intention of reducing the level of irregular expenditure.

In conclusion, it is imperative that there is cooperation between the Department of Mineral and Petroleum Resources and the Department of Electricity and Energy to ensure that the country is able to mitigate the current gas cliff which is currently affecting the country to ensure that the best economic solution is found to benefit inclusive economic development.

6. APPRECIATION

The Committees would like to thank the Minister of Mineral and Petroleum Resources, Mr S.G Mantashe and the Minister of Electricity and Energy, Dr S Ramokgopa and the staff of the Department as well as the Board Members and Management of all the entities, for their cooperation and transparency during this process.

The Chairpersons wishes to thank all Members of the Committees for their active participation during the process of engagement and deliberations and their constructive recommendations reflected in this report.

The Committees also wishes to thank their support staff, in particular the Committee Secretaries, Ms A Boss, Mr A Kotze, the Content Advisor for Petroleum and Mineral Resources, Mr S Maboda, Researchers, Ms M Masutha and Ms L Bramwell, the Committee Assistant, Ms V Makubalo and Ms N Mnyovu, and the Executive Secretary to the Chairperson, Ms L Titus, for their professional support and conscientious commitment and dedication to their work.

Report to be considered.

3. REPORT OF THE PORTFOLIO COMMITTEE ON SOCIAL DEVELOPMENT ON THE FIRST QUARTER PERFORMANCE AND EXPENDITURE REPORT FOR 2025/26 OF THE DEPARTMENT OF SOCIAL DEVELOPMENT (DSD), DATED 29 October 2025

Contents

1. INTRODUCTION	1
2. MANDATE OF THE COMMITTEE	1
3. THE MANDATE OF THE DEPARTMENT	2
4. OVERALL ASSESSMENT OF THE FINANCIAL PERFORMANCE	5
5. DSD OVERALL FIRST QUARTER NON-FINANCIAL PERFORMANCE FOR 2025/2026	8
6. COMMITTEE DELIBERATIONS AND OBSERVATIONS	12

1. INTRODUCTION

The Portfolio Committee on Social Development (hereinafter referred to as the Committee) examined the third and fourth quarter performance and expenditure report for 2025/26 of the Department of Social Development (hereinafter referred to as Department) on 17 September 2025, and it reports as follows:

2. MANDATE OF THE COMMITTEE

The Committee's mandate as prescribed by the Constitution of South Africa and the Rules of Parliament is to build an oversight process that ensures a quality process of scrutinizing and overseeing the department's action. It is to conduct oversight that is driven by the ideal of realising a better quality of life for all people of South Africa. The Committee is also required to facilitate public participation, monitoring and oversight over the legislative processes relating to social development. In doing this, it also confers with relevant governmental and civil society organs on social development matters.

The Committee also enhances and develops the capacity of its members to exercise effective oversight over the Executive Authority in social development. It monitors whether the Department of Social Development fulfils its mandate according to priorities.

It also has a mandate to perform the following:

- Considers legislation referred to it;
- Conducts oversight of any organ (s) of the state and constitutional institution(s) falling within its portfolio;
- Facilitates appointment of candidates to entities;
- Considers international agreements; and
- Considers budget of department and entities falling within its portfolio.

For the current medium term (2025 – 2030), the Committee’s oversight focuses on the department and its entities performance regarding the implementation of the priorities set in the National Development Plan and in the Medium Term Development Plan.

3. THE MANDATE OF THE DEPARTMENT

The department derives its mandate from several pieces of legislation and policies, including the White Paper for Social Welfare (1997) and the Population Policy (1998), which sets out the principles, guidelines, policies and programmes for developmental social welfare in South Africa. The White Paper for Social Welfare has provided the foundation for social welfare in the post-1994 era.

The Constitutional mandate of the department is to provide sector-wide national leadership in social development by developing and implementing programmes for the eradication of poverty and social protection and development amongst the poorest of the poor and most vulnerable and marginalized.

3.1 National Development Plan (NDP)

The NDP vision 2030, which inter alia promotes social protection is defined by:

- Protective measures to save lives and reduce levels of deprivation;
- Preventative measures which help people avoid falling deeper into poverty and reduce their vulnerability;
- Promotive measures which enhance the capabilities of individual communities and institutions;
- Transformative measures which tackle inequities through changes in policies, laws and budgets; and
- Developmental and generative measures, which increase the poor's consumption by promoting local economic development.

3.2 Policy priorities for the medium term

Priority 1: Advancing inclusive growth and job creation

Outcome target:

- 6 481 801 work opportunities created

Priority 2: Reduce poverty and tackle the high cost of living

Outcome targets:

- 25% reduction of the population living below the food poverty line.
- 3.4% reduction of individuals vulnerable to hunger.
- 20.8 million beneficiaries supported through various grants.
- 3 600 000 girls in quintile 1 -3 schools accessing free sanitary products.
- 550 000 university students receiving funding through NSFAS bursaries annually (social grants beneficiaries).
- 70% improvement in social cohesion index.

Priority 3: Building a capable, ethical and developmental state.

Outcome targets:

- 90% of public entities financially stable.
- Corruption does not feature in top five list of concerns of South Africans in 2029 survey.
- Government-led, coherent and integrated cybersecurity approach.
- Full compliance with global Cybercrime Convention.
- South Africa to avoid a further round of grey listing after the next Financial Action Task Force (FATF) mutual evaluation in 2026/27.

3.3 Key strategic themes emerged from the State of the Nation Address (SONA) 2025, which have a bearing on the Department:

- **Continue and redevelop the SRD grant:** the President stated that the grant is an essential mechanism for alleviating extreme poverty. It will be used as a basis for the introduction of a sustainable form of income support for the unemployed.
- **Strengthening support to victims of GBVF:** the President noted that Government continues to work across society to end violence perpetrated against women. The promulgation of the National Council on Gender-Based Violence and Femicide Act will enable the establishment of a national structure to oversee a coordinated response to GBVF. Government will ensure that the Council is fully functional and properly resourced. Government will also continue to strengthen support to victims of gender-based violence through the 65 Thuthuzela Care Centres across the country. The country also has 44 GBV shelters out of 52 districts.

The SONA also highlighted the need to strengthen support to survivors of gender-based violence. This includes the establishment of another 16 sexual offences courts in the next financial year.

- **Ensure women empowerment:** the President highlighted the importance of the economic empowerment of women, noting that women, among other marginalised groups were excluded from the economy. A transformation fund worth R20 billion a year over the next 5 years would be established to fund black-owned and small business enterprises, as well as the fast-tracking of the regulations of the Public Procurement Act to ensure equitable opportunities for women-owned businesses, are important measures to advance women's economic empowerment.
- **Address youth unemployment:** youth unemployment would be addressed through various mechanisms including the Presidential Youth Employment Intervention and Youth Employment Service.
- **Adoption of the National Strategy to Accelerate Action for Children:** the strategy will focus on poverty reduction, child protection and addressing malnutrition.

4. OVERALL ASSESSMENT OF THE FINANCIAL PERFORMANCE

4.1 Overall budget allocation for 2025/2026

The DSD has an available budget of R294.0 billion for 2025/26 as compared to R275.1 billion for 2024/25. A total of R293.1 billion¹ is appropriated for Transfers and subsidies. Transfers and subsidies for previous years amounted to R274.2 billion² for 2024/25 and R262.1 billion³ for 2023/24.

In the current financial year, R284.8 billion (97.2 per cent) of departmental expenditure is for transfers to households for social grants,⁴ up from the 2024/25 financial year which

¹ National Treasury (2025).

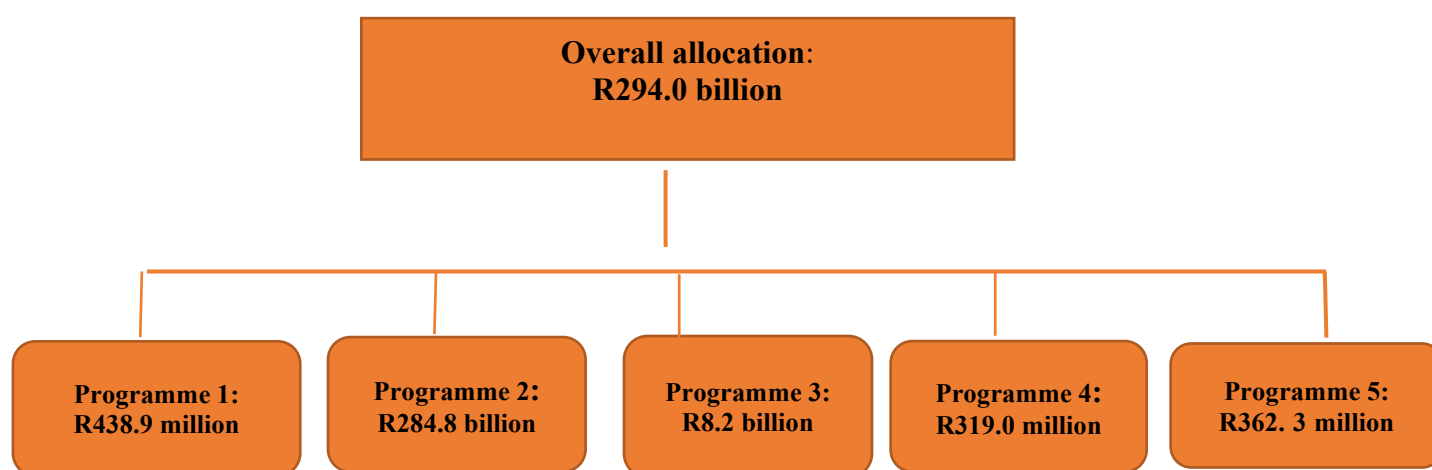
² National Treasury (2024).

³ National Treasury (2023).

⁴ National Treasury, (2025).

recorded expenditure of R266.2 billion (or 97 per cent).⁵ In addition, R7.9 billion (as compared to R7.7 billion in 2024/25⁶) was earmarked for the South African Social Security Agency (SASSA) for administration of social grants, and R216.3 million (as compared to R212.0 million in 2024/25⁷) to the National Development Agency (NDA). The bulk of social grants are allocated to the Child Support Grant, which benefits 13 million vulnerable children in the first quarter of 2025/26⁸, and the Old Age Grant which benefits 4.2 million⁹ people aged 60 and above.

Figure 1: Budget appropriation for 2025/26



4.2 Summary of expenditure per programme for Q1, 2025/2026

Table 1: Summary of expenditure per programme, 2025/2026

⁵ National Treasury, (2024).

⁶ National Treasury, (2024).

⁷ ibid

⁸ National Treasury, (2025)

⁹ ibid

Programme	Voted	Actual				Total Spending R'000	% Spent	Available R'000
		Apr – Jun 2025 R'000	July-Sept 2025 R'000	Oct-Dec 2025 R'000	Jan - Mar 2026 R'000			
P1 :Administration	438 938	138 685	0	0	0	138 685	31,60%	300 253
P2: Social assistance	284 750 952	69 771 239	0	0	0	69 771 239	24,50%	214 979 713
P3: Social Security Policy And Administration	8 184 436	1 332 704	0	0	0	1 332 704	16,28%	6 851 732
P4: Welfare Services Policy Development And Implementation Support	318 999	59 704	0	0	0	59 704	18,72%	259 295
P5: Social Policy And Integrated Service Delivery	362 317	162 315	0	0	0	162 315	44,80%	200 002
TOTAL	294 055 642	71 464 646	0	0	0	71 464 646	24,30%	222 590 996
Economic Classification								
Current Payments	941 173	246 445	0	0	0	246 445	26,18%	694 728
Compensation of Employees	575 109	135 009	0	0	0	135 009	23,48%	440 100
Goods and Services	366 064	111 437	0	0	0	111 437	30,44%	254 627
Transfers and Subsidies	293 099 446	71 215 944	0	0	0	71 215 944	24,30%	221 883 502
Departmental agencies and accounts	8 287 121	1 442 603	0	0	0	1 442 603	17,41%	6 844 518
Foreign governments and international organisations	4 734	1 902	0	0	0	1 902	40,18%	2 832
Non-profit institutions	52 715	0	0	0	0	0	0,00%	52 715
Households	284 754 876	69 771 439	0	0	0	69 771 439	24,50%	214 983 437
Payments of Capital Assets	15 023	2 257	0	0	0	2 257	15,02%	12 766
Payments of Financial Assets	0	0	0	0	-	0		0
TOTAL	294 055 642	71 464 646	0	0	0	71 464 646	24,30%	222 590 996

For the period under review, Programmes 5 and 1 incurred an over expenditure that was at 44.80% and 31.59%, respectively. The Department reported that spending on Programme was mainly driven by mandatory services (Goods and Services) such as security and cleaning contracts, audit fee, fleet management and IT services, which amounted R79 799 million (57%). Spending on Programme 5 was mainly driven by *Compensation of Employees*, which amounted to R22 678 million (70%). Spending on Travel and venues was also the main cost driver across Programmes 3 to 5 of the Department. The Department reported that on Programme 3, officials had to travel to conduct the various consultations and training sessions. Furthermore, the team visited various SASSA social assistance appeals process. Under Programme 4, officials travelled to provinces for programme implementation support, conduct capacity building sessions on policies, legislations and occupational sector training in order to equip frontline officials to provide services better.

Under Programme 5, officials travelled to conduct consultations sessions with Community Development Supervisors, implement the National Food and Nutrition Security Plan, facilitate and provide support for the better livelihoods pilot project (Linking Social Protection Beneficiaries to Sustainable Livelihoods Opportunities), to conduct design and evaluation study data collection on linking Social protection Beneficiaries to Sustainable Livelihoods in the Western Cape, to facilitate the National Quality Assurance Framework for Community Development (KZN, EC and Limpopo) and to facilitate the improvement plan in the evaluation project of the community development practitioner.

Travelling for a meeting for the Quarterly Performance Assessment planned with Provincial Managers

Spending on Consultants was also the main cost driver across the same Programmes (3 – 5). Under Programme 3, it was reported that the Branch has limited personnel to conduct all the research and legislative review that is required. As a result, a service provider was appointed to assist with the development of a business case to inform the proposed amendment of the SASSA Act. Programme 4 it was reported that spending on consultancy services were used in specialized areas of research and programme development and evaluation where there is lack of capacity internally, then sourcing of service providers is required. Under Programme 5, spending on consultancy services was due to the payment made to a service provider to develop a Policy on Linking Social Protection Beneficiaries to Sustainable Livelihoods Opportunities. Another payment was made to a contracted service provider for the NPO Systems Enhancement.

5. DSD OVERALL FISRT QUARTER NON-FINANCIAL PERFORMANCE FOR 2025/2026

Table 2: Achievement of targets for quarter 1, 2025/2026

Programmes	Targets achieved	Targets not achieved	Total targets	% Programme Performance
Programme 1	4	0	4	100%
Programme 2	1	0	1	100%
Programme 3	6	1	7	86%
Programme 4	12	2	14	86%
Programme 5	4	3	7	57%
Total targets	27	6	33	82%

5.1 Targets not achieved by DSD during first quarter 2025/26

The Department did not achieve targets listed below:

Table 3: Targets not achieved for Q1 of 2025/2026

Programme	Target not achieved	Reasons for deviation
-----------	---------------------	-----------------------

Programme 3	Social Security and Administration The DSD planned to conduct capacity building workshops in 2 provinces and this target was not achieved.	DSD indicated that only one (1) capacity building workshop with officials from Ehlanzeni District Municipality, Mpumalanga, was conducted. The planning phase took longer than anticipated due to challenges in coordinating appropriate dates with the relevant stakeholders. Coordination with local, provincial and other partners, and scheduling of engagements were intensified, resulting in further workshops during Q2 in order to achieve this target.
Programme 4	Professional Social Services and Older Persons: The quarterly targets to commemorate the World Elder Abuse Awareness Day in the Western Cape was not achieved. Social Crime Prevention and Anti-Substance Abuse: The target to monitor implementation of the four (4) Integrated Social Crime Prevention Electronic Information	The reasons cited by the DSD on their presentation was that this non achievement was due to commemoration being shifted from the Western Cape to the Eastern Cape. DSD indicated that National Joint Operational and Intelligence Structure (NATJOINTS) identified Eastern Cape province as having high incidents of elderly killings in the country. DSD reported that only three (3) were monitored. The Accreditation of Diversion System (ADS) was not monitored due to the Western Cape DSD not giving access to the

	Management Systems in one (1) district was not achieved.	National DSD, irrespective of the plans finalised.
Programme 5	Non-Profit Organisations: The target to register 100% of qualifying applications within two (2) months of receipt in compliance with Section 13(2) of the NPO Act was not achieved. Population and Development: The quarterly to submit the progress review report on the implementation of the Population Policy to the FOSAD-SPCHD Cluster was not achieved. Youth Development: The target to monitor DSD Youth Development Policy priorities in three (3) provinces was not achieved.	A total of 652 qualifying applications were registered within two (2) months of receipt in compliance with Section 13(2) of the NPO Act. However, due to miscalculations of the formula in the Technical Indicator Description, the target is deemed unmet. This matter has been dealt with, and agreement was reached on the way forward DSD reported that, there were delays in the finalisation of the MTDP 2024-2029 which affected the finalisation of the review report as it was important to include some of the strategic guidance of the MTDP 2024-2029. Additionally, revisions in the review report have since been concluded during Q2. DSD indicated that only one (1) province was monitored, and the outstanding two (2) provinces has been monitored during Q2 to cover provinces that were not done.

Some of the key targets achieved per Programme included:

- **Programme 1:** integration of DSD data with the Department of Home Affairs data on Person Identity Verification Application (PIVA) system and assessment of the DSD services that can be digitized was conducted.

- **Programme 2:** 100% transfer of R70 625 billion to the Social Assistance Grant funds to SASSA in line with the Approved Vote drawings from National Treasury.
- **Programme 3:** consultation on the Basic Income Support (BIS) draft policy was completed and a consultation report was compiled following engagements with Departments that are supposed to play a role in the implementation of the BIS draft policy, provincial oversight visits were conducted to monitor the implementation of Social Assistance Regulations in Mpumalanga, Free State and Limpopo, adjudication of 801 out of 859 (93.25%) appeals within 90 days of receipt and training on Social Assistance legislation in three provinces namely, Mpumalanga Free State and Limpopo.
- **Programme 4:** four (4) capacity building sessions were conducted on the Children's Act, capacitated two (2) districts on the Teenage Parent Programme namely, Ehlanzeni (MP) and North Corridor (Tshwane), Capacitated (3) districts on the Register on Adoptable Children and Prospective Adoptive Parents (RACAP) namely, Chris Hani (Eastern Cape), Dr Kenneth Kaunda (North West), Vhembe (Limpopo), educational awareness sessions on the prevention of sexual abuse of children were conducted in three provinces namely, Free State, Limpopo and Western Cape and consulted the National Children's Rights Intersectoral Coordination Committee on the National Strategy to Accelerate Action for Children.
- **Programme 5:** developed the DSD Portfolio District Development Model (DDM) Framework concept document, developed the 1st Draft discussion paper on Linking Social Protection Beneficiaries to Sustainable Livelihoods and a quarterly National Food and Nutrition Security Plan implementation report.

- **COMMITTEE DELIBERATIONS AND OBSERVATIONS**

- **Child protection:** The Committee wanted to know if capacity training on Children's Act, teenage pregnancy, child sexual abuse, also included education and awareness on statutory rape. Particularly, on what statutory rape is and how it can be reported.

The Department responded that it has a Compendium of Social and Behaviour Change Programmes amongst which are two programmes targeted at children between 10 and 14 years of age (ChommY) and youth between 15 and 24 years of age (YOLO). During ChommY sessions, children are taken through discussion on Rights and Responsibilities, and it has activities that cover Sexual Rights, Sexual consent and Sexual Violence.

In sexual violence sessions, children are taken through different types of violations where statutory Rape is explained. Children understand the sexual violation as it is explained, and this is role played with different scenarios.

During YOLO sessions, participants are taken through a session on "My sexual reproductive rights and responsibilities". The information sheets cover legislation relevant to HIV Prevention. This includes Domestic Violence Act , Children's Act and Sexual Violence Act, within which the statutory rape is incorporated. The training also considers steps to be taken if there are suspicions of such actions or it is reported by the victim directly. Time is spent on explaining the definition of statutory rape. Participants in the programme (youth aged 15 to 24 years) have shown understanding of the statutory rape.

Regarding teenage pregnancy and child sexual abuse, the educational awareness and information sharing contents include types of abuse, the impact thereof, measures in place to prevent statutory as well as available interventions. Based on

the educational awareness and information session; children, parents and caregivers understand what statutory rape entails including age difference for the age of sexual activities amongst children, which is two (2) years from 12 years to 16 years.

- **Travel costs:** The Committee noted DSD's overspending for quarter 1 on Programme 1 in comparison to the previous two financial years. DSD spent half of its travel budget for Programme 1 in the first quarter of 2024/25 financial year. It then requested the Department, the NDA and SASSA, to submit expenditure breakdown of travel costs per directorate, including the Ministry, of officials attending in person committee meetings and budget votes in Cape Town for the last five (5) years to date. Details should include the number of officials, accommodation, ground transfers, S&T per directorate.

The Committee expressed a concern on the gap between expenditure and performance. Expenditure of the Department reflected a lot of spending on travel costs and other cost drivers but there was poor performance. It wanted to know how the Department would avoid deviations in other quarters, given the high expenditure in quarter 1.

The Department reported that it was looking at cutting the number of delegations and conduct some of its meetings on virtual platforms, use venues owned by other government departments, officials do carpooling and reducing the number of dates of the events. The Wasteful and Fruitless Expenditure cases are dealt with through the Lost Control Committee and where no evidence is provided for non-attendance and missing of flights, the expenses are recovered from the implicated official.

- **Organisation review:** The Committee wanted to know when will DSD and entities' organizational review structure going to be completed and how will it affect the *Compensation of Employees* budget?

The Department reported that its proposed structure was submitted to the Department of Public Service and Administration (DPSA) for concurrence and approval. It was awaiting its approval. The proposed structure of SASSA is yet to be submitted to DPSA for concurrence and approval. It is also pending approval by the Minister prior to submission. The COE budget will be fully utilized however the Department will remain within the baseline allocated budget. It must be noted that National Treasury indicated that no additional funding will be allocated for this exercise.

- **Digitisation process:** The Committee wanted to know which business processes have been prioritised for digitisation.
- **Expenditure breakdown:** It requested the Department to provide an expenditure report on consultancy work that was done in Quarter 1. The report should include, for example, the type of work that was done, the value of each contract, the company details, if any consultants did pro-bono work, whether the consultants are DSD civil society stakeholder partners, which ones are private business/corporations and an indication if any of these services could have been done by other government entities.
- **Unpaid activities:** The Committee wanted to know the specific activities that were not paid by the end of the 2024/2025 financial year, which resulted in over spending in quarter 1 of 2025/2026.
- **Training:** It wanted to know which officials attended the food safety and quality assurance (FS&QA). Could the training not have been provided by environmental officials from local government?

The Department explained that officials who were provided with Food Safety and Quality Assurance (FS&QA) training were mainly the DSD officials responsible

for monitoring and managing DSD Centre Based Feeding Programmes and the personnel within the DSD funded organisations (mostly NPOs). The Food Safety and Quality Assurance training is designed to provide DSD centers, organizations (CSOs), food handlers, and stakeholders with a structured set of tools, guidelines, and best practices to ensure compliance to the established quality standards. This training help DSD centers in preventing foodborne illnesses, maintaining hygiene, and help DSD centers to prepare and comply with legal requirements from the Environmental Officers, whilst the Environmental officers' role is to enforce compliance to the Food Legislation and Food Safety Standards in SA R638 (Food Hygiene Regulation) and issue the certificate of compliance or non-compliance.

- **Venue hire:** It also wanted to know if the venue hire included the full conference package – sound, refreshments, etc. or it was only for the venue?

The Department reported that venue hire included full conference package which include PA System with 2 microphones, Projector with HDMI Cable and screen, Flip chart with Koki pens, refreshments such as bottled water, tea and lunch on each day of training workshops and consultative workshops conducted.

- **Accreditation of Diversion System (ADS):** The Committee raised a concern on the Department's report that it could not monitor the implementation of the ADS in Western Cape because the provincial DSD did not give it access to the system. The Western Cape Department is part of the national Department. The Committee recommended that this issue be escalated to the Leader of Government Business as it affects service delivery.

A Member of the Committee reported that she made a follow up on the matter with the Western Cape department. The WC department informed her that its Probation Case Management (PCM) system has some issues that need to be addressed before the implementation and training on and training on the Integrated Social Crime

Prevention System which consists of multiple systems including the ADS can be conducted. The delay in securing a date emanated from the challenge of coordinating dates when the national DSD would be available. Training was done in March and July 2025. The training and monitoring of the ADS depended on the availability of the budget allocation for training in each quarter. It was also noted that the ADS is a national system and so it is not for the WC DSD to give or deny access to national DSD.

The Department explained that the approval to monitor the ADS was granted in April 2025. The Western Cape DSD provided the date, but it later informed the national DSD that the meeting could not be honoured. Hence the target was reported not achieved.

- **Reduced levels of poverty:** The Committee noted that Programmes 2, 3 and 5 have the outcome to have reduced levels of poverty, inequality, vulnerability and social ills and wanted to know if there was any statistical evidence that showed that achievements of targets under these Programmes indeed achieved this outcome.

The Departments explained that it relies on Statistics South Africa statistics for social grants projections and reduction of poverty. The outcome to reduce poverty looks at the number of people receiving social grants that are above Food Poverty Level. Children's grants are, however, still below the Food Poverty Level. The analysis for reduced poverty levels, however, focuses on the number of children receiving social grants. This is how the outcome is evaluated. The same applies to reducing inequality, especially, through the SRD grant. However, the trend analysis cannot be done quarterly because of the intense research that will need to be conducted. The trend analysis are done annually by Statistics South Africa.

- **NPO registration:** The Committee wanted to know the number of churches that were registered as NPOs and the guidelines available to churches on how they should apply for registration, as churches or foundations? What is the Department

doing to monitor the expenditure of NPOs and funded work? Some NPOs misuse their allocated funds. It raised a concern that churches cannot get funding from DSD and companies because they are churches.

The Department reported that as of 02 August 2025 there were 34 017 registered churches as NPOs, and their stated objectives were for spiritual work and others for charity work. The advice given is that churches should separate spiritual work and charity work because charity it is done out of good will.

- **Linkage of social grants beneficiaries to government services:** The Committee wanted to know how will the linkages between social grant beneficiaries to government services be operationalised.

The Department reported that the Policy on Linking Social Beneficiaries to government services will be implemented in four pillars, 1) basic needs fulfilled, 2) connection to economic opportunities and 3) mentoring that is coupled with psychosocial support, and 4) savings.

Resolution

- The Department to forward the Committee a policy provision on the funding of churches as NPOs.

Report to be noted.

4. PORTFOLIO COMMITTEE ON SOCIAL DEVELOPMENT BUDGET REVIEW AND RECOMMENDATION REPORT (BRRR), 2024/2025, DATED 29 October 2025

Contents

1.	INTRODUCTION.....	3
2.	PURPOSE OF THE BRRR	4
3.	METHODOLOGY	4
4.	COMMITTEE OVERSIGHT	5
4.1	Analysis of financial expenditure and targets achieved per quarter for 2024/2025 financial year	5
4.2	OVERSIGHT OVER KEY PRIORITY AREAS.....	11
5.	AUDITOR – GENERAL SOUTH AFRICA (AGSA) FINDINGS FOR 2024/2025	13
5.1	Audit opinions of the social development portfolio.....	13
5.1.1	Financial performance of the social development portfolio.....	14
5.1.2	Information Technology (IT) environment	15
5.2	Performance on reported targets of the social development portfolio.....	15
5.2	AGSA general observation	15
5.2.1	Leakages on grants disbursement	15
5.2.2	Gender Based Violence Command Centre (GBVCC)	16
5.2.3	NDA budget spending.....	17
5.3	Compliance with key legislation across the social development portfolio	17
5.4	AGSA recommendations to the Minister of Social Development	18
5.5	AGSA recommendations to the Portfolio Committee.....	18
5.5	Portfolio Committee observations on AGSA report	19
6.	DEPARTMENT OF SOCIAL DEVELOPMENT	20
6.1	DSD policy priorities alignment with other frameworks.....	21
7.	OVERVIEW OF THE ANNUAL FINANCIAL AND NON-FINANCIAL PERFORMANCE OF THE DEPARTMENT OF SOCIAL DEVELOPMENT FOR 2024/2025 FINANCIAL YEAR	22
7.1	Financial Performance.....	22
7.2	Analysis of Annual Financial Statements.....	25
7.3	Report of the Auditor-General of South Africa (AGSA).....	26
8.	OVERVIEW OF NON-FINANCIAL PERFORMANCE.....	30
8.1	Programme 1: Administration	30
8.2	Programme 2: Social Assistance.....	31
8.4	Programme 4: Welfare Services Policy Development and Implementation.....	32
8.5	Programme 5: Social Policy and Integrated Service Delivery.....	34
9.	HUMAN RESOURCES	35
10.	THE SOUTH AFRICA SOCIAL SECURITY AGENCY (SASSA).....	36
10.1	Overview of financial and non-financial performance of the South African Social Security Agency (SASSA) for 2024/2025 financial year	37
10.1.1	Financial Performance.....	37
10.1.2	Budget expenditure per programme, 2024/2025	38
10.1.3	Non-financial performance	39
10.1.4	Performance information by programme	40
10.2	Human resources	43

10.3 Report of SASSA Audit Committee	44
10.4 Report of the Auditor-General South Africa (AGSA) on SASSA	45
10.5 Progress on issues raised by the Portfolio Committee	45
11. NATIONAL DEVELOPMENT AGENCY	48
11.1 Overview of financial and non-financial performance of the National Development Agency (NDA) 2024/2025 financial year	48
11.2 Financial performance.....	49
11.1.2 Revenue collection.....	50
11.3 Non-financial performance.....	51
11.4 Human resources	54
11.5 Personnel cost by programme.....	54
11.5 Employment and vacancies	54
12. COMMITTEE OBSERVATIONS AND DELIBERATIONS ON THE SOCIAL DEVELOPMENT PORTFOLIO ANNUAL REPORTS	55
12.1 Department of Social Development.....	55
12.2 South African Social Security Agency.....	Error! Bookmark not defined.
12.3 National Development Agency	Error! Bookmark not defined.
13. COMMITTEE RECOMMENDATIONS	66
13.1 Department of Social Development.....	66
13.2 South African Social Security Agency.....	Error! Bookmark not defined.
13.3 National Development Agency	Error! Bookmark not defined.

1. INTRODUCTION

The Portfolio Committee on Social Development considered the financial and non-financial performance of the Department of Social Development (DSD), the South African Social Security Agency (SASSA) and the audit report of the Auditor-General South Africa (AGSA) on 08 October 2025. It also considered the financial and non-financial performance of the National Development Agency (hereafter the NDA or Agency) on 09 October 2025. The Committee reports as follows:

The Committee's mandate as prescribed by the Constitution of South Africa and the Rules of Parliament is to build an oversight process that ensures a quality process of scrutinising and overseeing the department's action, that is driven by the ideal of realising a better quality of life for all people of South Africa. It is also required to facilitate public participation, monitoring and oversight over the legislative processes relating to social development and also to confer with relevant governmental and civil society organs on social development matters.

The Committee also enhances and develops the capacity of its members to exercise effective oversight over the Executive Authority in social development. It monitors whether the Department of Social Development fulfils its mandate according to priorities.

The Committee also has a mandate to perform the following:

- Considers legislation referred to it;
- Conducts oversight of any organ (s) of the state and constitutional institution(s) falling within its portfolio;
- Facilitates appointment of candidates to entities;
- Considers international agreements; and
- Considers budget of department and entities falling within its portfolio.

For the current medium term (2019 – 2024), the Committee's oversight focuses on the department and its entities performance regarding the implementation of the priorities set in the National Development Plan and in the Medium Term Strategic Framework (MTSF). The Committee also conducts oversight over the department's performance in implementing the priorities of the State of the Nation Address (SONA).

2. PURPOSE OF THE BRRR

As part of exercising its oversight work, the Committee considered the 2024/2025 annual reports of the department and its entities. This BRRR reports on the financial and non-financial performance of the department and its entities.

In terms of Section 5 of the Money Bills Amendment Procedures and Related Matters Act, No.9 of 2009, the National Assembly (NA) through its committees must annually assess the performance of each national department. Portfolio Committees must thus annually submit Budget Reviews and Recommendation Reports (BRRRs) for tabling in the NA in order for Parliament to compile a report for the Medium Term Budget Policy Statement.

The Money Bills Amendment Procedure and Related Matters Act therefore makes it obligatory for Parliament to assess the department's budgetary needs and shortfalls vis-à-vis the department's operational efficiency and performance.

Most importantly, the budget review process enables the Committee to amend the budget allocation of the department through the recommendations it makes. Its recommendations are considered during the consideration of the Medium Term Budget Policy Statement (MTBPS).

The budget review process also enables the Committee to make recommendations to the Minister of Social Development on issues pertaining to service delivery. This therefore means that the analysis contained in the BRRR is both backward and forward looking.

3. METHODOLOGY

The BRRR culminated from a very intense and thorough analysis and interaction with the Department of Social Development, the South African Social Security Agency (SASSA) and the National Development Agency (NDA). These included briefings from the department and its entities on their quarterly reports and briefings on their annual reports. The Committee also received a briefing from

the Office of the Auditor-General on the audit outcomes of the department and its entities financial and non-financial performance for the year under review (2024/2025).

4. COMMITTEE OVERSIGHT

4.1 Analysis of financial expenditure and targets achieved per quarter for 2024/2025 financial year

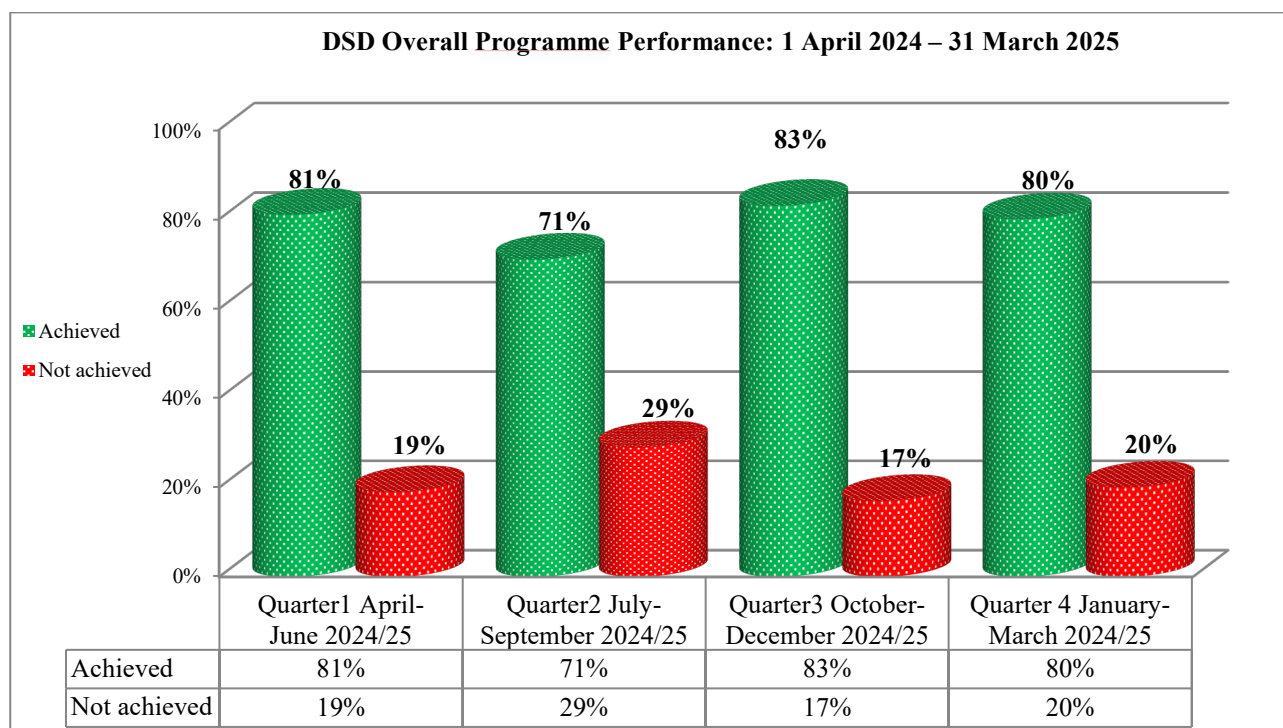
The Committee received quarterly expenditure and non-financial performance report for the four quarters of the 2024/2025 financial year. Table 1 and Figure 1 below show the expenditure and performance reports of the Department of Social Development per quarter.

Table 1: DSD Budget expenditure per quarter

Programme	Final Voted	Actual						
		Apr – Jun 2024	July-Sept 2024	Oct-Dec 2024	Jan - Mar 2025	Total Spending	% Spent	Available
		R'000	R'000	R'000	R'000	R'000		R'000
P1 :Administration	441 701	98 768	112 590	117 660	112 355	441 373	99,93%	328
P2: Social assistance	269 365 184	67 778 206	66 496 067	66 300 574	66 194 400	266 769 247	99,04%	2 595 937
P3: Social Security Policy And Administration	7 828 725	1 895 455	1 930 893	1 977 789	2 016 240	7 820 377	99,89%	8 348
P4: Welfare Services Policy Development And Implementation Support	306 405	63 734	79 046	71 539	85 731	300 050	97,93%	6 355
P5: Social Policy And Integrated Service Delivery	353 918	155 549	37 528	126 422	31 932	351 431	99,30%	2 487
TOTAL	278 295 933	69 991 711	68 656 124	68 593 984	68 440 658	275 682 478	99,06%	2 613 455
Economic Classification								
Current Payments	893 859	201 017	221 838	244 458	215 406	882 718	98,75%	11 141
Compensation of Employees	536 374	132 679	128 811	135 412	130 899	527 801	98,40%	8 573
Goods and Services	357 485	68 337	93 027	109 046	84 507	354 917	99,28%	2 568
Transfers and Subsidies	277 387 692	69 786 854	68 430 675	68 348 667	68 219 836	274 786 032	99,06%	2 601 660
Departmental agencies and accounts	7 960 438	2 006 083	1 911 787	2 043 682	1 998 886	7 960 438	100,00%	0
Foreign governments and international organisations	4 504	1 785	682	1 208	441	4 116	91,39%	388
Non-profit institutions	47 388	0	17 610	2 868	22 775	43 253	91,27%	4 135
Households	269 375 362	67 778 987	66 500 596	66 300 909	66 197 734	266 778 225	99,04%	2 597 137
Payments of Capital Assets	14 382	3 840	3 611	859	5 417	13 728	95,45%	654
Payments of Financial Assets	0	0	0	0	-	0		0
TOTAL	278 295 933	69 991 711	68 656 124	68 593 984	68 440 658	275 682 478	99,06%	2 613 455

The Department maintained an average expenditure of R70 million across the four quarters, which marked 50% average expenditure trend. Of its R278 295 billion allocated budget, it managed to spend 99.06% (R275 682 billion). It had a total underspending of R2 613 billion due to underspending in grant payments under Programme 2. Detailed quarterly expenditure trends for the year under review are contained in the Portfolio Committee Fourth Quarter Report.

Figure 1: DSD performance success rate per quarter, 2024/2025



Regarding non-financial performance, the Department had high performance in quarters 3 and 1 of the financial year, achieving 84% and 81% of set targets, respectively. Quarter 4 had the least achieved targets at 71%. The decline in performance quarter 2 was attributed mainly to the delays in processing the bills, dependencies such as consultations with stakeholders, factors associated with the transition to the 7th Administration, and delays in supply chain and legal service processes.

These were the critical bills and policies that were not finalised as planned for the 6 Administration:

- South African Social Security Agency Amendment Bill and the Victim Support Services Bill
- National Development Agency Amendment Bill
- Draft White Paper on Comprehensive Social Security
- Draft Policy on Voluntary Cover for Retirement and Risk Benefits for Atypical and Informal Sector Workers
- Prevention of and Treatment for Substance Use Disorders Policy
- Policy on Integrating Children's Grant Beneficiaries with Government Services

- Policy on Maternal Support
- Policy Proposal on Income Support to 18-59 Year Olds

For the 7th Administration the Department has only prioritised to develop and finalise the Victim Support Services Bill, the South African Social Security Amendment Bill and the National Development Agency Amendment Bill. It reported that the Prevention of and Treatment of Substance Abuse Act is under review. This is a long standing review and possible amendment to the Act, which the Portfolio Committee had previously recommended to be amendment to address funding, governance issues and powers of the Central Drug Authority (CDA).

The Department has also only prioritised the finalisation of the Policy Proposal on Income Support to 18-59 Year Olds, the Prevention of and Treatment for Substance Use Disorders Policy and the Policy on Integrating Children's Grant Beneficiaries with Government Services.

Quarter 1 financial and non-financial performance (April 2025- July 2026)

Table 3: Summary of expenditure per programme for quarter 1, 2025/2026

Programme	Voted	Actual					% Spent	Available
		Apr – Jun 2025	July-Sept 2025	Oct-Dec 2025	Jan - Mar 2026	Total Spending		
		R'000	R'000	R'000	R'000	R'000		R'000
P1 :Administration	438 938	138 685	0	0	0	138 685	31,60%	300 253
P2: Social assistance	284 750 952	69 771 239	0	0	0	69 771 239	24,50%	214 979 713
P3: Social Security Policy And Administration	8 184 436	1 332 704	0	0	0	1 332 704	16,28%	6 851 732
P4: Welfare Services Policy Development And Implementation Support	318 999	59 704	0	0	0	59 704	18,72%	259 295
P5: Social Policy And Integrated Service Delivery	362 317	162 315	0	0	0	162 315	44,80%	200 002
TOTAL	294 055 642	71 464 646	0	0	0	71 464 646	24,30%	222 590 996
Economic Classification								
Current Payments	941 173	246 445	0	0	0	246 445	26,18%	694 728
Compensation of Employees	575 109	135 009	0	0	0	135 009	23,48%	440 100
Goods and Services	366 064	111 437	0	0	0	111 437	30,44%	254 627
Transfers and Subsidies	293 099 446	71 215 944	0	0	0	71 215 944	24,30%	221 883 502
Departmental agencies and accounts	8 287 121	1 442 603	0	0	0	1 442 603	17,41%	6 844 518
Foreign governments and international organisations	4 734	1 902	0	0	0	1 902	40,18%	2 832
Non-profit institutions	52 715	0	0	0	0	0	0,00%	52 715
Households	284 754 876	69 771 439	0	0	0	69 771 439	24,50%	214 983 437
Payments of Capital Assets	15 023	2 257	0	0	0	2 257	15,02%	12 766
Payments of Financial Assets	0	0	0	0	-	0		0
TOTAL	294 055 642	71 464 646	0	0	0	71 464 646	24,30%	222 590 996

For the period under review, Programmes 5 and 1 incurred an over expenditure that was at 44.80% and 31.59%, respectively. The Department reported that spending on Programme ? was mainly driven by mandatory services (Goods and Services) such as security and cleaning contracts, audit fee, fleet management and IT services, which amounted R79 799 million (57%). Spending on Programme 5 was mainly driven by Compensation of Employees, which amounted to R22 678 million (70%). Spending on Travel and venues was also the main cost driver across Programmes 3 to 5 of the

Department. The Department reported that on Programme 3, officials had to travel to conduct the various consultations and training sessions. Furthermore, the team visited various SASSA offices to monitor social assistance appeals processes. Under Programme 4, officials travelled to provinces for programme implementation support, conduct capacity building sessions on policies, legislations and occupational sector training in order to equip frontline officials to provide services better.

Under Programme 5, officials travelled to conduct consultations sessions with Community Development Supervisors, implement the National Food and Nutrition Security Plan, facilitate and provide support for the better livelihoods pilot project (Linking Social Protection Beneficiaries to Sustainable Livelihoods Opportunities), to conduct design and evaluation study data collection on linking Social protection Beneficiaries to Sustainable Livelihoods in the Western Cape, to facilitate the National Quality Assurance Framework for Community Development (KZN, EC and Limpopo) and to facilitate the improvement plan in the evaluation project of the community development practitioners.

Spending on Consultants was also the main cost driver across the same Programmes (3 – 5). Under Programme 3, it was reported that the Branch has limited personnel to conduct all the research and legislative review that is required. As a result, a service provider was appointed to assist with the development of a business case to inform the proposed amendment of the SASSA Act. Under Programme 4 it was reported that spending on consultancy services was used in specialized areas of research and programme development and evaluation where there is a lack of capacity internally, then sourcing of service providers is required. Under Programme 5, spending on consultancy services was due to the payment made to a service provider to develop a Policy on Linking Social Protection Beneficiaries to Sustainable Livelihoods Opportunities. Another payment was made to a contracted service provider for the NPO Systems Enhancement.

COMMITTEE OBSERVATIONS¹

- **Child protection:** The Committee wanted to know if capacity training on Children's Act, teenage pregnancy, child sexual abuse, also included education and awareness on statutory rape. Particularly, on what statutory rape is and how it can be reported.

¹ Full details on the responses from DSD are contained in the Portfolio Committee Report on Quarter 1 Performance Report of DSD

- **Travel costs:** The Committee noted DSD's overspending for quarter 1 on Programme 1 in comparison to the previous two financial years. DSD spent half of its travel budget for Programme 1 in the first quarter of 2024/25 financial year. It then requested the Department, the NDA and SASSA, to submit expenditure breakdown of travel costs per directorate, including the Ministry, of officials attending in person committee meetings and budget votes in Cape Town for the last five (5) years to date. Details should include the number of officials, accommodation, ground transfers, S&T per directorate.

The Committee expressed a concern on the gap between expenditure and performance. Expenditure of the Department reflected a lot of spending on travel costs and other cost drivers but there was poor performance. It wanted to know how the Department would avoid deviations in other quarters, given the high expenditure in quarter 1.

- **Organisation review:** The Committee wanted to know when will DSD and entities' organizational review structure going to be completed and how will it affect the Compensation of Employees budget?
- **Digitisation process:** The Committee wanted to know which business processes have been prioritised for digitisation.
- **Expenditure breakdown:** It requested the Department to provide an expenditure report on consultancy work that was done in Quarter 1. The report should include, for example, the type of work that was done, the value of each contract, the company details, if any consultants did pro-bono work, whether the consultants are DSD civil society stakeholder partners, which ones are private business/corporations and an indication if any of these services could have be done by other government entities.
- **Unpaid activities:** The Committee wanted to know the specific activities that were not paid by the end of the 2024/2025 financial year, which resulted in over spending in quarter 1 of 2025/2026.

- **Training:** It wanted to know which officials attended the food safety and quality assurance (FS&QA). Could the training not have been provided by environmental officials from local government?
- **Accreditation of Diversion System (ADS):** The Committee raised a concern on the Department's report that it could not monitor the implementation of the ADS in Western Cape because the provincial DSD did not give it access to the system. The Western Cape Department is part of the national Department. The Committee recommended that this issue be escalated to the Leader of Government Business as it affects service delivery.

A Member of the Committee reported that she made a follow up on the matter with the Western Cape department. The WC department informed her that its Probation Case Management (PCM) system has some issues that need to be addressed before the implementation and training on and training on the Integrated Social Crime Prevention System which consists of multiple systems including the ADS can be conducted. The delay in securing a date emanated from the challenge of coordinating dates when the national DSD would be available. Training was done in March and July 2025. The training and monitoring of the ADS depended on the availability of the budget allocation for training in each quarter. It was also noted that the ADS is a national system and so it is not for the WC DSD to give or deny access to national DSD.

- **Reduced levels of poverty:** The Committee noted that Programmes 2, 3 and 5 have the outcome to have reduced levels of poverty, inequality, vulnerability and social ills and wanted to know if there was any statistical evidence that showed that achievements of targets under these Programmes indeed achieved this outcome.
- **NPO registration:** The Committee wanted to know the number of churches that were registered as NPOs and the guidelines available to churches on how they should apply for registration, as churches or foundations? What is the Department doing to monitor the expenditure of NPOs and funded work? Some NPOs misuse their allocated funds. It raised a concern that churches cannot get funding from DSD and companies because they are churches.

- **Linkage of social grants beneficiaries to government services:** The Committee wanted to know how will the linkages between social grant beneficiaries to government services be operationalised.

4.2 OVERSIGHT OVER KEY PRIORITY AREAS

The period after the adoption of the 2023/2024 BRRR, the Committee focused on the following priority areas:

- **Social Assistance Programme:** the Committee focused on various challenges in the administration of the social grants, including vulnerabilities or weaknesses in the SRD grant applications and payments system reported on by Mr Gosai and Mr Cendras, students from the University of Stellenbosch, that resulted in SRD grant payments made to ineligible beneficiaries (fraudsters), crisis in the replacement of SASSA gold cards with Postbank black cards, potential impact of the termination of SASSA and Postbank Master Service Agreement (MSA), impact of the income verification process and conditions imposed to SASSA by National Treasury as well as the impact of the roll out of the beneficiary biometric registration.

The Committee's urgency in conducting oversight on the allegations of fraudulent payments of the SRD grant due to weaknesses in the administration of the SRD grant resulted in DSD and SASSA conducting investigations as per the recommendations of the Committee. The preliminary investigations revealed vulnerabilities in the SRD grant application and payment systems. Also, as per the recommendations of the Committee, the scope of the investigation was extended to include other social grants as there were reports of payments made to ineligible beneficiaries. The Committee is yet to receive progress report on the second phase of the investigation and implementation of recommendations made.

The Committee's urgent oversight also on the crisis that ensued during the replacement of the SASSA gold cards to Postbank black cards to both SASSA and Postbank resulted in heightened urgency for intervention to address the crisis. The Committee also received weekly progress reports from Postbank on the progress made in card replacement. Subsequently, the South African Reserve Bank indefinitely suspended the replacement of SASSA gold cards because Postbank did not meet the set deadline of end March 2025.

Again, the Committee's urgent oversight on the potential impact of the termination of the MSA between SASSA and Postbank, resulted in a joint meeting with DSD, SASSA, Reserve Bank and Postbank. The Committee was assured by DSD, SASSA and the Reserve Bank that the termination of the MSA would not have negative impact on beneficiaries. Payments of social grants would continue to be paid to the beneficiaries Postbank accounts as scheduled. The Reserve Bank also informed the Committee that it issued a Fourth Variation Notice to Postbank, which extended Postbank's designation as a Designated Clearing System Participant (DCSP), on condition that Postbank complies with all the requirements.

The Committee's oversight on the potential impact of the income verification as prescribed by National Treasury and biometric registration resulted in it having a joint meeting with the Standing Committee on Appropriations in which DSD briefed the Committees on its 2025 appropriation. The Committee made its submission to the Standing Committee on Appropriations highlighting the frustration that was caused by National Treasury conditions and the outcry from the public, including the civil society movements on the possible adverse impact these conditions might have on the grant recipients. In the main, Members of the two Committees acknowledged the need for measures to verify the legitimacy of grant recipients. They, however, expressed the view that there should be no interruptions in the disbursement of grants.

Members called to the National Treasury to consider reversing the conditions and immediately stop the proposed staggering approach in its conditions, allow the department to perform its fiduciary duties without attaching stringent conditions to its operation. Members also noted that SASSA lacks the capacity to conduct biometric verification and suggested that instead, rigorous measures should be introduced to ensure that data is accurate and updated through available modern data purification systems. The follow-up meeting with the Minister of Finance did not take place but the Portfolio Committee on Social Development implemented its resolution to have SASSA brief it on its quarterly progress reports it will submit to National Treasury. It was briefed on this report on 17 September 2025.

The next briefing will be at the end of October 2025. The Committee is also planning to conduct an oversight visit to SASSA office in Mandeni, in iLembe District, in KwaZulu-Natal. One of the focus areas of the oversight visit includes capacitation and resourcing of SASSA frontline offices, particularly to implement the Modernisation Plan, which also

encompasses the roll out of the beneficiary's biometric registration and income verification process.

- **Rights of older persons:** the Committee adopted the Older Persons Amendment Bill, which strengthened the rights of older persons and their safety. It also considered a petition from Mr Isaac which called for an increase in the Old Age Pension. Mr Isaac briefed the Committee on the petition. DSD and SASSA responded to the petition. The Department explained that the increase in Old Age Pension falls outside its mandate. It falls under the mandate of National Treasury and other relevant departments. The Committee is also scheduled to consider another petition from senior citizens in the Western Cape calling on the National Assembly to assist them with the payment of their SASSA grants and related matters, on 05 November 2025.
- **NPO funding and support:** the Committee conducted oversight visit in Gauteng to meet with the Gauteng Department of Social Development to receive a briefing on the progress made in the NPO sector funding in the province, redressing the decision taken by the 6th Administration department, financial and non-financial support to the NPO sector, legislative framework implemented, budget allocated for NPO funding, report on compliant and non-compliant NPOs and reasons for non-compliance, sector that are (were) mostly affected by budget cuts and non-compliance. It also met with the South African Local Government Association (SALGA) to receive a briefing on municipal by laws requirements for the NPO sector and support provided to the sector. It also met with the regional National Development Agency to receive a briefing on the programmes it implements as well NPOs/NGOs/co-operatives it is funding, impact of its funding and programmes, budget allocated for grant funding and budget it receives from DSD².

5. AUDITOR – GENERAL SOUTH AFRICA (AGSA) FINDINGS FOR 2024/2025

Auditor General reported on the overall reflections on the implementation of the recommendations for 2024/25 financial year, as follows:

5.1 Audit opinions of the social development portfolio

² Findings of the oversight visit are contained in the Committee Oversight Report

- There has been an improvement in the number of backlog investigations, although there are still some ongoing investigations. There is a significant decrease in the number of outstanding investigations.
- Noted a slow response from senior management in implementing some of AGSA's recommendations, especially regarding the issues surrounding grant administration. There are still some leakages identified within the system.
- There is also slow progress made in dealing with the identified material irregularities.

5.1.1 Financial performance of the social development portfolio

The audit outcome of the Department regressed from unqualified audit outcome with findings to a qualified audit finding. SASSA and the NDA's audit findings remained stagnant at unqualified audit with findings.

DSD was mainly qualified due to Transfers and Subsidies for social grants beneficiary files not provided to substantiate grant payments. Also, overpayments to beneficiaries were not included in the financial records.

In relation to Irregular Expenditure (IE), AGSA found that DSD incurred IE of R5.3 million, SASSA of R1.57 million and the NDA of R0.7 million. The IE was incurred due to inadequate exercise of oversight responsibility regarding compliance and related internal controls. The review and monitoring controls over compliance with supply chain management (SCM) laws and regulations were not adequate and effective to detect and prevent SCM non-compliance.

With regard to Material Irregularities (MIs) AGSA found that all five material irregularities that were previously raised at SASSA were resolved in the 2023/2024 financial year. It also found that the accounting officer at the DSD is taking appropriate actions to address the material irregularity relating to assets purchased at prices above the market price. An investigation has been commissioned, the SCM policy was updated, and a market price index has been implemented. It however observed a slow response in implementing disciplinary processes and the recoverability of financial loss.

5.1.2 Information Technology (IT) environment

AGSA found that the availability of grant systems was unstable, hindering users from capturing, verifying and processing grant applications and attending to beneficiary queries. There were ineffective system controls on the Social Grant Payment System. A review of the Information Management and Systems Technology Strategy and related initiatives revealed delays across multiple key projects. These weaknesses were caused by system outages, inadequate planning and lack of dedicated IT budgets and ineffective governance and oversight from the accounting officer and accounting authority.

This impacted the ability to manage grant administration and payments in an effective, efficient and cost-effective way. It exposed the department and the agencies to fraud and misappropriation of funds. It also resulted in inability to produce credible financial and performance results.

5.2 Performance on reported targets of the social development portfolio

AGSA found that reported achievements are not reliable across the portfolio. Indicators that measure performance on core mandated functions of DSD were excluded. Reported performance information at DSD is not consistent with planned information. This was due to senior management not adequately reviewing the information supporting the annual performance report to enable accurate reporting and the monitoring of progress made towards achieving targets, core objectives and service delivery.

The aforementioned weaknesses have the following impact:

- Systems were not implemented at DSD to enable the monitoring of progress made towards achieving targets, core objectives and service delivery.
- The lack of adequate systems to track enquiries received by SASSA from the public is aligned to the public outcry concerning the turnaround time for processing grant applications, resulting in a negative impact on service delivery.
- There is a decline in the quality of services provided at the NDA, potentially impacting the eradication of poverty, which is the key mandate of the entity.

5.2 AGSA general observation

5.2.1 Leakages on grants disbursement

In the 2023/2024 financial year AGSA observed that the Department spent 99,4% (R259 billion) of its vote allocation, 96,45% of which was spent on social assistance (grants). It observed following leakages:

- Grants to the amount of R14 million are being paid to deceased beneficiaries.
- An amount of R231 million was paid to beneficiaries who are also directors of companies on the Companies and Intellectual Property Commission that are doing business with the state.
- Payments were made to beneficiaries with invalid IDs.
- There were employees also receiving social grants - Sassa (R1,5 million) and Postbank (R134 000).

In 2024/ 2025, it observed that DSD spent 99.0% (R269 billion) of its vote allocation, of which 96.79% was spent on social assistance (grants). AGSA noted some improvements in the controls within the grant management system, but it still identified some weaknesses. It observed the following leakages:

- Incomplete beneficiary database- 73 664 beneficiaries were in payment from 2012-2025 without beneficiary files. The total grants paid to these beneficiaries in 2024/25 was R1. 7 billion.
- Means testing issues – beneficiaries on PERSAL and GEPIF who do not meet the means testing requirements continue to benefit from social assistance grants.
- Repeat finding from prior year.
- Duplicate Quad 7 beneficiaries – RSA residents with identity issues awarded Quad 7 IDs benefit more than once as these SASSA IDs are not linked to the Department of Home Affairs and are managed internally in the local offices. Beneficiaries move from one local office to another and apply for the same grants more than once. Similarly foreign nationals do the same when awarded Quad 7 IDs. SASSA paid R30 204 billion to these beneficiaries.
- The overall impact of the issues above results in payment of grants to ineligible beneficiaries and/or potentially beneficiaries that do not exist.

5.2.2 Gender Based Violence Command Centre (GBVCC)

AGSA observed that there has been a notable improvement in the number of calls received by the Command Centre since the relaunch of operations. Gauteng had the highest number of reported GBV incidents, almost doubling the number of reported incidents in KwaZulu-Natal. These numbers are consistent with the South African Police Service (SAPS)-reported stats on crime against humans (is

it humans or women?). The numbers reported on by the SAPS for the Eastern Cape and Northern Cape are similar. However, comparing reported cases to the GBVCC, AGSA noted a difference, with the Northern Cape lagging. It urged the Department to investigate whether there is adequate awareness in the Northern Cape in terms of how to access resources provided by the department.

5.2.3 NDA budget spending

AGSA observed that the majority of the entity's spending is on staff costs. It noted that spending that over the past three years, the majority (more than 50%) of spending by the public entity is on programme 2 (mandate expenditure), which relates to the core function of the entity. However, most (80%) of the budget under mandate expenditure is spent on salaries.

It recommended that the NDA needs to clearly define its service delivery goals and allocate resources accordingly. It should explore alternative funding models, such as grants or public/private partnerships, and diversify funding sources and reduce reliance on salary-driven budgets.

5.3 Compliance with key legislation across the social development portfolio

AGSA found that DSD and the NDA had inadequate review processes to ensure regular, accurate and complete reports that are supported by reliable information. There was also slow response by DSD to implement consequence management. It further found that in the NDA, there was inadequate consequence management. Regarding, SASSA, AGSA found that there was inadequate review and monitoring of compliance with procurement legislation.

These findings have the following impact:

- Potential losses due to material non-compliance on expenditure management.
- Lack of credible performance and financial reporting, which affects transparency and accountability.
- Inability to hold officials accountable for transgressions due to ineffective consequence management.
- Deficiencies in strategic planning affect delivering on legislated mandate.

AGSA also made findings relating to procurement and contracting management. It found that uncompetitive and unfair procurement processes occurred in the value of R1.1 million at DSD, R26.

8 million at SASSA and R3. 7 million at the NDA. It further found that there were deviations from prescribed procurement processes at DSD to the value of R17. 6 million. It also found that there was ineffective contract monitoring at SASSA and the NDA, of contract to the value of R252. 96 million at SASSA and R7. 2 million at the NDA.

5.4 AGSA recommendations to the Minister of Social Development

AGSA made the following recommendations to the Minister:

- The minister should ensure that the implementation of biometrics for employees and beneficiaries across all grant types is expedited to prevent fraudulent access.
- Sassa and the DSD should use the South African banks and the National Treasury to assist them to perform means test on all beneficiaries who are receiving grants.
- The CEOs of SASSA, the board of NDA and DG of DSD, should timeously implement consequence management on officials who are found guilty of contravening policies and procedures.
- Key vacancies at both the NDA (CFO and CEO) and the department (Inspectorate) should be filled.

5.5 AGSA recommendations to the Portfolio Committee

AGSA recommended that the Portfolio Committee should focus its oversight on the following areas:

- Closer monitoring to ensure that the DSD material irregularity is adequately addressed, specifically in relation to the finalisation of the disciplinary processes and recovery of the losses.
- Follow up on the progress of the development and implementation of the action plan to prevent recurrence.
- Monitor the implementation of biometrics and the progress made on coordinating with the South African banks and National Treasury to ensure that means tests are conducted effectively.
- Monitor progress made by accounting officers/ authorities in resolving material irregularities, including expediting the investigation process at the department and the entities, to foster a culture of consequence management.

- Engage the executive authority on measures to address barriers in the filling of key vacancies and regularly monitor progress in this regard.

5.5 Portfolio Committee observations on AGSA report

- **Social development portfolio audit environment:** the Committee wanted to know how would AGSA characterise the stability of the social development portfolio. It also wanted to know AGSA's view of what measures can be taken by SASSA to recover the MI on closed cases. Can the directors of companies be blacklisted?

AGSA explained that SASSA can recover the funds that are in the bank accounts of Cash Paymaster Services (CPS) but there are other creditors that also need to be paid. The funds may be insufficient to cover what is owed to SASSA. Regarding recovering funds from implicated officials, the challenge is that some of these officials had already resigned from SASSA when AGSA had raised the expenditure as MI. SASSA had only reported the expenditure as Irregular Expenditure at the time. SASSA may pursue civil proceedings against implicated officials after the liquidation process has been completed.

- **Social grants payment:** the Committee also wanted to know how much of the R1.6 million paid to invalid ID was paid to deceased beneficiaries.
- **Public Finance Management Act (PFMA):** it noted with concern the Irregular Expenditure DSD and SASSA incurred due to uncompetitive bidding processes and unjustifiable deviations. It wanted clarity on the exact provisions of the PFMA regarding the three (3) quotes system.

AGSA explained that PFMA regulations stipulate that departments must obtain 3 quotations. There are processes of deviation if there is only one quotation received. Its audit findings related to the tendency of officials of just proceeding with one quote when the bidding process was not responsive and only one quote was obtained.

- **Insourcing of the NDA:** because of the continuous leadership and performance challenges at the NDA, the Committee wanted to know if it is possible for the NDA services be insourced to the DSD as a directorate.

AGSA explained that it is not in a position to make a recommendation that NDA can be insourced to DSD. It is important for the Committee to note that the NDA was established through an Act of Parliament, the National Development Agency Act (No.108 of 1998). Therefore, any changes to its existence would have to be done by amending the legislation.

- **Target to reach children under age 1:** the Committee noted AGSA's concern that SASSA's target to reach these children was not achieved. It has been equally concerned about it, and particularly now that the target has been increased to 2 years for the current medium term period. The model to register children after birth at health care facilities should be implemented in all health care facilities.
- **National Treasury (NT) verification conditions:** the Committee wanted to know if AGSA is aware of the NT conditions and the impact they have had in the disbursement of social grants.

AGSA explained that NT conditions are similar to its recommendations on income verification through banks. SASSA system needs to be sophisticated because of multibillion rands that it deals with. It can also partner with the South African Revenue Service (SARS) to adopt its verification system.

- **NDA funding model:** the AGSA's finding on the 80/20 split funding model of the NDA has also been a serious concern of the Committee. The Committee expressed serious concern over the AGSA's finding on the payment of performance bonuses without the approval of the board. This constitutes fraud.

6. DEPARTMENT OF SOCIAL DEVELOPMENT

The core mandate of the Department of Social Development ("DSD" or "the Department") originates from the Constitution of the Republic of South Africa, 1996 ("the Constitution"), as well as the White Paper on Welfare (1998), and other applicable legislation.

Section 27(1)(c) of the Constitution provides for the right of access to appropriate social assistance to those unable to support themselves and their dependents. Section 28(1) sets out the rights of children regarding, among others, appropriate care, basic nutrition, shelter, healthcare and social

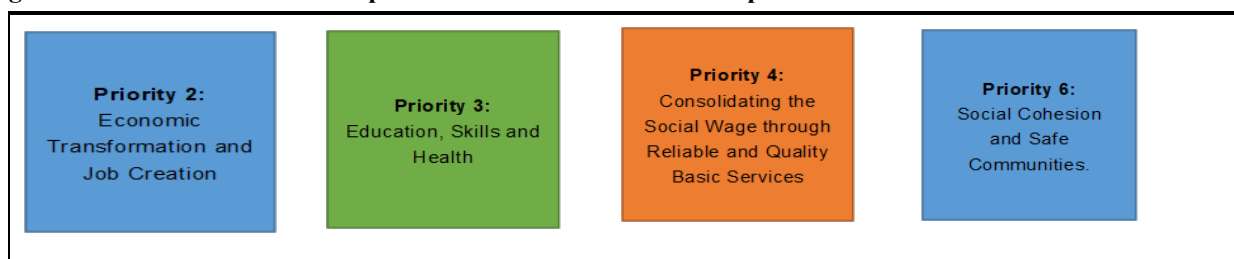
services. Further, Schedule 4 identifies welfare services, population development and disaster management as concurrent national and provincial functional areas.

As per the above-mentioned mandate, the Department's vision is to be "a caring and integrated system of social development services that facilitates human development and improves the quality of life". Its mission is to "ensure the provision of comprehensive social protection services against vulnerability and poverty within the constitutional and legislative framework, and to create an enabling environment for sustainable development".

6.1 DSD policy priorities alignment with other frameworks

In executing their mandates, government departments and entities are guided by the NDP, MTSF, SONA and sector plans. The MTSF has identified seven (7) priorities to be undertaken during 2019 - 2024 in order to place the country on a positive trajectory towards the achievement of the 2030 vision. Although four (4) of the seven (7) priorities relate to the work of the Department, Priority 4 (consolidating the social wage through reliable and quality basic services) has a direct bearing on its work. The four (4) priorities are highlighted in Figure 1:

Figure 1: selected MTSF 2019-24 priorities related to Social Development sector



For the year under review, DSD had set the following priorities:

- **Basic Income Support to the 18 – 59 year olds** as one of the key anti-poverty strategies. DSD has embarked on extensive consultations, which have yielded options for consideration.
- **Gender Based Violence and Femicide through the provision of shelters and psychosocial support services** to victims of crime and violence. DSD makes contribution in all the six pillars of the National Strategic Plan on GBVF, while also leading Pillar 4 of the NSP which focuses on Response, Care, Support and Healing.
- **Employment of Social Service Professionals** to address social behaviour change challenges and help curb rising social ills.

- **Alcohol and Substance Abuse** has reached unprecedented levels and has a significant impact in the gangsterism, violence, road accidents, and many other unwarranted episodes.
- **Disaster Management** – DSD is working on improving its disaster management responsiveness systems and enhancing coordination working with stakeholders across government, private sector and civil society spectrum.
- **Youth and Gender Empowerment through skills development and job creation** especially through social entrepreneurship and EPWP - looking at social and solidarity economy.
- **Care and Protection of Children, the Elderly and Persons with Disability** – DSD has a duty to reduce violence against children, child abuse, neglect and exploitation and to care and protect the rights of the elderly and people with disability.
- **Social compact through increased partnership with social partners.**
- **Strengthening partnerships** to augment the shrinking resources and maximize impact – South Africa is currently experiencing severe fiscus constraints. This is exacerbated by ailing international markets and poor economic outlook. DSD will strengthen these partnerships to augment its limited allocation from the fiscus and realize major impact in improving the quality of life of South Africans.

7. OVERVIEW OF THE ANNUAL FINANCIAL AND NON-FINANCIAL PERFORMANCE OF THE DEPARTMENT OF SOCIAL DEVELOPMENT FOR 2024/2025 FINANCIAL YEAR

7.1 Financial Performance

Table 4: Expenditure per Programme, 2024/25 vs 2023/24

R'000	2024/25			2023/24		
	Final Budget	Actual Expenditure	%	Final Budget	Actual expenditure	%
Programme 1	441 701	441 373	99.9%	456 390	453 550	99.4%
Programme 2	269 365 184	266 714 738	99.0%	252 106 553	250 545 720	99.4%

Programme 3	7 828 725	7 820 377	99.9%	7 654 404	7 636 210	99.8%
Programme 4	306 405	300 050	98.3%	312 773	303 829	97.1%
Programme 5	353 918	351 431	99.2%	363 855	361 032	99.2%
TOTAL	278 295 933	275 627 969	99.04%	260 893 975	259 300 341	99.4%

For 2024/2025, DSD was allocated a budget of R278 295 billion, and it spent R275 627 billion, marking a 99.04% expenditure of the budget. This means that it had a saving of R2 667 billion. Compared to year on year spending, in 2023/2024 financial year, DSD was allocated a budget of R260 893 billion and it spent R259 300 billion, also marking a 99.04% expenditure of the budget. For 2023/2024, the Department had a saving of R1 593 billion. Savings in the Department's budget is attributed to underspending in the Social Assistance Programme. In 2024/2025, this Programme underspent by R2 650 billion, mainly in the disability, child support grants and SRD R370 Grants. Reasons for underspending in each of these grants are reported as follows:

- **Child Support Grant**

SASSA continues to establish relationships with different government entities and non-government entities to improve administration and management of the grants by including SARS, UIF and GEPF. These partnerships contributed to a low net take-up for grants. Also, there are lapses taking place for various reasons, for CSG in particular, the main lapses are for children turning 18 years and those range between 40 000 and 70 000 per month.

- **Disability Grant**

In terms of the Disability Grant, there are lapses that take place in particular for Temporary Disability when 6- or 12-months period comes to an end. As for Permanent Disability Grant, there are conversion that take place every month of beneficiaries turning 60 years to Old Age Grant. All these factors coupled with the fact that there is low take up due to improved administration of the grant's approval process played a role in underspending in some of the grants.

- **SRD R370**

From the data point of view, the Department observed that there were about 2 million approved unpaid beneficiaries and 1.4 million approved unpaid referred beneficiaries. The underspending on SRD R370 can be attributed to unpaid approved beneficiaries.

SASSA ICT explained that the reason for such number of unpaid beneficiaries was due to failed bank verifications. If these beneficiaries were to be paid, underspending on SRD R370 will not take place, in fact, allocated budget may prove to be insufficient.

Underspending per programme was attributed to the following factors:

- **Programme 1: Administration – 99.9%**

The underspending mainly related to operational savings and cost containment measures implemented during the financial year.

- **Programme 3: Social Security Policy and Administration – 99.89%**

The underspending mainly related to the targets (three policies) that were not achieved which had financial implications including the filling of the Executive Director of the Inspectorate in the 2024/2025 financial year and the cost containment measures implemented during the financial year.

- **Programme 4: Welfare Services Policy Development and Implementation Support – 97.9%**

The underspending mainly related to cost containment measures implemented as well as NPOs recorded for SACSSP (R2,411 million) and Khulisa (R1,724 million), not paid as a result of non-compliance by the organisations.

- **Programme 5: Social Policy and Integrated Service Delivery – 99.3%**

The underspending mainly related to cost containment measures implemented on events and outreach programmes scheduled during the financial year.

7.2 Analysis of Annual Financial Statements

- **Virements**

Virements is the process of moving money from one financial account or part of a budget (a plan for how the money will be spent) to a different one. At the close of the 2024/25 financial year, the DSD made the following virements:

Per Main Division:

Programme 1 – Administration: R21.642 million

R21.642 million was approved to be shifted from Programme 3 to Programme 1 to fund the increased costs related to personnel due to budget misalignment, as well as higher expenditure on centralised payments for Information Technology (IT), G-Fleet, Auditor- General, transversal systems, courier services, and retirement benefits paid to the previous Minister and Deputy Minister following the transition to the 7th Administration.

Programme 3 – Social Security Policy and Administration: R25.940 million

R25.940 million was approved to be reallocated from Programme 3 to Programme 1: Administration, Programme 4: Welfare Services Policy Development and Implementation, and Programme 5: Social Policy and Integrated Service Delivery to support increased spending in these programmes during the 2024/25 financial year.

Programme 4: Welfare Services Policy and Implementation: R1.696 million

An amount of R1.696 million was approved to be shifted from Programme 3 to Programme 4 to fund the increased expenditure related to personnel costs during the 2024/25 financial year.

Programme 5 - Social Policy and Integrated Service Delivery: R2.602 million

An amount of R2.602 million was approved to be transferred from Programme 3 to Programme 5 to cover the increased expenditure related to personnel costs during the 2024/25 financial year.

7.3 Report of the Auditor-General of South Africa (AGSA)

Transfer and subsidies

The Department recorded items that did not meet the definition of transfers and subsidies to households in accordance with Modified Cash Standard (MCS) Chapter 8, Expenditure. This was due to a lack of systems to identify ineligible beneficiaries.

Transfers and subsidies were overstated.

In addition, the AGSA was unable to obtain sufficient appropriate audit evidence for transfers and subsidies as the DSD did not implement adequate monitoring systems to maintain supporting records. The AGSA could not determine the full extent of transfers and subsidies recorded. This led to the AGSA not being able to confirm this by alternative means. Thus, the AGSA could not determine whether any further adjustments were necessary for transfers and subsidies stated at R274.73 billion in note 9 to the financial statements.

Receivables

The DSD did not recognise all items of receivables in accordance with Modified Cash Standard (MCS) Chapter 9, General Departmental Assets and Liabilities. AGSA identified overpayments to beneficiaries that were not included in the underlying accounting records as the DSD did not have adequate systems of internal control for recording all transactions. AGSA was unable to determine the full extent of the understatement of receivables stated at R1.16 billion in note 14 to the financial statements, because it was impractical to do so.

The material findings on the reported performance information for the selected programmes are as follows:

Programme 4: Welfare services policy development and implementation support

Missing indicator

The AGSA highlighted that DSD is responsible for the establishment of Gender-Based Violence (GBV) shelters in terms of the Medium-Term Strategic Framework (MTSF). However, an indicator to measure performance on this objective was not included in the approved planning documents. The accounting officer indicated that the establishment of GBV shelters is a competency of the provincial DSD but could not provide evidence to support the reason. Consequently, the achievement of this objective was not planned or accounted for, which further undermines transparency and accountability on the progress towards achievement of the MTSF.

Percentage (%) of the sector workforce capacitated on the Children's Act

An achievement of 14.6% sector workforce capacitated was reported against a target of 10% of sector workforce capacitated. AGSA could not determine if the reported achievement was correct, as adequate supporting evidence was not provided for auditing. Consequently, the achievement might be more or less than reported and was not reliable for determining if the target had been achieved.

Various indicators

AGSA could not determine if the reported achievements were correct, as adequate supporting evidence was not provided for auditing. Consequently, the achievements might be more or less than reported and were not reliable for determining if the targets had been achieved.

Indicator	Target	Reported Achievement
Number orphans and vulnerable children and youth (OVCY) in G2G districts provided with core package of services	Provide 50 000 OVCY in G2G districts with core package of services	None
% of OVCY provided with core packages of	80 % of OVCY provided with core packages of	None

services know their HIV status	services know their HIV status	
% of OVCY (in G2G districts) with HIV-positive results supported to adhere to treatment	Support 100% of OVCY in receipt of core packages (in G2G district) with HIV positive results to adhere to (ART) treatment	None

Programme 5: Social policy and integrated service delivery

Various indicators

AGSA could not determine if the reported achievements were correct, as adequate supporting evidence was not provided for auditing. Consequently, the achievements might be more or less than reported and were not reliable for determining if the targets had been achieved or not.

Indicator	Target	Reported Achievement
% of qualifying applications registered within 2 months of receipt	Register 100% qualifying applications within 2 months of receipt in compliance with Section 13(2) of the NPO Act	Received 21 626 applications and registered 13 158 qualifying NPOs within two months. 100% of qualifying applications were registered
% of NPO reports processed within 2 months of receipt	Process 80% of reports within 2 months of receipt	Received 84 030 and processed 65 818 within 2 months. 78,3% were processed within the two months
Number of social protection beneficiaries linked to sustainable livelihood opportunities	Link 40 000 social protection beneficiaries to sustainable livelihood opportunities	48 394 social protection beneficiaries linked to sustainable livelihoods opportunities

Material misstatements

The AGSA identified material misstatements in the annual performance report submitted for auditing. These material misstatements were in the reported performance information for Programme 4: Welfare Services Policy Development and Implementation Support and Programme 5: Social policy and integrated service delivery. The AGSA raised concerns as in the previous financial year that, the management had not corrected all the misstatements. This was the reason for reported material findings in this regard.

Report on compliance with legislation

The AGSA identified material non-compliance with the selected legislative requirements.

Annual financial statement and annual report

The financial statements submitted for auditing were not prepared in accordance with the prescribed financial reporting framework and supported by full and proper records, as required by section 40(1) (a) and (b) of the PFMA. Material misstatements identified by the auditors in the submitted financial statements were not adequately corrected and the supporting records could not be provided, which resulted in the financial statements receiving a qualified opinion.

Strategic planning

Specific information systems were not implemented to enable the monitoring of progress made towards achieving targets, core objectives and service delivery as required by public service regulation 25(1)(e)(i) and (iii).

Material Irregularities

Status of previously reported material irregularities assets acquired at prices higher than market value

- The Department procured capital assets in the 2021–22 financial year which exceeded the market prices for those assets, in contravention of section 45 (b) of the Public Financial Management Act (No. 1 of 1999) (PFMA). During the audit of the 2021–22 financial year, the AGSA identified six (6) transactions for which the purchase price accepted and paid by the Department significantly exceeded their respective market prices.
- The accounting officer was notified of the material irregularity on 20 February 2023. The accounting officer's response to the notification, on 31 March 2023, provided a comprehensive account of the circumstances that led to the material irregularity, steps taken to address the material irregularity, and recourse to recover the financial loss incurred.

- A private firm was appointed to investigate the possible fraud and corruption and to provide full assessment of internal control deficiencies within the SCM environment and proposals on controls to be implemented to circumvent similar findings. The forensic investigation was concluded on 15 November 2023, and recommendations were made to address the Material Irregularity (MI) which included that management take appropriate corrective action against officials implicated in the investigation report.
- The AGSA reported that there have been delays in finalising the disciplinary processes and recovering the financial loss incurred. The delays have been caused by the unavailability of the implicated employees, their witnesses and representatives, resulting in postponements of hearings. The rescheduled hearings were set to be in July and August 2025.
- The Office of the AGSA also stated that it will follow up on the outcome of the disciplinary processes and the recovery of the financial loss incurred during the next audit.

8. OVERVIEW OF NON-FINANCIAL PERFORMANCE

8.1 Programme 1: Administration

The objective of this programme is to provide leadership, management and support service to the Department and the social development sector.

Table 5: Programme 1: Administration

Total targets set in Annual Performance Plan (APP)	8
Total targets in Annual Report	8
Targets achieved in Annual Report	6
Targets not achieved	2
Performance success rate	75%
Total budget spent	R 441.3 million
Financial expenditure rate	99.9%

The Department spent R441.3 million, which is 99.9% of the final budget of R 441.701 million. It set itself eight (8) targets, of which it achieved a total of six (6). DSD managed to achieve its target of implementing the Electronic M&E System for Social Development sector in two (2) provinces (Free State and KwaZulu Natal). Provincial implementation reports were produced for FS and KZN.

Additionally, the National Integrated Social Protection Information System (NISPIIS) Change Management Framework was developed, and a utilization report has been produced.

Some of the targets that were not achieved were as follows:

- **Legal Services:** NDA Amendment Bill developed and consulted externally and internally but was not submitted to Cabinet for approval.
- **Finance:** DSD did not achieve its target of 40% of procurement spent on women owned business, only 29.25 %. The reasons cited for this is that there is currently no clear directive or policy nor a system to assist with the implementation of the public procurement from women-owned businesses.

8.2 Programme 2: Social Assistance

This programme provides social assistance to eligible beneficiaries in terms of the Social Assistance Act 13 of 2004, and its regulations.

Table 6: Programme 1: Social Assistance

Total targets set in Annual Performance Plan (APP)	1
Total targets in Annual Report	1
Targets achieved in Annual Report	1
Targets not achieved	0
Performance success rate	100%
Total budget spent	R266.7 billion
Financial expenditure rate	99.0%

The Social Assistance programme did not achieve its target to transfer R269.3 billion to SASSA for administration and payment of social grants to beneficiaries on behalf of the DSD. Instead, transfers totalled R266.7 billion. It set itself 1 target and DSD indicated that it has achieved this target.

Programme 3: Social Security Policy and Administration

This programme is responsible for the provision of social security policy development, administrative justice of social grants, and the reduction of incorrect benefits payments.

Table 7: Programme 3: Social Security Policy and Administration

Total targets set Annual Performance Plan (APP)	6
Total targets in Annual Report	4

Targets achieved in Annual Report	1
Targets not achieved	3
Performance success rate	25%
Total budget spent	R7.8 billion
Financial expenditure rate	99.9%

The programme spent R7.820 billion (or 99.9%) against a budget of R7.828 million. The underspending of R8.0 million (or 0.1%) relates to CoEs, and goods and services owing to the delay in establishing the Inspectorate for Social Assistance (ISA) during the financial year. It set itself six (6) targets as per original APP 2024/25, but DSD annual report reflects four (4) targets, of which a total of one (1) target was achieved.

Target not achieved

- **Comprehensive Social Security:** The draft Policy on the integration of children's grants to government services was not updated based on consolidated public comments. This was due to the recommendation by the Cabinet Cluster that suggested that the draft policy be amended based on the comments received and be presented at the next Cabinet Cluster.

8.4 Programme 4: Welfare Services Policy Development and Implementation

The aim of this programme is to create an enabling environment for the delivery of equitable developmental welfare services through the formulation of policies, norms and standards and best practices and the provision of support to the implementation agencies.

Table 8: Programme 4: Welfare Services Policy Development and Implementation Support

Total targets set in Annual Performance Plan (APP)	19
Total targets in Annual Report	18
Targets achieved in Annual Report	17
Targets not achieved	1
Performance success rate	94.4%
Total budget spent	R300.0 million
Financial expenditure rate	98.3%

The programme spent R300.0 million or 98.3% of its allocated budget of R306.4 million. This is R5.3 million (or 1.7%) lower than projected spending. It set itself nineteen (19) targets as per original APP

2024/25, the DSD annual report reflects eighteen (18) targets, of which a total of seventeen (17) target was achieved.

Some of the achievements under this programme included:

- **Children’s Legislation and Families:** Overachieved target of capacitating 6 districts by capacitating 25 districts on White Paper on Families.
- **HIV and AIDS:** The DSD monitored the implementation of the Social and Behaviour Change (SBC) Programmes in seven (7) provinces as planned.
- **Children’s Services:** DSD capacitated the Register on Adoptable Children and prospective Adoptive Parents (RACAP) in nine (9) provinces as planned. The DSD also monitored the implementation of the Intersectoral Protocol on the Prevention and Management of Violence Against Children, Child Abuse, Neglect and Exploitation in nine (9) provinces. Lastly, an implementation of the Programme of Action on foster care was monitored in nine (9) provinces as envisaged.
- **Professional Social Services and Older Persons:** DSD capacitated 5 provinces on the Older Persons Abuse Register.
- **Social Crime Prevention and Anti-Substance Abuse:** DSD implemented prevention and early intervention measures to curb social ills (Victim Empowerment Programme (VEP) , Gender-based violence (GBV), Social Crime Prevention (SCP) & Substance Abuse) amongst children and youth through awareness campaigns in forty (40) campuses. Monitored implementation of Universal Treatment Curriculum (UTC) in twelve (12) Public Treatment Centres. Additionally, monitored the implementation of the Psycho-social Services Policy in fifteen (15) GBVF hotspot areas.
- **Services to Persons with Disabilities:** The DSD presented the Policy on Social Development Services to Persons with Disabilities to the Forum of South African Directors-General (FOSAD) Cluster.

Target not achieved

- **Office on the Rights of the Child:** DSD did not submit the draft National Strategy to Accelerate Action for Children to the Cabinet for approval. The Strategy was deferred from submission to Cabinet by the FOSAD SPCHD Cluster pending further consultation.

8.5 Programme 5: Social Policy and Integrated Service Delivery

The programme's responsibility is to support community development and promote evidence-based policy making in the Department and the Social Development Sector.

Table 9: Programme 5: Social Security Policy and Administration

Total targets set in Annual Performance Plan (APP)	18
Total targets in Annual Report	17
Targets achieved in Annual Report	14
Targets not achieved	3
Performance success rate	82.3%
Total budget spent	R351 million
Financial expenditure rate	99.2%

The programme spent R351.4 million (99.2%) of its allocation of R353.9 million for 2024/25. It set itself eighteen (18) targets as per original APP 2024/25, the DSD annual report reflects seventeen (17) targets, of which a total of fourteen (14) target was achieved. The following are some of the targets achieved under this programme:

- **Population and Development:** Government Sexual and Reproductive Justice Strategy was submitted to Cabinet for approval.
- **Community Mobilisation and Empowerment:** DSD overachieved its target of capacitating twelve (12) districts on the Community Mobilisation and Empowerment Framework by capacitating fifteen (15) districts. Monitored participation in the Districts Development Model (DDM) in nine 9 provinces.
- **Non-Profit Organisations:** Registered 100% (13 158) qualifying applications received within two months in compliance with Section 13(2) of the NPO Act. (received 21 626 applications). DSD developed Money Laundering and Terror Financing (ML/TF) NPO Sector Risk Framework as planned.
- **Poverty Alleviation, Sustainable Livelihood and Food Security:** Linked 48 394 (instead of 40 000) social protection beneficiaries to Sustainable Livelihoods.

Targets not achieved

- **Special Projects and Innovation:** Did not achieved the target to create a total of 318 566 work opportunities through the Social Sector EPWP Programmes but instead only 194 338 Work Opportunities were created.
- **Population and Development:** Progress review report on the implementation of the Population Policy was not submitted to Cabinet.
- **Non-Profit Organisations:** DSD received 84 030 applications and processed 65 818 within two months. The target was 80% but only 78.3% were processed within the two months.

9. HUMAN RESOURCES

The Department's vacancy rate was twenty-three (23%) by 31 March 2025. DSD reported that it has identified 39 posts from available funding to be filled, which would translate to a 5% vacancy rate.

Tables give a breakdown of Employment Equity under Human Resources as of 31 March 2025, in terms of race, gender and persons with disabilities:

Table 10: Employee breakdown by race and gender

Race	Male	Female
African	226	415
Coloured	3	12
Indian	5	8
White	8	16
Total	242	451

The DSD had a total of 242 male and 451 female employees. A total of 226 were African males and 415 were African females. There were only 3 Coloured males, and 12 Coloured females. In addition, there were only 5 Indian males and 8 Indian females. Finally, there were only 8 White males and 16 White females.

Table 11: Employees with Disabilities

Race	Male	Female
African	5	8

Coloured	0	0
Indian	0	0
White	0	0
Total	5	8

The above table indicates that there were only 13 employees with disabilities during the year under review (2024/25). Of these, five (5) were African males, and eight (8) were African females.

10. THE SOUTH AFRICA SOCIAL SECURITY AGENCY (SASSA)

The mandate for the South African Social Security Agency (SASSA) is to ensure the provision of comprehensive social security services against vulnerability and poverty within the constitutional and legislative framework. As per this mandate, SASSA is primarily responsible for implementing the Medium-Term Strategic Framework's (2019 – 2024) Priority 3: Consolidating the Social Wage through Reliable and Quality Basic Services. It continues to improve the coverage of the social assistance programme including for eligible refugees. For the year under review, SASSA increased the coverage of the social assistance programme from 19 137 524 as at the end of March 2024 to 19 255 361 as at the end of March 2025.

SASSA also has a role to play in the implementation of the National Development Plan (NDP) priorities for the social sector. It implements the following priorities:

- Creating a comprehensive social protection system to support those most in need, including children, people with disabilities and the elderly.
- Protection of vulnerable groups and citizens against worst effects of poverty by 2030.
- Active participation in the economy and society for those who are unemployed and under-employed through labour market activation measures, employment services, income support programmes and other services to sustain and improve quality of life.
- Improving efficiency in the delivery of services, addressing exclusions by identifying and reaching those who are entitled to the existing benefits of social protection, reducing the administrative bottlenecks that prevent people from accessing benefits.

It also contributes towards the achievement of priority 3: Consolidating the Social Wage through Reliable and Quality Basic Services, of the Medium-Term Strategic Framework – 2019 – 2024.

SASSA also has a critical role to play in implementing the annual priorities identified in the State of the Nation Addresses (SONA). For the year under review, SONA identified the following priorities that have implications on the mandate of SASSA:

- **Poverty and inequality:** the country has made great strides and currently there are fewer South Africans who go to bed hungry and fewer live in poverty. For an example, by 2010, the poverty rate had dropped to 60.9 percent, and it continued to decrease, reaching 55.5 percent in 2020, as reported by the World Bank. The President emphasised that everyone has an equal chance to prosper. that everyone has an equal chance to prosper.
- **Social Assistance:** South African government introduced the special Social Relief of Distress (SRD) Grant, which currently reaches 9 million unemployed people every month. The President explained that government have seen the benefits of this grant, and they will extend it and improve it as the next step towards income support for the unemployed in South Africa.

The analysis of SASSA's annual performance will also reflect on how NDP priorities, MTSF outcomes, SASSA 5 Year Strategic Plan targets and SONA priorities were responded to or implemented.

10.1 Overview of financial and non-financial performance of the South African Social Security Agency (SASSA) for 2024/2025 financial year

10.1.1 Financial Performance

SASSA functions through two main programmes, namely, *Programme 1: Administration* and *Programme 2: Benefits Administration & Support*.

Table 12 below shows the medium-term budget allocation and the overall budget cuts. SASSA's budget allocation for 2023/2024, 2024/2025 and 2025/2026 financial years will be reduced by 5% (R400 million), 2% (R461 800 million) and 4% (R2 million), respectively due to the budget cuts implemented by National Treasury across government departments and entities. However,

for 2024/2025 and 2025/2026 financial years, even though the budget allocation will reduce by 5% and 2%, respectively, SASSA received an additional R300 million for the administration costs of the SRD grant, which resulted in a minimal increase of 2% (R178 million) and 4% (R322 379 million). However, the increase for 2024/2025 financial still fell short of addressing the rising costs of goods and services, given the Consumer Price Index (CPI) of 4.4%.

Table 1: SASSA MTEF Budget estimates

Description	2023/24	2024/25	2025/26	2026/27	2027/28
Original allocation	7 970 261	7 910 237	7 772 816	8 121 952	8 479 232
General reduction by NT	-400 000	-461 800	-2 000	-5 000	-5 000
Additional for SRD 350 admin cost		300 000	300 000		
New allocation	7 570 261	7 748 437	8 070 816	8 116 952	8 484 232
% Reduction on the original allocation	-5%	-2%	0%	0%	0%
R Y/Y	0	178 176	322 379	46 136	367 280
% y/y increase/decrease	0	2%	4%	1%	5%
Projected CPI rate	0		4/6%	4.14%	4.36%

10.1.2 Budget expenditure per programme, 2024/2025

Table 13: Budget expenditure per programme, 2024/2025

Programme	2023/2024			2024/2025		
	Final appr.	Actual exp.	Over/under exp.	Final appr.	Actual exp.	Over/under exp.
	R'000	R'000	R'000	R'000	R'000	R'000
Administration	3 406 089	3 086 724	319 365	3 407 663	3 221 857	185 806
Add: Non-cash items	0	105 622	-105 622	0	131 634	-131 634
Benefits Administration & Support	4 164 172	4 106 509	57 663	4 340 774	3 723 594	617 180
Add: Non-cash items		148	-148			
Total	7 570 261	7 299 003	271 258	7 748 437	7 077 085	223 784

Table 13 above shows that in 2024/25, out of the allocated budget of R7 748 billion, both programmes underspent by R223 784 million (marking 92% expenditure) compared to R271 258 million (marking 96% expenditure) in 2023/2024 financial year. The overall budget expenditure for 2023/2024 was R7 299 003 billion. The 2% underspending was attributed to unfilled vacant funded positions as at the end of the financial year. Spending on goods and

services amounted to 87%, reflecting significant underspending in areas such as ICT services and travel.

SASSA reported that reduced number of beneficiaries serviced through Postbank during the year decreased the cost of social assistance fees, contributing to the overall budget underspending. ICT service expenditure, comprising mainly contracts, amounted to 94%, leaving a 6% underspending. This underspending was driven by lower-than-expected costs for SITA services, particularly SOCPEN hosting and Livelink services, both of which are billed based on actual work performed. Also, travel expenditure was below budget due to cost containment measures. Grant modernisation projects also contributed to underspending, as these were still in various stages of implementation by the financial year's end. The projects were funded using savings accrued from cash handling fees during the third quarter of the financial year.

Irregular Expenditure (IE), Fruitless and Wasteful Expenditure (FWE)

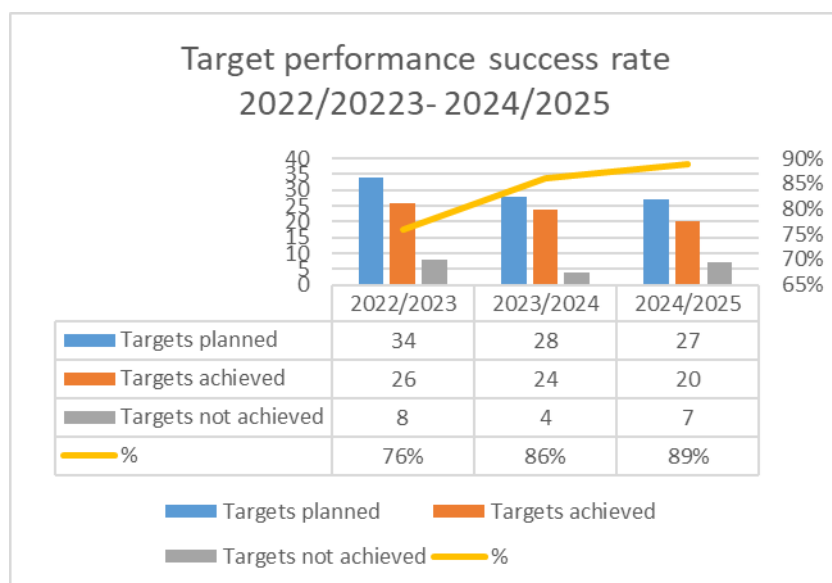
SASSA incurred R1.47 million Irregular Expenditure in 2024/2025 and this was a significant decline from R34 million in 2023/2024 financial year. This expenditure was incurred as a result of cleaning services that were rendered without approval from the delegated authority.

SASSA further incurred Fruitless and Wasteful Expenditure (FWE) of R17 754 compared to R57 464 in 2023/2024 financial year. This expenditure was incurred due to an official who drove excessive kilometres over a weekend without returning the car to parking bay. That resulted in R2 777.50 FWE. Another FWE was incurred from a service provider SASSA uses to renew vehicle licence disks.

10.1.3 Non-financial performance

Figure 2 below shows SASSA's performance trends between 2022/2023 and 2024/2025 financial years. Over this period, SASSA decreased the planned targets from 34 targets in 2022/2023 to 27 in 2024/2025 financial year. This has resulted in improved performance rate from 76% in 2022/2023 to 89% in 2024/2025 financial year.

Figure 2: Performance Trends



10.1.4 Performance information by programme

The purpose of this programme is to provide leadership, management and support services to SASSA.

Table 14: Programme 1 targets and financial performance

Targets planned	18
Targets achieved	12
Targets not achieved	6
Performance success rate	67%
Total budget spent	R3 353 491 billion
Financial expenditure rate	98.4%

Under this programme, SASSA had planned to achieve 18 targets, and it managed to achieve 12 targets, marking only 67% achievement rate. It, however, had an overall expenditure of 98.4% compared to 93% 2023/2024 financial year.

This programme mainly contributes to the following NDP, MTSF and SASSA 5 Year Strategic Plan targets:

- **NDP:** Improving efficiency in the delivery of services, addressing exclusions by identifying and reaching those who are entitled to the existing benefits of social protection, reducing the administrative bottlenecks that prevent people from accessing benefits.

- **MTSF:** Consolidating the social wage through reliable and quality basic services.
- **SASSA 5 year Strategic Plan targets:**
 - (1) **Economic transformation – empowered individuals and sustainable communities** – by spending R107 million (6.85% achievement against 5% target) on procurement through designated enterprises with 51% or more ownership, i.e. lack women, black youth and black people with disabilities (in line with PPPFA).
 - (1) **Improved customer experience** – by implementing the Office Accommodation Improvement Strategy in 109 local offices out of the planned target of 63 local offices. Improvements focused on physical accessibility, branding, dignity services, network connectivity and alternative power supply. Also, by implementing the Integrated Communication and Marketing Programmes improve customer communication, organisational reputation, and communication on strategic interventions.
 - (2) **Improved organisational efficiencies** – by implementing the front-end web-based system in 403 local offices, over achieving the target of 27 local offices. It also filled 7 116 out of 7 494 funded posts, marking a 95% achievement against the target of 90%.

This Programme, did not however achieve critical targets that relate to improved organisational efficiency. A draft Human Resource Plan Policy was developed but not approved due to pending further consultations with external stakeholders, which include the Department of Public Service and Administration, National Treasury and the Department of Social Development. The organisational structure was not approved as planned also due to pending further engagements with Executive Authorities of the three critical departments, the Department of Social Development, National Treasury and the Department of Public Service and Administration.

Also, the roadmap for the replacement of SOCPEN legacy system was not approved because the consultation with professional bodies on the terms of reference for the appointment of a service provider took longer than was anticipated. The SASSA ICT Enterprise Architecture was not optimised and reviewed due to non-responsive bids. Lastly, the beneficiary biometric was not rolled out because the consultation with professional bodies on the terms of reference for the appointment of a service provider took longer than was anticipated. All these non-achieved performance targets were rolled over to the 2025/2026 Annual Performance Plan, which will be reported on in the 2026/2027 financial year (September/October 2026).

Programme 2: Benefits Administration and Administration and Support

The purpose of this programme is to provide a grant administration service and ensures that operations within SASSA are integrated. It also ensures implementation of the full value chain of grants administration.

Table 15: Programme 2 targets and financial performance

Total targets planned	9
Targets achieved	8
Targets not achieved	1
Performance success rate	89%
Total budget spent	R3 723 billion
Financial expenditure rate	86%

For the year under review SASSA had set to achieve 9 targets under this programme. It managed to achieve 8 targets (89%). It spent 86% of its allocated budget. This Programme contributes towards achievement of the following government priorities and SASSA 5 Year Strategic Plan priorities:

- **NDP:** Protection of vulnerable groups and citizens against the worst effects of poverty by 2030.
- **MTSF:** Improving efficiency in the delivery of services, addressing exclusions by identifying and reaching those who are entitled to the existing benefits of social protection, reducing the administrative bottlenecks that prevent people from accessing benefits.
- **SASSA 5 Year Strategic Plan targets:**
 - (1) **Reduced poverty levels** – by increasing social grants payments from 19 137 524 million to 19 255 361 million in 2024/2025 financial year at a cost of R232 billion. This represented a 98.7% achievement rate. To close the gap of exclusion of children below the age of 1, it manage to have 421 017 children in receipt of children’s grants. This is made possible through its continued collaboration with the Department of Home Affairs and the Department of Health to ensure that children are enrolled in their early days after birth.

However, the achievement still fell short of meeting the target of 530 495 out of a total population of 707 327 of these children at the beginning of 2024/2025. Over the years SASSA has not been able to achieve its target due to a limited number of applications that fall within the age group that meet the eligible achievement against the target. To address this, SASSA plans to increase registration sites at health facilities, create awareness through community spaces and media. It also plans to run specific actions such as marketing, outreach programmes, and dedicated visits to hospitals and clinics.

SASSA also processed 16 670 177 out of 17 725 381 applications for Covid 19 SRD grant, marking an approval rate of 52% (9 million). Combined, the normal social grants and the COVID-19 SRD grant increase the number of people dependent on social transfers to approximately 28 million.

- (2) Improved customer experience** – implemented queue management in 45 local offices, resolved 94% (3 153 of 3 354) customer disputes within 14 working days and 91% (1 657 935 of 1 830 936) new grant applications were processed within seven days.

10.2 Human resources

Table 16: Employment rate and vacancy rate at SASSA, 2023/2024 and 2024/2025

Occupational group	2023/2024 No. of employees	2024/2025 approved posts	2024/2025 No. of employees	2024/2025 vacancies	% Vacancies
Top Management	8	18	9	9	50.0%
Senior Management	181	305	182	123	40.3%
Professional Qualified	443	897	436	461	51.4%
Skilled	2 292	6 784	2 206	4 578	67.5%
Semi-skilled	4 465	10 624	4 368	6 256	58.9%
Unskilled	53	352	291	61	17.3%
Total	7 442	18 980	7 492	11 488	60.5%

Table 16 above shows that during the 2024/2025 financial year SASSA had a total of 7 492 permanent funded posts. A total of 7 116 (95% against 90% target) of these posts were filled. It is important to note that SASSA has a post establishment of 18 603 permanent posts. SASSA reported that these posts were created between 2006 and 2008 based on a strategic approach adopted at that time, which was focused on total insourcing of the full grant payment value chain. Due to the co-sourcing method implemented, the funding of posts has always been informed by the needs identified as per job analysis. As a result, the Agency has never exceeded 9 000 threshold/mark since 2006 to date. This explains the reason SASSA has 11 488 vacancies (60% rate).

A total of 52 positions/vacancies were filled through internal promotions. These promotions comprised of 15 females and 37 males. A total of 16 promotions involved employees moving up a position rank within the same employment equity (EE) occupational level, while 36 employees advanced from the lower EE occupational level to higher.

The April 2025 revised Employment Equity Regulations formally regulated the 3% employment equity target for people with disabilities in all sectors, private and public. The Regulations also provided employment equity annual reporting frameworks that employers must follow when reporting. The reporting framework requires employers to report on the number of employed people with disabilities within specified occupational levels/category – top management, senior management, professional, skilled, semi-skilled and unskilled as well as race and gender.

Table 17 below reflects SASSA equity targets and employment equity status of people with disabilities:

Table 17: Equity targets and employment targets of people with disabilities

	Disabled staff				
Levels	Male		Females		
	Current	Target	Current		Target
Top Management	0	0	0		1
Senior Management	3	3	0		3
Professional Qualified	5	7	3		6
Skilled	26	31	22		40
Semi-skilled	71	50	90		84
Unskilled	0	1	0		0
Total	105	92	115		134

SASSA is on track towards meeting Government 3% equity employment of people with disabilities, at 2.9% out of the total workforce.

10.3 Report of SASSA Audit Committee

The Audit Committee raised concerns on the recurring errors and findings highlighted by the Auditor-General of South Africa. SASSA management committed to develop and implement targeted actions plans aimed at improving the accuracy and reliability of performance reporting. The Internal Audit

has been tasked with conducting quarterly reviews of the performance information to proactively identify and address any weaknesses in the internal control processes.

The Audit Committee also raised concerns regarding the slow pace on implementing the Demand Management Plan, which further delays could lead to underspending and affect service delivery. The Internal Audit has also been tasked to conduct quarterly reviews of the Demand Management Plan to assess its progress and provide status updates.

10.4 Report of the Auditor-General South Africa (AGSA) on SASSA

AGSA made the following audit findings for 2023/2024 financial year:

- **Performance audit**

SASSA reported a 94% achievement against a 90% target to resolve enquiries within stipulated timeframes. AGSA could not determine the actual achievement because the evidence provided did not support this achievement. AGSA estimated that the achievement was materially less than the reported achievement. Consequently, it is likely that the target was not achieved.

- **Irregular Expenditure**

Effective and appropriate steps were not taken to prevent irregular expenditure as disclosed in note 29 to the annual financial statements, as required by section 51(1)(b)(ii) of the PFMA. The majority of the irregular expenditure was caused by services rendered without approval from the delegated authority.

10.5 Progress on issues raised by the Portfolio Committee

The following sessions highlights how SASSA addressed the areas of concern the Portfolio Committee raised during its oversight during the year under review:

- **Impact of the closure of pay points to beneficiaries, particularly those living in rural areas:**

The Minister of Social Development directed SASSA to develop an alternative delivery models aimed at improving accessibility for both applications and payments of social grants within the 2025/2026 financial year. This initiative primarily will focus on accommodating beneficiaries who live in rural areas.

SASSA reports that it is in the process of implementing the Alternative Payment Access (APA) solution. This initiative aims to reduce travel distances for beneficiaries seeking access to the National Payment System (NPS). The solution will empower local small businesses to facilitate transactions through Point of Sale (POS) devices, enabling beneficiaries to purchase goods, access cash, and obtain essential services conveniently within their communities.

- **Fraud (identity) in the social grants administration system, including vulnerabilities in the SRD grant and other grants application and payment system:**

SASSA reports that it compiled an A1 statement on behalf of the victims who reported the alleged cases of identity theft/ fraud across the country. The complaint statement was presented to the South African Police Services (SAPS) in Pretoria, and a SAPS case was opened. The A1 statement included reported cases by the two Stellenbosch Students. A case has been opened and registered as a National Investigations project.

SASSA is also implementing recommendation of the investigation that was conducted to identify weaknesses in the social grant administration system. This includes the roll out of the biometric solution for beneficiaries of all grant types, allocation of R50 million for 2025/2026 financial year, to enhance the cybersecurity posture and build necessary capacity and capabilities to identify, prevent and combat cyber-attacks against the infrastructure.

Additionally, SASSA has started implementing key measures, which include includes reconfiguring the web server configuration files to mitigate identified risks and prevent external manipulation of the webpage. It upgraded the system's firewall to a newer version to enhance protection against unauthorised access, data breaches, remote code execution, and service disruptions associated with older versions. It also conducts regular scheduled patch management processes will be enhanced to ensure ongoing security and stability.

- **Human resource capacity at frontline offices:** the employment rate and vacancy rate are discussed earlier in this report under Human Resources. It is, however, difficult to

make an analysis on the employment rate and vacancy rate at frontline offices, without an understanding of different occupational groups, particularly at the lower end of the groups.

- **Take up of the Child Support Grant Top-Up:** In the annual report presentation SASSA reports a total of 89 705 children receiving this grant at a total expenditure of R772 618 million, as reported in the Annual Report.
- **Filling of vacant posts (Regional Executive Managers):** the post of the Chief Executive Officer (CEO) was filled, posts of Regional Executive Managers (REMs) for Free State, Limpopo and Northern Cape were filled in the second quarter of 2025/2026. The REMs for Gauteng and Western Cape are also prioritised to be filled within the 2025/2026 financial year.
- **Suspension of former CEO:** SASSA reports that in December 2024, SASSA's CEO, Ms Busisiwe Memela-Khambula, was suspended on full pay pending an investigation into her appointment. Ms Memela-Khambula was serving a 12-month extended employment contract after completing her five-year initial period, the extension was due to expire in May 2025. Mr MT Matlou, the Regional Executive Manager for Gauteng, was appointed as the Acting CEO. Mr Matlou remained the acting CEO at the end of the financial year.³

³ Mr Matlou has since been appointed as CEO of SASSA.

11. NATIONAL DEVELOPMENT AGENCY

11.1 Overview of financial and non-financial performance of the National Development Agency (NDA) 2024/2025 financial year

The work of the NDA is guided by a number of international and national strategic framework such as the Sustainable Development Goals (SDGs), National Development Plan (NDP) Vision 2030, and the Medium-Term Strategic Framework (MTSF). At the international level, South Africa has committed to achieving the resolutions of the United Nations (UN) SDGs. The SDGs acknowledge that eradicating poverty in all its forms and dimensions, including extreme poverty, is the greatest global challenge and an indispensable requirement for sustainable development. SDG1 aims at ending poverty in all its forms. Its seven associated targets aim, among others to:

- eradicate extreme poverty for all people everywhere;
- reduce at least by half the proportion of men, women and children of all ages living in poverty;
- implement nationally appropriate social protection systems and measures for all; and
- by 2030 achieve substantial coverage of the poor and the vulnerable.

The NDA reports to Parliament through the Department of Social Development. The NDA is classified as a public entity under schedule 3A of the PFMA. It was established in November 1998 by the National Development Act, 1998 (Act No. 108 of 1998) (NDA Act) as government's response to the challenge of poverty and its causes in South Africa. The NDA plays a critical role in contributing towards shifting the country from the scourge of poverty towards total eradication of poverty.

The NDA has aligned its strategy to respond mainly to Chapter 11 (Social Protection) of the NDP. The NDP Vision 2030 has the long-term objective to eliminate poverty and reduce inequality by 2030. This, however, requires a new approach; i.e. shifting from a passive citizenry who are mere recipients of services from the State, to one where people are active champions of their own development. In the attainment of the 2030 goals, the MTSF identifies

the priorities to be undertaken during the 5-year implementation plan (2019-2024). The NDA has adopted the outcome of the MTSF 2019-2024 that focuses on civil society organisations (CSOs) in the most deprived and prioritised districts in South Africa, and its main contribution is building capacity at these organisations.

The NDA, through the Turnaround Strategy has prioritised the following key priorities over the next five (5) years:

- Create a conducive policy environment for economic development and sustainability of communities;
- Create sustainable communities through resource mobilisation from strategic partners and collaborative engagement with other stakeholders within the District Development Model (DDM) mechanism.
- Review and alignment of IT architecture to the NDA model;
- Strengthening NDA institutional capacity, capabilities and skills required to deliver on the mandate of poverty eradication; and
- Diversify NDA development funding sources.

11.2 Financial performance

Table 18 below reflects that the NDA had a budget of R236 449 million available at its disposal to implement plan in the annual performance plan (APP) for the 2024/25 financial year (as opposed to R255.2 million in 2023/24).

Table 18: Appropriation statement 2024/25 and 2023/24

Programme	2024/25				2023/24			
	Final Budget In Rand (R'000)	Actual Spending In Rand (R'000)	Over/ Under- spending In Rand (R'000)	Spending rate %	Final Budget In Rand (R'000)	Actual Spending In Rand (R'000)	Over/ Under- spending In Rand (R'000)	Spending rate %
1. Governance and Administration	127 149	105 474	21 675	82.9%	128 225	111 007	13 418	86.6%

2. CSO Development	101 633	97 537	4 096	95.9%	117 020	105 017	12 003	89.7%
3. Research and Development	7 667	6 335	1 332	82.6%	9 933	8 919	1 014	89.8%
TOTAL	236 449	209 346	27 103	88.5%	255 178	228 743	26 435	89.6%

Of its R236.5 million budget, the NDA managed to spend R209.4 million (or 88.5%) in 2024/25, resulting in under-expenditure of R27.1 million. This is a decline from the previous year (2023/24) when overall expenditure was R228.7 million (or 89.6%), from a budget of 255.2 million. Below is a breakdown of expenditure per programme:

- **Programme 1: Governance & Administration** spent *R105 474 million (82.9%)* of the total allocated budget of *R127 149 million* in 2024/25, compared to expenditure of R117 007 million (89.5%) of the total allocated budget of R128.3 million in 2023/24.
- **Programme 2: Civil Society Organisations (CSOs) Development** spent *R97.5 million (95.9%)* of the total allocated budget of R101.6 million, compared to the expenditure of R105.1 million (89.7%) of the total allocation of R117.1 million in 2023/24.
- **Programme 3: Research** spent R6.3 million (82.6%) of the total allocation of R7.7 million in 2024/25, this shows an improvement compared to an expenditure of R8.9 million (89.6%) of the total allocation of R9.9 million in 2023/24.

11.1.2 Revenue collection

Table 19: Revenue collection

Revenue item	2024/25			2023/24		
	Final Budget (R'000)	Actual receipt (R'000)	Under/ Over receipt (R'000)	Final Budget (R'000)	Actual receipt (R'000)	Under/ Over receipt (R'000)
Transfer from National Treasury	212 001	212 001	-	220 116	220 116	-
Other grants third party funds and donations		165	165	969	1 154	185
Rollover of surplus funds	19 218	-	19 218	28 621	-	(28 621)

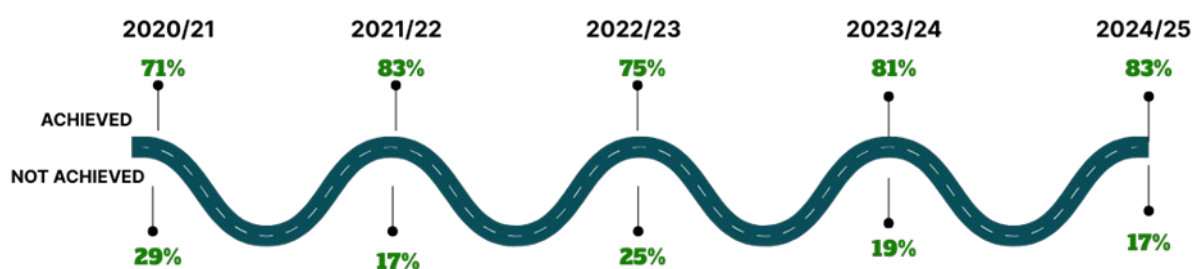
Transfer from prior year Performance bonus overprovision	3 977	-	3 977			
Other Income	120	193	73	84	622	538
Interest received	1133	353	779	5 388	5 132	(256)
Project recoveries	-	-	-	-	21	21
TOTAL	236 449	212 712	23 736	255 178	227 045	28 133

Overall revenue declined with approximately 6.3% from R227.1 million in 2023/24, to R212.7 million in 2024/25. The lower revenue was driven by sharp decline in receipts from interest received, which decreased with approximately 93.1% from the previous year. Interest received, receipts reached R5.1 million in 2023/24 but slowed down to R353 thousand in 2024/25. Sources for revenue collection for 2024/25 financial year were as follow:

- **Transfer from government through the DSD** – R 212.0 million (2024/25) compared to R 220.1 million (2023/24) This represents a decrease of approximately 3.7%.
- **Rollovers approved by Treasury** – R 19.2 million in (2024/25) compared to R 28.6 million in (2023/24).
- **Interest income** – R353 thousand in (2024/25) compared to R5.1 million in (2023/24).

11.3 Non-financial performance

Figure 3: 5-Year Performance Trend, 2020/21 - 2024/25



There has been significant progress in the overall number of targets achieved, from 71% in 2020/21, to 83% in 2024/25. However, Parliament has indicated in the past that there is still room for improvement in the number of targets achieved by the NDA.

Programme 1: Governance and Administration

This programme promotes and maintains organisational excellence and sustainability through effective and efficient administration.

For the 2024/25 financial year, NDA set for itself six (6) targets under this programme. The three (3) targets which are all under Programme 1 that were not achieved are explained below.

Table 20: Indicators and annual performance targets for Programme 1

Output indicator	Annual target not achieved	Reasons for non-achievement
Approved Organisational Structure	Organisational Structure was not approved as envisaged.	Delayed conclusion of the business processes.
Consulted Branding Integrated Marketing Communication Strategy	NDA did not achieve its target of the consultation process for the Branding Integrated Marketing Communication Strategy.	Prolonged internal processes.
Develop Digital platform for the new operating model.	NDA did not deploy the digital platform for the new operating model as planned.	Prolonged internal processes including delays in the finalisation of the business processes.

Programme 2: CSO Development

This programme designs and implements programmes and projects that respond to poverty eradication through sustainable livelihood. It uses a combination of interventions to support efforts to eradicate poverty in poor communities. The key intervention target is those people that have no means of creating gainful income from economic activities to support their sustainable livelihood to escape poverty.

The table below shows some of the selected achieved targets under this programme:

Table 21: Indicators and annual performance targets for Programme 2

Output indicator	Annual target achieved	Reasons for over-achievement
Number of Civil Society Organisations (CSO's) who have accessed resources for implementation of poverty eradication interventions	NDA over-achieved its target of 120 by achieving 565 CSO's which accessed resources.	This was as a result of enormous support from external donor Funders.

Output indicator	Annual target achieved	Reasons for over-achievement
Number of Community Owned Enterprises (COE's) established.	NDA achieved its target of establishing 9 COE's	-
Number of CSO's capacitated with skills to implement poverty eradication interventions.	NDA over-achieved its target of capacitating 1000 CSO's by capacitating 1786 CSO's.	This was due to collaboration with third party funders.
Number of beneficiaries participating in income generation projects.	A total of 1119 instead of 1000 beneficiaries participated in income generating projects.	The over-achievement was due to collaboration with third party funders.

Programme 3: Research

This programme is responsible for conducting evidence-based research and evaluations to inform debates and engagement on development policy and generating information on best practices for improving the NDA development programme interventions. There are 2 distinct outputs that directly contribute to the outcome. The first is to produce research outputs that shape policy development processes and outcomes, and the second one is to organise and conduct dialogue engagements to influence social, economic and development policies in South Africa.

NDA reported that all targets were achieved in this programme. Table 22 below shows some of the selected achieved targets under this programme:

Table 22: Indicators and annual performance targets for Programme 3

Output indicator	Annual target achieved	Reasons for over-achievement
Policy environment scanned report	NDA produced a research report on policy landscape as planned.	N/A
Conduct evaluations on poverty eradication programme	Evaluations on poverty eradication programme was conducted.	N/A

11.4 Human resources

The NDA has five divisions that implement both the primary and secondary mandates. These are: Development Management & Research; Finance Office of the COO; Office of the CEO; and Corporate Services Support.

The NDA ended the financial year with a staff compliment of 170. However, according to the NDA, at some stage it had a total of 185 employees during the 2024/25 financial year. Programmes 2 and 3 are made up of employees who are tasked with core functions being development management and research together with office of chief operations officer.

11.5 Personnel cost by programme

Table 23: Personnel cost by programme, 2024/25

Programme	Total Expenditure for the entity (R'000)	Personnel Expenditure(R'000)	Personnel Expenditure as %of total expenditure	No. of employees	Everage personnel cost per employee (R'000)
Programme 1	105 474	55 604	26.6%	67	861
Programme 2	97 537	78 610	37.6%	112	712
Programme 3	6 335	4 610	2.1%	6	772
Total	209 346	138 848	66.3%	185	767

Of the total expenditure of R209.4 million, R138.9 million or 66.3% was spent on Compensation of Employees (CoE). The total CoE expenditure on Programmes 1 and 2 are the largest expenditure:

- Programme 1= R55.6 million (26.6%) and
- Programme 2= R78.6 million (37.6%).

11.5 Employment and vacancies

Table 24: Employee vacancies per programme, 2024/25

Programme	2024/25 Approved Posts	2024/25 No. of Employees	2024/25 Vacancies	% of vacancies
Programme 1	63	67	13	6.7 %
Programme 2	122	112	12	6.2 %
Programme 3	9	6	5	2.6 %
Total	194	185	30	15.5%

The NDA had 194 approved posts with 185 employees during the 2024/25 financial year. Based on the number of approved posts, the NDA has 30 vacancies, which translate to 15.5% vacancy rate. The main contributor to the vacancy rate is Programme 1: Governance and Administration with 13 vacancies (or 6.7% vacancy rate).

Parliament should note that during the year under review (2024/25), the number of employees included temporary staff compliment.

12. COMMITTEE OBSERVATIONS AND DELIBERATIONS ON THE SOCIAL DEVELOPMENT PORTFOLIO ANNUAL REPORTS

12.1 Department of Social Development

- **Qualified audit outcome:** the Committee expressed a serious concern that the audit outcome of the Department regressed to qualified audit due to financial misstatements on transfers to SASSA for social grants payments.

The Department provided report on the reasons of the AGSA findings and remedial actions taken by SASSA:

A. Posthumous Payments

Grants were disbursed to deceased beneficiaries due to delays in life status verification. This challenge remains as SASSA is dependent on the reporting of deaths to the department of Home Affairs. SASSA has reached an agreement with all the banks to enable a bulk recall mechanism, which will enable it to recover funds directly from the bank once it becomes aware of an over payment as a result of the beneficiary dying. This should ease the burden on debt collection for late death reports, however, there is still a

risk of small number of deaths that are not reported at all. SASSA is also conducting reviews on the very elderly to confirm life status.

B. Discrepancy between SASSA's beneficiary records management system and SOCPEN

At the time of the audit, a discrepancy of approximately 73 000 files was found between the SOCPEN administration system and the Beneficiary Records Management systems. This does not imply that there are “ghost” beneficiaries, as reported in the media, but mainly due to an integration challenge between the various records management systems. However, at the time of the audit, this could not be resolved, and the Auditor General had to issue an unqualified opinion. Subsequently SASSA was able to narrow the list down to approximately 32 500 files not identified due to an error used with the integration tool. The records did not match because the system used to compare the data between the systems had a scripting error. Approximately 13 500 files were still sitting in local offices and not yet captured on the records management system.

Approximately 11 500 files are being investigated for fraud. About 7 000 files relate to the Johannesburg office where staff were recently arrested for fraudulent activity. Approximately 12 500 notices were sent out to beneficiaries who are not suspected of fraud, but their record may have been lost. These records need to be reconstructed.

C. Possible payments to ineligible beneficiaries

The AGSA identified possible overpayments found to directors registered with the Company and Intellectual Property Commission (CIPC) whose companies have done business with the state, pensioners receiving a pension from GEPP and government employees. SASSA has commenced extensive reviews focusing on both government and non-government applicants. Approximately 200 000 applications have been completed to date, and another 300 000 has been scheduled for the remainder of the financial year.

While not part of the audit qualification, the AGSA has also raised a matter of emphasis around grants being paid to beneficiaries outside of the country. SASSA has explored ways of tracking beneficiaries' movements in and out of the country with the Border

Management Authority (BMA) and the Department of Home Affairs and is currently in the process of concluding an agreement with BMA.

D. Governance issues relating to the Integrated Justice System (IJS)

During the audit of the period under review, AGSA, noted that DSD IJS Project Governance Committee was not operational to oversee and direct implementation of the DSD IJS projects contributing to the IJS Hub value chain. The department has since appointed the IJS Steering Committee as part of its preventative measures of avoiding repeat findings. This committee will provide oversight over the IJS projects as part of governance framework.

- **Performance targets:** the Committee wanted to know where the Department reported on the original targets. The Committee also reiterated its concern on the increase of the target to reach excluded children to 2 years, when the target to reach children under 2 remained unmet during the previous Administration. It seems increasing the target to 2 years was done to ensure that SASSA achieves the target not necessarily about making sure that social grants reach children who are in dire need of the grants.

The Committee wanted to know how many Extended Public Works Programme (EPWP) jobs were created that are sustainable. The Committee should be provided with a full report that reflects the total number of the actual jobs that were created, their duration and remuneration.

The Department explained that these targets were reported in the Annual Report as an Annexure. The Annual Report also provides reasons of their removal from the re-tabled APP. The presentation only focused on reporting the re-tabled APP. The targets on orphans and vulnerable children (OVC) was removed because the programme was funded by USAID. USAID financial year runs from October – September, which only coincides with the third and fourth quarter of South African financial year. This meant these targets would only be set for only these two quarters. It was then decided that the target be removed from the APP even though the work is done by DSD.

A detailed report on the EPWP will be forwarded to the Committee. The challenge across the public employment programme is transitioning people out of the programme to

economic opportunities because the economy is not creating jobs in the private sector. There is also a need for clear definition of roles of various departments and provincial departments in creating employment opportunities. There is a need for a target that reflects the mandate and role of DSD within the overall programme target of the social cluster sector. There was a decision taken to include training component into the programme but that increased the costs of the programme. It however resulted in more people absorbed in the private sector. The objective of the programme is not to provide long term jobs but to expose beneficiaries to economic opportunities. The jobs are created for a 24 months period. This is one of the reasons DSD is developing a policy of linking beneficiaries to economic opportunities, which will also target EPWP beneficiaries.

- **Virements:** The Committee wanted to know the reasons behind the shift of R25 million from Programme 3 to Programme 1 and 5.

The Department reported that the virements were approved from Programme 3 because of the three policies that were not achieved. There was also no progress made in the establishment of the Inspectorate. All these targets were funded. The virements were done to cover payment of retirements benefits of the previous Minister and Deputy Minister and misalignment in DSD's budget. Programme 3 has started filling vacancies in the 2025/2026 financial year and so virements will not happen again.

- **Underspending in the Social Assistance Programme:** the Committee noted that the Department did not provide reasons for underspending in the Old Age Grant. There has been a call from seniors that the grant be increased. It also noted with concern the underspending in the Child Support Grant even though the target to reach children under 1 continues to be unmet.
- **Older Persons Abuse Register:** the Committee wanted to know how does DSD ensure that this register is implemented at police stations.

The Department reported that it found that people were not aware of the Register and how to report older persons abuse. Also, SAPS was not properly implementing the Register. Hence, it set a target to conduct capacitating provincial departments on the

implementation of the Register. It was also in the process of drafting a Memorandum of Understanding for all implementing government departments to ensure that they report on the implementation of the Register.

- **GBV:** the Committee wanted to know if DSD ever made an analysis of the prevalence of GBV at institutions of higher learning. Has it also conducted education programmes on the GBV Command Centre? It welcomed the re-appointment of Vodacom and the impact it has had in the reporting of GBV cases.

The Department reported that it partnered with the Government Communication and Information System (GCIS) to popularise the Command Centre especially in rural areas. GCIS will be requested to provide a statistical report. Institutions of higher learning were identified as high risk areas. There has been progressed made through capacity building programmes.

- **Mental health:** the Committee noted with concern that there is no focus on mental health even though it is serious problem in the country. Affected people end up applying for a Disability Grant. It reiterated its concern that existing public treatment and rehabilitation centres are not accessible to many people who need their services. This result in users developing mental health problems due to lack of treatment.

The Department explained that the Department of Health is the leading department, and it is developing a strategy on mental health together with all relevant departments.

- **HIV/AIDS:** the Committee wanted to know how did the withdrawal of USAID impact DSD programmes.

The Department reported that the withdrawal impacted DSD programmes, but it managed to negotiate for a 2 years extension (2025 -2027) as a result 19 officials allocated to this programme were sustained.

- **Internal audit committee:** the Committee wanted to know if DSD's Internal Audit Committee was still operating at 50%. Was it part of the reasons that the AGSA found

that checks and balances were not done on the transfers to SASSA for social grants payment?

The Department explained that over the recent years it has been in a downward trend of not filling vacant posts because of National Treasury putting ceiling on compensation of employees budget. It subsequently managed to receive additional budget from National Treasury. With this budget it filled vacant 14 director posts in the department. It also re-deployed one Chief Director to conduct oversight over SASSA social grants payments.

12.2 South African Social Security Agency

- **AGSA findings:** The Committee wanted to know how SASSA was going to address the findings on Irregular Expenditure.

SASSA reported that Irregular Expenditure of R1.5 million indicated that preventative measures are working but there were contractual obligations that emanated from 2014 financial year that AGSA was not happy about. It submitted commitments to AGSA. It was waiting for the feedback. It also appointed an independent assessor to assess the risk tenders, e.g. security and cleaning tenders. The R1.5 million was incurred through a cleaning contract it has. A SASSA official allowed cleaning of area outside the area that was not supposed to be cleaned without an approval. This was picked up when invoice was submitted.

- **Postbank and SASSA Master Service Agreement (MSA):** the Committee wanted to know if SASSA has changed its decision to terminate the MSA.

The Minister explained that the Department was advised to look at the Intergovernmental Relations intervention through an interministerial committee (IMC), chaired by the Minister of Department of Planning, Monitoring and Evaluation, which would then advise the President. The termination of the MSA was then extended to end December 2025 to allow for the processes to unfold. SASSA has not changed its decision to terminate the MSA. Postbank proceeded despite this advice and approached the Constitutional Court. It is unprecedented for organs of government take each other to court. SASSA Chief Financial Officer and Acting Chief Executive

Officer were tasked to present a plan on how the saved funds would be utilised. There will be no tender process that is going to be pursued.

- **Filling of Regional Executive Manager (REM) posts:** the Committee also wanted to know when the REM of Mpumalanga will be filled.

SASSA reported that it hoped that by January 2026, the post would have been filled.

- **SOCPEN replacement:** the Committee wanted to know if SASSA had considered consulting with government entities such as the Council for Scientific and Industrial Research (CSIR) for the replacement of SOCPEN instead of professional bodies that could be expensive. This in line with AGSA's recommendation that SASSA partners with the South African Revenue Service (SARS) to strengthen its social grants administration system. Were the internal auditors given an opportunity to consult before going to expensive consultants?

SASSA explained that it first considered consulting CSIR, but it was advised that the process should be an open bid process. It would be a conflict of interest for internal audit to be involved in the replacement process and also audit it.

- **SRD grant:** the Committee noted that reporting on the SRD grants in payment did not reflect on the number of applications pending, approved and not paid.

SASSA explained that all indicators in APP have an Annexure on technical description. AGSA had recommended that reporting should only be on processed and approved applications.

- **SASSA Call centre:** the Committee wondered if SASSA was not underutilising call centre agents because they only receive enquiries and pass them on to SASSA officials.

SASSA explained that giving access right to call centre agents to beneficiary files, for example, change of bank account details of beneficiaries, would create risk of fraud.

- **Quad 7 beneficiaries:** the Committee wanted to know what was SASSA doing to address the findings of AGSA on Quad 7 beneficiaries.

SASSA reported that all Quad 7 payments were suspended and put on reviews since May 2025. With the implementation of the biometric, AGSA's finding will be resolved.

- **Internal fraud detection:** what is SASSA doing to detect fraud by officials? Does it conduct lifestyle audits? Is it making any inroads in fighting fraud and corruption? Is it working with law enforcement agencies?

SASSA responded that all officials are required to submit financial disclosure forms. It has started the process of developing a lifestyle audit policy. There were 22 officials who were implicated of fraud, 6 were dismissed and 11 were suspended. There were 22 criminals cases that were opened against money lenders. Working with SAPS and National Credit Bureau, and law enforcement agencies, SASSA was able to arrest and open 23 criminal cases against money lenders who were found in possession of SASSA beneficiaries' cards through sting operations. Two suspects were arrested for attempting to bribe an official with R36 000 to fraudulently process old age grants without beneficiaries. In Eastern Cape, Mpumalanga and the Northern Cape sting operations resulted in the arrest of money lenders.

In Gauteng a fraud card syndicate working with eight officials were arrested in possession of bank cards and including the SASSA Gold Cards. The first four suspects were arrested in February 2025, they appeared in court on 1 and 2 April 2025. In North West a bribery case was opened against one official for soliciting a bribe and the suspect was released on bail. In Eastern Cape three officials were arrested for allegedly processing fraudulent grants; the matter has been provisionally withdrawn from the Court, both internal and criminal investigations are ongoing.

12.3 National Development Agency

- **Appointment of the board, CFO and CEO:** the Committee wanted update on the recruitment of the NDA board, the CFO and the CEO.

The NDA reported that by the end of December 2025, the recruitment of the board would have been finalised. The recruitment process was underway. The appointment of the CFO and CEO would commence before the end October 2025. It had capacity challenges, hence it approached DSD for secondment in the CEO position.

The Minister reported that a panel comprising of government and experienced representatives of civil society organisations, including from NEDLAC, was to begin the recruitment and selection process for the new Board of the NDA for the next three years. Once completed, the names of the recommended candidates will be tabled to the Cabinet for approval.

- **Strategic alignment of the revised APP and evidence of policy work:** the Committee wanted to know what evidence was available to demonstrate that policy briefs influenced policy and programme development.

The NDA reported that the research outputs influence its strategic planning process.

- **Sustainability of CSOs:** the Committee also wanted to know what evidence was available to demonstrate NDA's achievements of its mission and vision to move people out of poverty and unemployment. Where can this evidence be found? It is important for the Agency's annual report to indicate what the level of poverty was at the beginning of the financial year and where it was at the end of the financial year. It should also indicate how many SASSA beneficiaries benefited from the NDA programmes.

The Committee expressed a concern that the 1 000 CSOs capacitated with skills to implement poverty eradication interventions does not necessarily translate to job creation, community development, and eradication of poverty. The few projects funded by the NDA do not have significant impact in reducing the high levels of poverty in the country. It wanted to know the measurable outcomes that were achieved through the Programme 2 outputs. What exit strategy does the NDA have for the supported CSOs and Community Enterprises? How many have been linked to pathways mechanisms?

The NDA reported that it continues to grapple with ensuring sustainability of CSOs. In some instances, it provides financial interventions, for example, it paid salaries for about 6 months to ECD practitioners. With the limited resources it has, these are the only interventions it can implement. These interventions may seem minimal, but they make a big difference. The NDA has a critical mandate, but it is a least funded agency. Its funders are mostly government departments. Through the Department of International Relations and Cooperation it is working with international agencies.

It also provides capacity building to the funded CSOs through its partnership with some SETA (Sector Education and Training Authority) to ensure that CSOs receive accredited training. The measurable outcomes from the funded CSOs is reflected in the 560 funded CSOs that created 1 500 employment opportunities. A report will be forwarded to the Committee with the demographic breakdown of beneficiaries. It also partnered with the fishing industry in the coastal areas in Eastern Cape, as well as with the Department of Fisheries. It identified 22 wards in the country that have the highest levels of poverty. The list will also be forwarded to the Committee.

There is a move for joint strategic planning between the NDA and SASSA. The NDA has access to information on beneficiaries and what kind of training and capacitation they need.

- **Bonuses:** the Committee wanted to know the reasons performance bonuses, which resulted in R700 000 Material Irregularity, were paid without the approval of the board. Which officials were paid? It found it unacceptable that bonuses were paid without approval. There must be consequence management and recuperation of the money. This was a criminal act. It was concerning that bonuses were paid but people on the ground do not feel the impact of the NDA

The NDA reported that it has a performance management policy. The policy specifies that employees who exceeded their performance target qualify for performance bonuses. The policy further specifies that the board should consider if these employees can receive performance bonuses and if the organization can afford to pay them. During the year under review, the Agency did not afford the payment of performance bonuses, and the board did not

approve the payment. However, the NDA used the policy's provision for payment of tokens of appreciation at a lesser percentage than the performance bonuses and paid the officials.

The Committee expressed a serious concern about the above explanation. It found it unacceptable that the NDA has a performance policy that allows for payment of bonuses or tokens of appreciation without a board approval. It called for the board to urgently review this policy. It also requested the NDA to submit a report that gives details on the positions that were assigned to the bonuses, the percentages applied, current salary and how much of performance targets were achieved.

- **Returned CARA fund:** the Committee expressed a serious concern that R15 million of CARA funds was returned to the Department of Justice and Constitutional Development. This did not reflect well to the NDA, especially that its mandate is to be a conduit of government funds towards poverty eradication and employment creation. This confirms prior assertion that the NDA does not have expertise to allocate funds to NGOs that implement GBV programmes. NGOs and DSD provincial departments are better placed to allocate the funds because they have the necessary expertise. The return of these funds is a serious let down to the victims of GBVF.

The NDA explained that National Treasury regulations require unspent committed funds to be returned at the end of the financial year. The CARA project had a specific timeframe. The NDA managed to partner with 312 CSOs but some of them did not meet their contractual obligations by the end of the financial year. The NDA had to withdraw the unspent fund and pay them back. Its application to National Treasury to retain the unspent funds was not approved.

- **Lack of consequence management:** the Committee expressed a serious concern over AGSA's findings on the lack of consequence management for 25 cases of IE that were not investigated.
- **Donor funding:** the Committee wanted to know how much the NDA was funded through donor funding and the list of donors.

The NDA reported that it received funding of R64 million from funders. It also received additional R10 million but its reporting period fell outside the 2024/2025 reporting period. It will submit a detailed report to the Committee.

- **Filling of vacancies:** the Committee wanted to know the reasons for not filling vacancies.

The NDA reported that vacancies have not been filled because the process of reviewing the organisational structure has not been completed.

13. COMMITTEE RECOMMENDATIONS

13.1 Department of Social Development

- The Minister must ensure that within six months of 2026/2027 financial year the Department addresses the Auditor-General's findings that resulted in it receiving a qualified audit outcome. Most importantly, the Department should develop a comprehensive oversight mechanism(s) that will monitor the transfer and payment of social grants by the South African Social Security Agency (SASSA), to eliminate cases of fraud and misappropriation of funds.
- The Minister must ensure that the Department, before the end of 2025/2026 financial year, develops an effective and reliable performance (target) achievement monitoring and reporting framework for the entire social development portfolio to eliminate audit findings of achievement of targets not supported by reliable evidence.
- The Minister must also ensure that the Department, within the 2026/2027 financial year, addresses audit findings on uncompetitive, unfair procurement processes and deviations from prescribed procurement processes by making sure there is strict compliance to Public Finance Management Act requirements.

13.2 South African Social Security Agency

- The Minister must ensure that SASSA, within the 2026/2027 financial year, captures all the outstanding (13 500) missing files of beneficiaries in the Record Management System. This is critical to eliminate fraud and corruption in the grant payment system, especially the continuing payment to ineligible beneficiaries.
- The Minister must also ensure that SASSA, within the 2026/2027 financial year, addresses audit findings on uncompetitive, unfair procurement processes and deviations from prescribed procurement processes by making sure there is strict compliance to Public Finance Management Act requirements.

13.3 National Development Agency

- The Minister should ensure that the NDA and the NDA board, within the 2026/2027 financial year, review and align the NDA performance management policy with the Public Service Regulations, Public Service Act and the Performance Management and Development Systems (PDMS) framework to ensure that performance bonuses are awarded as per the provisions of these legal prescripts.
- The Minister should also ensure that the NDA and the NDA board conduct and finalise investigations on all cases (25 cases) of Irregular Expenditure by the end of the 2025/2026 financial year and within the 2026/2027 financial year. It is essential that a culture of consequence management is inculcated within the Agency to ensure accountability.
- The Minister must also ensure that the NDA addresses audit findings on uncompetitive, unfair procurement processes and deviations from prescribed procurement processes by making sure there is strict compliance to Public Finance Management Act requirements within the 2026/2027 financial year.

Report to be considered

5. The Budgetary Review and Recommendations Report (BRRR) of the Portfolio Committee on Public Works and Infrastructure for the financial year 2025/26, dated 29 October 2025.

The Portfolio Committee on Public Works and Infrastructure (the committee, PC PWI) met from 7 to 22 October 2025 to consider and assess the performance of the Department of Public Works and Infrastructure (the department, DPWI), the Property Management Trading Entity (PMTE), and public works entities for the financial year under review (2024/25). The committee considered and adopted this report on 29 October 2024.

The committee reports as follows:

1. Introduction

The portfolio committee is part of the mechanisms through which the National Assembly ensures that the executive is accountable to Parliament. The committee is mandated to maintain oversight of the various ways in which the executive exercises its national executive authority. This includes legislation and all activities of the department, its branches, and entities that report to the minister as the executive authority of the DPWI (section 55(2) of the Constitution). The oversight activities of the committee form a chain of interlinked events throughout each year of the five-year term of this administration. These events consist of weekly oversight meetings and, where possible, site visits. It includes engagements throughout the year with institutions that support democracy, such as the Office of the Auditor-General (OAG) and service delivery departments and entities.

The budgetary review and recommendation report (BRRR) is therefore not a stand-alone report based on one event. The report reflects all responses provided by the Minister and the department regarding enquiries and recommendations made by the committee in its budget vote report, quarterly performance reports, and reports from the OAG on audit queries. These responses include all other efforts to ensure that the administration and financial management lead to the most efficient operation of the DPWI and public works entities.

1.1. Mandate

The DPWI lacks a comprehensive Act that defines its mandate. It relies on various pieces of Legislation, National Treasury Regulations, White Papers, Cabinet instructions, and historical practices.

1.1.1. Legal framework and policy documents

- Independent Development Trust (registered in 1991 under Deed of Trust No 669/91, operating under Schedule 2 of the PFMA (1999) listed below;
- Public Finance Management Act, No. 1 of 1999;
- The Preferential Public Procurement Act, No. 5 of 2000;
- Construction Industry Development Act, No. 38 of 2000;
- Council for the Built Environment Act, No. 43 of 2000;
- Broad-Based Black Economic Empowerment Act, No. 53 of 2003;
- Government Immovable Asset Management Act, No. 19 of 2007;
- Money Bills Amendment Procedure and Related Matters Act, No. 9 of 2009;
- Infrastructure Development Act, No. 23 of 2014;
- Agrément South Africa Act, No. 11 of 2015.

White Papers setting out PWI policy:

Public Works towards the 21st Century (1997); and

Creating an Enabling Environment for Reconstruction Growth and Development in the Construction Industry (1999).

1.1.2. Structures/Entities DPWI

Property Management Trading Entity (PMTE)

Infrastructure South Africa

Agrément South Africa (ASA)

Construction Industry Development Board (cidb)

Council for the Built Environment (CBE)

Independent Development Trust

1.2. Analytic comments on mandate

The department is not directly involved in service delivery. It is a regulating and coordinating department that provides accommodation and maintenance services to properties on behalf of service delivery departments. It also provides professional services in the built environment, construction, project management, and facilities management to client departments.

It is an important role player in infrastructure projects and assists the local government with integrated spatial development framework planning processes. It plays a standard-setting and regulatory role, assisting client departments that directly provide services to the public. The assessment of resource allocation provides insights to enable citizens to hold government accountable. It opens opportunity for citizens to understand government priorities and advocate for effective policy implementation.

1.2.1. Coordinate Public Works Functions

The Constitution, in combination with several other pieces of legislation listed above, provide the legal mandate of the DPWI. In the Constitution, the mandate is outlined in the “Functional Areas of Concurrent National and Provincial Legislative Competence” in Schedule 4, Part A. Schedule 5, Part A, lists the exclusive functional areas of provincial legislative competence, which include provincial public works.

While Schedules 4 and 5, Part B, list local government matters, Section 155(7) provides legislative and executive authority to national and provincial governments to ensure the effective performance by municipalities of all the listed public works powers and functions. The Constitution mandates the DPWI, PMTE, and all its entities to ensure that all functions pertaining to public works and infrastructure are effectively performed by municipalities.

This is reinforced by Section 40(1) of the Constitution, which stipulates that the three spheres of government are distinct yet interdependent, and must exercise all powers and functions in an interrelated manner. The unity provided in section one of the Constitution is that this is one, sovereign, democratic state, implying that where one fails, all three spheres are implicated and accountable.

1.2.2. Manage the Government's Immovable Assets

The Government Immovable Assets Management Act (GIAMA) (2007) provides further details on the department's mandate and functions as the custodian of the government's immovable properties.

The DPWI develops and implements construction and professional built environment policies, regulations, and sets standards. The department includes the Property Management and Trading Entity (PMTE), which functions as an internal component that implements the mandated functions of the DPWI. The PMTE operates from eleven regional offices located throughout the nine provinces and major metropolitan regions of the country. It provides construction, maintenance, and property management services to all client departments nationwide. This includes office accommodation, maintenance, and the rendering of professional built environment services relating to the planning, acquisition, management and disposal of immovable assets.

1.2.3. Coordinate and Facilitate Large Infrastructure Projects

Since 2019, the DPWI has included the Infrastructure South Africa (ISA), which works with the National Treasury (NT) and the Development Bank of South Africa (DBSA) to coordinate large infrastructure projects through blended finance mechanisms. The Infrastructure Development Act (IDA, 2014) was drafted at a time when the Presidential Infrastructure Coordinating Commission (PICC) coordinated these projects as part of the Infrastructure Investment Office (IIO) in the Presidency. While the IDA is at present part of this department's mandate, it is not properly aligned with the coordination and facilitation of public infrastructure development. The IDA needs to be amended to properly align the coordination and facilitation of public infrastructure development across government.

What is important here is that the oversight mandate of the portfolio committee was extended across the three spheres of government. This includes coordinating and facilitating the functions of PICC meetings funded by the DPWI. It also includes large infrastructure projects that involve national, provincial and municipal departments.

2. Alignment of the legal mandate, and planned initiatives as stated in the department's planning documents

This subsection provides an analysis of the effects of incorporating the infrastructure component into the department's mandate, as outlined in the planning documents, and renaming it from the Department of Public Works to the Department of Public Works and Infrastructure (thus from DPW to DPWI).

2.1. Infrastructure and Public Works - A Defragmented Spatial Planning and Land Use Management Terrain

This five-year administrative term is aligned with the National Development Plan (NDP) that was adopted as “the guide to our national effort to defeat poverty, unemployment and inequality.”¹ It places much emphasis on investing in infrastructure as a catalyst for employment creation and economic growth.

The decentralisation of government into national, provincial, and municipal spheres – and further power fragmentations and contestations within the local government and construction sectors – provides role players a defragmented field within which they must manage infrastructure projects. Since 2011, this problem has been addressed by institutionalising the Presidential Infrastructure Coordinating Commission (PICC) within the Infrastructure Investment Office in the Presidency. This was intended to coordinate large infrastructure projects and the public works function coherently across different spheres of government.

In 2019, the Department of Public Works was reconfigured to include an infrastructure component, addressing the defragmentation of public works and infrastructure, as evidenced in various cases of spatial planning between municipalities, provinces, and national government departments. The importance of strengthening coordination of large infrastructure development was signaled in the renaming of the department to the Department of Public Works and Infrastructure (DPWI).

¹ Ibid.

3.2. Infrastructure South Africa (ISA) inside DPWI

3.2.1. The DPWI is the lead coordinating department in the infrastructure sector

Infrastructure development, as a component, was transferred to the DPWI because it was the lead department for construction, maintenance, accommodation, and social infrastructure facilitation and project management across the three levels of government. This status as the lead department is stated in the mandated function² of the department to:

- Provide policy formulation for, as well as coordination, regulation and oversight of the public works, professional built environment, and construction sector; this makes the national DPWI the coordinator and regulator of the accommodation of government departments that simultaneously play a leading role in the land and infrastructure needs of national departments.
- Enhance intergovernmental relations by coordinating concurrent public works functions as set out in Schedule 4 of the Constitution.
- Lead and direct the implementation of the national Expanded Public Works Programme (EPWP) by national and provincial departments and municipalities.
- Promote growth, job creation and transformation in the construction, property, and professional built environment-related industries. This announcement signalled that the role of the Minister as executive authority³ (EA) would include functions described in the Infrastructure Development Act (IDA) (23 of 2014). At first reading, this might mean that the infrastructure component would have the public works EA serve on the Presidential Infrastructure Coordinating Commission (PICC) to assist with the coordination and oversight of the fragmented systems of public infrastructure development across national, provincial, and municipal government spheres. If so, it would mean that the following three additional functions were added to the public works mandate:
- The coordinating responsibility for all public infrastructure development in the country.

² The Constitution (1996), Schedule 4 describes the concurrent mandate of the national department; the Government Immovable Management Act (GIAMA) (no. 19 of 2007) describes its mandated functions as immovable asset manager of national and provincial government.

³ Public Finance Management Act, (No. 1 of 1999), Chapter 1, under definitions, defines the EA as follows “in relation to a national department, means the Cabinet member who is accountable to Parliament for that department;”

- The Secretariat function of the PICC.
- The Infrastructure Delivery Management System (IDMS) (a system of processes with gateways to manage portfolio, programme, operations, maintenance, and project management to plan and implement infrastructure assets for public service delivery across the three levels of government). The Strategic Plan (SP) 2020-2025, and the Annual Performance Plans (APP) for the previous financial year 2021/2022 indicated that the DPWI would play a more impactful role “alongside the Infrastructure Investment Office in the Presidency (“IIO”), to structure the country’s Infrastructure-led Economic Growth under a single point of entry where the overall National Infrastructure Plan for South Africa is defined and the pipeline of bankable projects are focused within a new methodology.”⁴

4. Performance per programme and challenges

Programme 1: Administration

Performance Indicators:

- Ethics and Fraud perception rating: Target 20%-40%, achieved 0%.
- Compliance Rate: Target 100%, achieved 74%.
- Percentage Performance Information Level: Target 81%-100%, achieved 43%.
- Percentage Financial Performance Level: Target 100%, achieved 99%.
- Percentage Vacancy Rate: Target 10%, achieved 14%.
- Designated groups in SMS level: Women target 48%, achieved 41.34%; PWD target 3%, achieved 1.11%.
- Approved HR Delegations: Target 1, achieved 1.
- Appointment of Ethics Officer: Target 1, achieved 1.
- Business Process Automation: Target 1, achieved 2.

⁴ DPWI SP 2020-2025.

Challenges noted:

- Lack of capacity due to reduced investigating officers.
- Delays in filling positions due to National Treasury cost containment measures.
- Salary disparities with the private sector and stigma affecting PWD representation.

Programme 2: Inter - Governmental Coordination**Performance Indicators:**

- Sector Plan: Target 2025–2030 approved, achieved.
- Reports on BE Professionalisation: Target 4, achieved 4.
- Disputes resolved: Target 20, achieved 12.
- Beneficiaries in skills pipeline: Target 1200, achieved 1266.

Challenges:

- Protracted negotiation processes for disputes.
- Some matters require further planning and council approval.

Programme 3: Expanded Public Works Programme (EPWP)**Performance Indicators:**

- Verified work opportunities: Target 1,004,746, achieved 923,718.
- EPWP Phase 5 business plan: Target developed, achieved.
- Validated work opportunities: Target 62,313, achieved 60,423.

Challenges:

- Underreporting of work opportunities in the Community Work Programme.
- Implementation of EPWP projects by DPWI needs strengthening.

Programme 4: Property And Construction Industry Policy and Research

Performance Indicators:

- Public Works Bill: Target revised for submission, not achieved.
- CIDB Act Amendment: Target public participation, achieved.
- Infrastructure Development Act amendments: Target, the Bill submitted to Cabinet, achieved.
- Green hydrogen projects: Target 3, achieved 5.

Challenges:

- Legislative delays due to workshops and consultations.
- Analysis of public comments took longer than anticipated.

Programme 5: Prestige Policy

Performance Indicators:

- Planned state events: Target 8, achieved 23.
- Movable assets provision: Target 100%, achieved 33.3%.
- Turnkey solution for movable assets: Target established, achieved 0%.
- Backup power solutions: Target concept document developed, achieved.

Challenges:

- Insufficient funding for projects.
- Market-related prices affected performance.

5. Analysis of the budget and annual financial statements

5.1. 2024 Spending Summary

2024/25							
	Approved Budget	Shifting of Funds	Virement	Final Budget	Actual Expenditure	Variance	Expenditure as % of final budget
	R'000	R'000	R'000	R'000	R'000	R'000	%
Programme							
1. Administration	569 564	-	(28 300)	541 264	535 062	6 202	98.9%
2. Intergovernmental Coordination	60 870	-	(4 869)	56 001	49 278	6 723	88.0%
3. Expanded Public Works Programme	2 228 704	-	(23 910)	2 204 794	2 204 626	168	100.0%
4. Property And Construction Industry Policy and Research	4 676 295	-	44 048	4 720 343	4 694 895	25 448	99.5%
5. Prestige Policy	76 648	-	13 031	89 679	86 548	3 131	96.5%
TOTAL	7 612 081	-	-	7 612 081	7 570 409	41 672	99.5%
Departmental receipts				17 238	-		
Actual amounts per statement of financial performance (Total revenue)				7 629 319	-		
Actual amounts per statement of financial performance (Total expenditure)					7 570 409		

Spending Summary of the Property Management and Trading Entity (PMTE)

Programme	2024/25			
	Final allocation	Actual expenditure	Variance	% spent
	R'000	R'000	R'000	
Administration	971 201	1 052 701	81 500	108%
Real Estate Investment Services (REIS)	182 202	172 097	- 10 105	94%
Construction Project Management (CPM)	3 117 851	2 535 290	- 582 561	81%
Real Estate Management Services (REMS)	12 100 846	12 088 532	- 12 314	100%
Real Estate Information & Registry Services (REIRS)	93 907	91 295	- 2 612	97%
Facilities Management Services (FMS)	3 597 653	3 694 379	96 726	103%
Total	20 063 661	19 634 295	- 429 366	98%

Programme 6: Financial Management

Achievements reported were achieving financial performance at a level achieved of 98 per cent. Challenges were cash flow pressure due to reduced baselines by clients and delays in maintenance and

property rates payments. The PMTE reported that it was addressing challenges by implementing debt recovery plans; ensure advance payments from user departments.

Programme 7: Real Estate Investment Services

Regarding programme 7, it was reported that 7 custodian asset management plans (CAMPs) were developed (target exceeded).

The challenge identified is that fewer properties were identified for letting and strategic development due to feasibility complexities. The branch proposes to address this by allocating additional resources for feasibility studies and improving client response times.

Programme 8: Construction Project Management (CPM)

CPM achieved 77 infrastructure projects completed within budget; 11 built, operate, and transfer (BOT) projects were approved.

The branch reported challenges, including delays in design solutions, project completion, and site handovers, due to funding issues and contractor problems.

It proposed to address these by strengthening procurement processes, improving contractor management, and securing timely funding.

Programme 9: Real Estate Management Services (REMS)

The programme reported saving R205.6 million on private leases. It also reported that 78 per cent leases were awarded to BBBEE companies.

The challenge was that they experienced a limited reduction in private leases, and that a low number of state-owned properties were let out.

It wanted to address these challenges by revising the letting processes and implementing new protocols for lease approvals.

Programme 10: Real Estate Information Registry Services (REIS)

Reported that it assessed 12 National and Provincial Immovable Asset Registers containing 9,221 immovable assets that were aligned to municipal valuations. It faced the challenge that

the verification of immovable assets fell short due to expired contracts; municipal values were unavailable for some assets.

It aimed to address these issues by renewing contracts and enhancing collaboration with municipalities.

Programme 11: Facilities Management

Achievements: 466 term contracts implemented (target exceeded).

Challenges: Low number of condition assessments and critical components assessed due to expired contracts; TFM panel expired.

Addressing Challenges: Renew contracts; establish new TFM panel; explore alternative implementation methods.

The PMTE's general approach to address challenges was through:

- **Funding:** Secure additional funding through the National Treasury and advance payments from user departments.
- **Capacity Building:** Renew expired contracts and hire additional professionals.
- **Process Improvements:** Streamline procurement, feasibility studies, and reporting mechanisms.
- **Legislative Support:** Expedite legislative workshops and consultations.
- **Collaboration:** Strengthen partnerships with municipalities and user departments.

5.2. Committee deliberations

Finance: The committee raised a concern regarding the budget shortfalls within the department.

Corporate Services: The department reported that it was trying its best to fill vacancies. Officials made reference to the advertisement that was closing on 17 October 2025, for senior management positions within the Head Office and Regional Offices.

EPWP: The department had to explain how it was planning to turn the programme around to ensure that employment opportunities are created that assisted with skills transfer given the

high vacancy rate. Further, the department also had to give insight into how it was planning to facilitate the quick filling of vacancies so that branch performance can be enhanced.

Immovable Asset Disposal: It was reported that the current process of disposal of state-owned vacant land parcels is done as per the Land Disposal Act (No. 48 of 1961). This piece of legislation predates the Constitution prompting Members to inquire whether it could be relied on as being fit for purpose in the current dispensation. This Act states that land parcels would be placed on auction during the disposal process after obtaining approval from the Minister of Public Works and Infrastructure.

Construction Project Management: the department reported that due to contractor incapacities it experienced project delays. The committee sharply raised its dissatisfaction with non-payment of contractors on time. The department had previously reported making progress through the “*Rea patella*” programme, however, contractors were still suffering.

6. Public Works Entities

6.1. Agrément SA (ASA)

The 2024/25 financial year marked the final year of implementing the ASA’s 2020/21 - 2024/25 five-year Strategic Plan. Like many government departments and public entities, ASA faced significant challenges due to the lingering effects of the economic conditions. Resource constraints –financial and human capital posed major obstacles, exacerbated by reduced government grants. The constraints have affected ASA’s ability to meet its diverse and competing needs.

The transition from the outgoing board to a newly appointed board impacted the delivery of the mandate, as the new board has been finding its feet in the process while striving to deliver the mandate optimally. Despite these challenges, ASA achieved 81 per cent performance with 22 targets achieved against 27 planned performance targets and obtained an unqualified audit (Clean audit outcome). ASA achieved a clean audit outcome for the first time in its eight (8) years of existence as an independent public entity.

6.1.1. ASA's performance highlights for the 2024/25 financial year

- 93% (13 out of 14) Agrément certificates issued
- 76% (13 out of 17) of Agrément certification projects managed and finalised within agreed timeframes.
- 100% (4 out of 4) market and usage analysis reports produced.
- 100% (60 out of 60) inspections and compliance inspections conducted for valid issued certificates.
- 51% (69 out of 135) validity reviews (renewals) conducted for valid issued certificates.
- 100% (5 out of 5) customer satisfaction surveys produced.
- 100% (758 out of 758) invoices amounting to R17m paid within 30 days.
- 117% (R41.9m expenditure spent against a budget of R35.8m).
- 93% (A total of R15.4m spent on B-BBEE compliant suppliers against a budget of R16.6m).
- 55% (R9.2m) of ASA procurement spending was directed to designated groups (Youth: R2.2m, and Women: R6.9 m).
- There are no irregular, fruitless and wasteful expenditure incurred during the reporting period.
- 83% (10 out of 12) training interventions were delivered per the approved training plan and budget.
- 3% (1 out of 33) vacancy rate is achieved.
- One (1) Stakeholder engagement forum conducted
- One (1) Stakeholder engagement forum conducted
- Eight (8) exhibitions attended to enhance ASA visibility
- ICT Governance Framework approved.
- One (1) Annual Training Report and Workplace Skills Plan submitted to the Department of Employment and Labour.
- One (1) Employment Equity Report submitted to the Department of Employment and Labour.

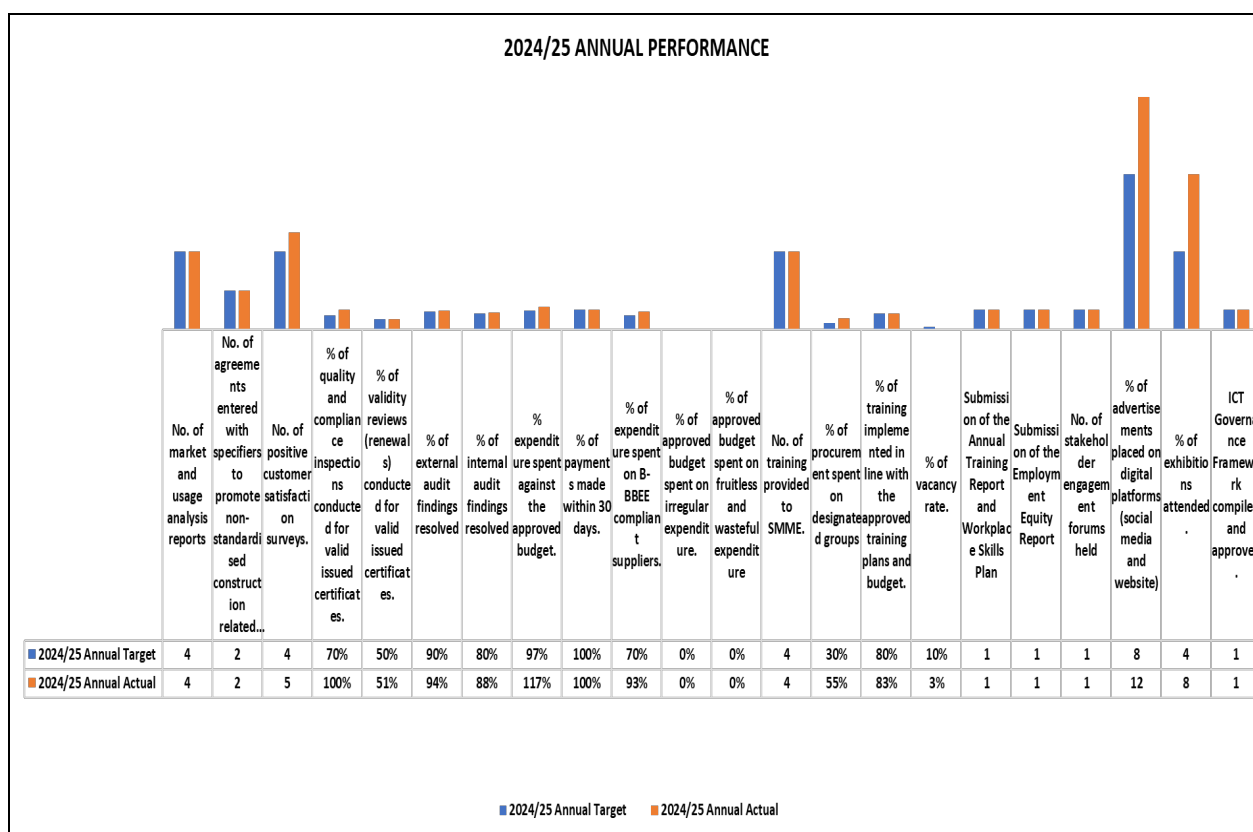


Figure 1: 2024/25 Annual Performance

6.1.2. Non – achievement of targets during the 2024/25 financial year

- Implementation of Eco-Label Scheme: achieved 0 against a target of 10.
- Agrément certification projects are managed and finalized within timeframes: achieved 76% (13/17) against a target of 80%.
- Agrément certification projects are managed and finalized within timeframes: achieved 13 against a target of 14.
- To improve the financial sustainability: achieved -49% (R2,3 - R4,6m/R4 ,6m) against a planned target of increasing own revenue by 1%.
- To ensure effective implementation of corporate governance across the board: achieved an unqualified audit opinion with compliance findings against a planned target of a clean audit opinion.

6.1.3. ASA's Financial performance analysis

The following tables illustrate the actual financial performance of the entity during the reporting period:

a) Revenue analysis

- Grant income received as budgeted. With a R 2million cut on the allocation.
- ASA mainly depends on the allocation for its operations, with 92% of the funds from the grant.
- ASA own generated revenue constitutes 8 % of the total budget.

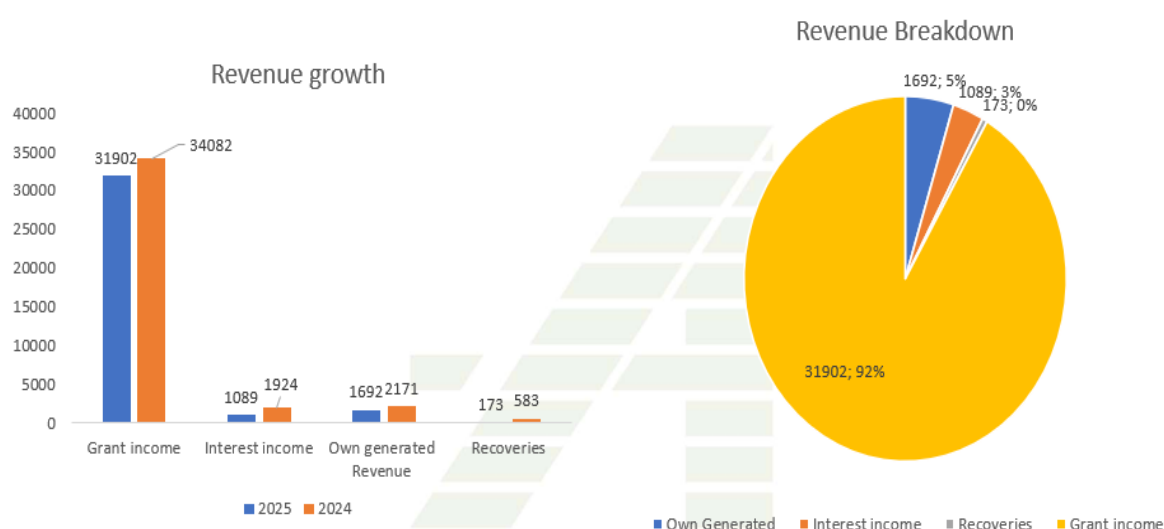


Figure 2: Revenue analysis

b) Expenditure analysis

- Employee-related costs remain the main cost driver for ASA, accounting for 55 per cent of the total expenses incurred and 65 per cent of the grant allocations.
- Expenditure funded mainly from surplus retention (R11,4m) in the 2023/24 financial period.
- Lease expenditure incurred in relation to the leased property and accounted for in compliance with GRAP (straight-lined).

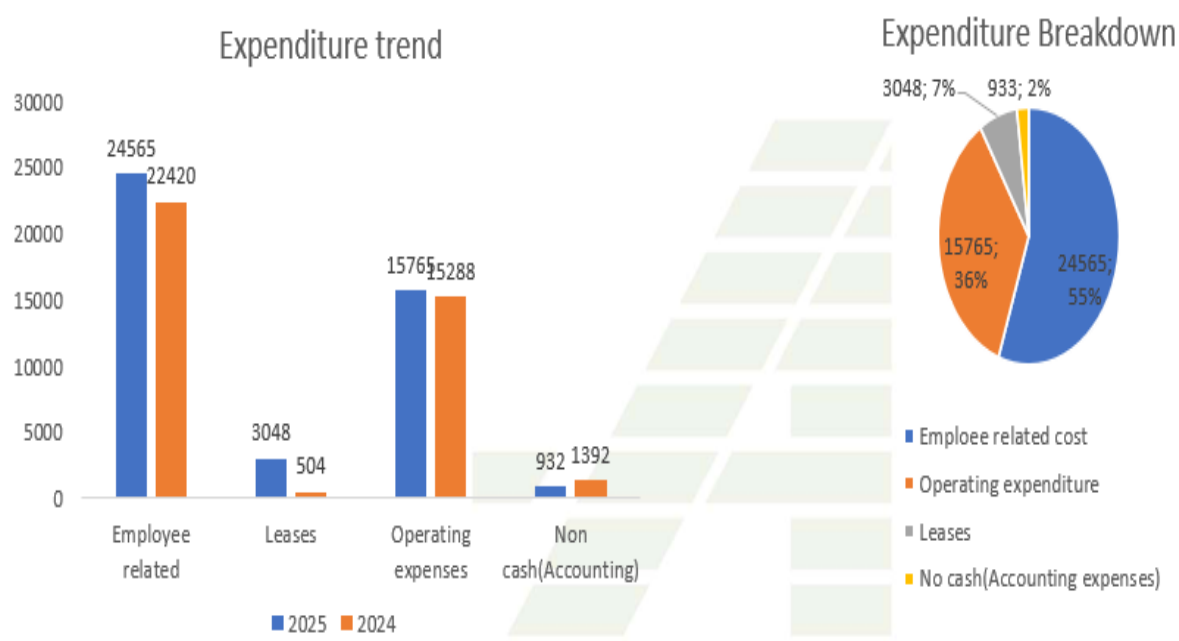


Figure 3: Expenditure analysis

c) Financial position analysis

- 43% (2024:63%) of the total assets are cash and cash equivalents, showing the entity's high reliance on cash resources for its operations.
- ASA operations require increased investment in Property, plant, and equipment to enhance service delivery.

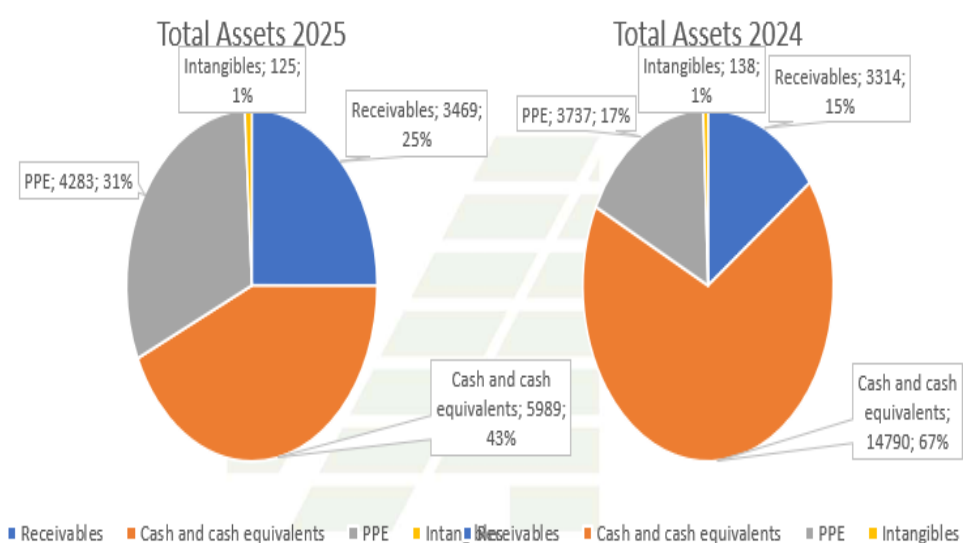


Figure 4: Financial position analysis

d) Comparison: Budget vs Actuals

1. R1million (25%) Less than the budgeted revenue from exchange transactions was realised due to
 - Less than expected finalised product assessment in the year.
 - Reduced cash balance from which to earn interest due to spending much more in line with the allocation.
2. R31,9m(100 %) Grant income was received as budgeted.
3. R2,3m(4.8%) Lower than budgeted expenditure was incurred due to:
 - The employee cost budget was underspent because of vacancies. As of year-end, most of the vacancies were filled. The recruitment processes for the remaining vacant positions are currently underway.
 - Goods and services procured in the financial period not yet delivered as at year end.

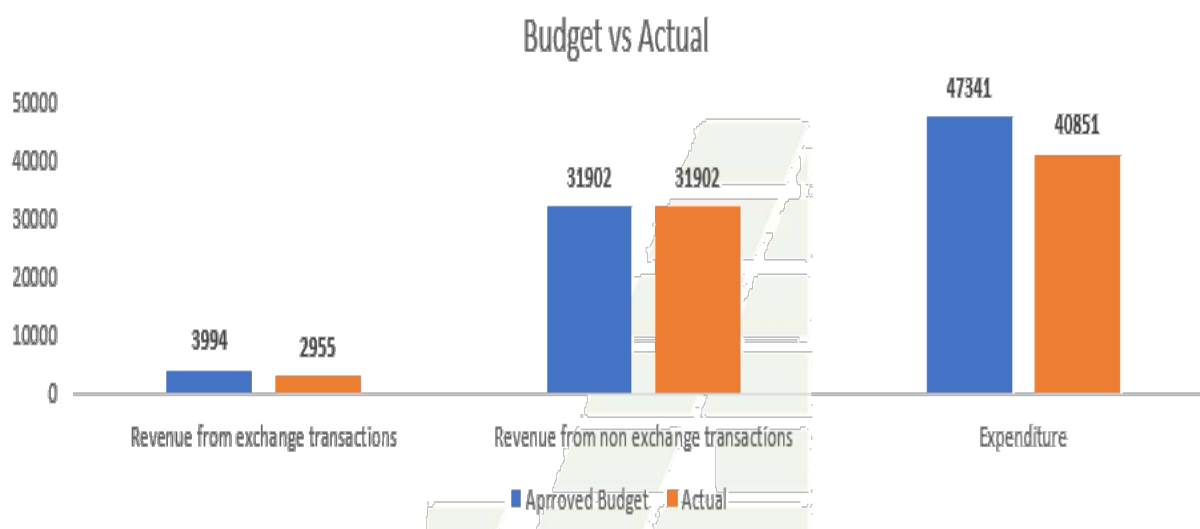


Figure 5: Comparison (Budget vs Actual)

6.1.4. Committee deliberations

The Committee lauded the entity for improving its performance from around 34 per cent in previous years to 81 per cent. It further emphasised the importance of marketing and visibility of Agrément SA, which would lead to better delivery of services to South African citizens through collaborations with relevant departments.

The challenge with revenue generation may require amending the entity's Public Finance Management Act (PFMA) schedule that currently limits the use of budget surpluses. The committee highlighted the possibility of government infrastructure departments (such as human settlements and water and sanitation) acting as demand creators for innovative, environmentally friendly products.

The Committee raised its concern regarding the ASA leasing a head office from the private sector. They pointed out that as a public works entity the DPWI, as the state's immovable asset manager, could address the entity's need for its own testing facilities and office accommodation. This should reduce cost to address the entity's reported challenge with revenue generation.

6.2.Council for the Built Environment (CBE)

The CBE achieved 100 per cent of its targets per programme and received an unqualified audit opinion (Clean audit).

The entity achieved 100 per cent Compliance with payment of valid invoices within 30 days. There was zero unauthorised expenditure and zero irregular expenditure incurred in the reporting period.

6.2.1. CBE programme performance (2024/25)

Programme 1: Administration – achieved 4 against a target of 4 (100%).

Programme 2: Empowerment and Economic Development - achieved 3 against a target of 3 (100%).

Programme 3: Professional Skills and Capacity Development - achieved 5 against a target of 5 (100%).

Programme 4: Research and Knowledge Management - achieved 4 against a target of 3 (100%).

Programme 5: Public Protection, Policy and Legislation - achieved 3 against a target of 3 (100%).

6.2.2. CBE financial performance highlights (2024/25)

- The CBE activities are funded mainly from grant allocation from DPWI as the Executive Authority.

- The grant budget for the financial year 2023/24 was initially approved at R51.205 million, adjusted to R55.505 million.
- A special partnership allocation to the value of R5.047 million was received from DPWI for the implementation of the Infrastructure Audit Capacitation programme.
- During the period under review, the CBE utilised prior years approved surplus funds, which resulted in increased expenditure and deficit of R4.756 million.
- The CBE did not have any surplus funds to be surrendered to the National Treasury at the end of 2024/25 financial year.

6.2.3. Programme expenditure

PROGRAMMES	2024/25			2023/24		
	Final Budget R'000	Actual Expenditure R'000	Variance R'000	% Expenditure	Final Budget R'000	Actual Expenditure R'000
Administration	57 219	63 206	(5 987)	110%	57 219	59 736
Empowerment and Economic Development	4 172	2 551	1 621	61%	4 172	910
Professional Skills and Capacity Development	865	1 337	(472)	155%	865	1 314
Research and Knowledge Management	856	252	604	29%	856	188
Public Protection, Policy and Legislation	2 261	2 397	(136)	106%	2 261	6 499
Total	65 373	69 743	(4 370)	107%	65 373	68 647

6.2.4. Outlook and forward strategy

- **Strengthen Financial Sustainability.**

Finalise the amendment of Regulation 915 to enable appropriate levy collection. Our Plan B involves optimizing cost-sharing partnerships and further operational efficiencies.

- **Building a Capable and Ethical State & Professions.**

Scale up the implementation of the Professionalisation Strategy, Structured Candidacy and Infrastructure Audit Training Programme by targeting the placement and training of **50+ graduates** in municipal and national departments.

- **Enhance Research and Policy Influence:**

Formalise the implementation of Academic-Government Partnership Framework.

- **Advance Public Protection & Public Safety:**

- Advocate for a review of the CBE Act to strengthen our regulatory oversight and curb construction incidents (George).
- Launch a national public awareness campaign on the importance of using registered professionals.

6.2.5. Comparative audit outcomes (Professional Councils)

Council	Audit opinion	Key financial highlight	Governance notes
SACAP	Unqualified	Deficit – R1,8m	Strong internal controls
SACLAP	Unqualified	Revenue shortfall (34%) – R1,15m	Severe strain, staff unpaid
ECSA	Unqualified (with findings)	Operating deficit – R18,9m	Material findings on process
SACPMP	Unqualified	Surplus – R24,6m	No significant deficiencies
SACQSP	Unqualified	Net profit – R3,22m	Robust financial position

Definitions:

- SACAP: South African Council for Architectural Profession
- SACLAP: South African Council for the Landscape Architectural Profession
- ECSA: Engineering Council of South Africa
- SACPMP: South African Council for Project and Construction Management Professions
- SACQSP: South African Council for Quantity Surveying Professions

6.2.6. Committee deliberations

The entity plays a key role in achieving the state capacity building outcome of the National Development Plan. Amongst others, the entity established a functional logbook to track capacity development and placement of built environment professionals throughout the three spheres of government. The CBE demonstrated strong performance by achieving all planned targets and addressing AGSA recommendations, securing a clean audit. However, strategic risks, such as SACLAP's financial crisis and inconsistent implementation of identity of works (IdoW) frameworks, remain critical challenges. The entity has outlined action plans to address these risks.

The Committee needs to oversee their effectiveness in addressing the matter during the coming year. Financially, the CBE experienced a deficit due to increased expenditure, but it maintained compliance and governance standards. Continued focus on financial sustainability, transformation, and regulatory oversight is essential for the future stability of the built environment sector.

The Committee noted that the entity achieved its intended performance indicators and achieved a clean audit opinion from the Auditor-General. The CBE highlighted that professional liability cover for built environment professionals in government is not in place, leading to them being penalised for professional errors. This disincentivises the uptake of much-needed BPEs in municipalities, provincial governments, and infrastructure- and construction-focused departments.

6.3. Construction Industry Development Board (CIDB)

- There were 16 targets for the 2024/25 Financial year, 14 out of 16 targets were achieved, which represents 87.5 per cent achievement.
- A percentage B.U.I.L.D funds spent on development was the target that was not achieved. A percentage of B.U.I.L.D funds were spent on development finance.
- There were delays in signing of MOA with Small Enterprise Development Finance Agency (SEDFA).

- Contractors were no shows for APL assessments.
- There were delays in finalisation of procurement for contractors' trainings.
- The overall audit outcome of the CIDB is an Unqualified audit opinion with findings.

6.3.1. CIDB programme performance (2024/25)

- Programme 1: Administration
 - achieved 83 per cent against a target of 80 per cent of audit issues resolved. Achieved 100 per cent of invoices paid within 30 days and achieved 98.15 per cent against a target of 98 per cent on system uptime.
- Programme 2: Research and Development
 - achieved 2 against a target of 2 on the number of research studies conducted.
- Programme 3: Construction Industry Regulation
 - achieved 99.47 per cent against a target of 9per cent on a percentage of contravention notices against detected non-compliance on CIDB prescripts issued within 30 days. Achieved 99.96 per cent against a target of 98 per cent on a percentage of grades 1-9 contractors registered within 21 working days for compliant applications.
- Programme 4: Construction Industry Performance
 - achieved 4 against a target of 4 industry monitoring reports and achieved 1 against a target if 1 transformation status report.
- Programme 5: Procurement and Development
 - achieved 100% performance on a number of construction industry transformation procurement guidelines developed and number of construction industry development guidelines developed. Achieved 46.6% against a target of 100% percentage of B.U.I.L.D funds spent on development.

- Programme 6: Provincial Offices
 - achieved 100% performance on construction industry development interventions and number of transformation intervention implementation reports provided. Achieved 169 against a target of 120 number of client departments capacitated on IDMS.

6.3.2. CIDB financial performance (2024/25)

Construction Industry Development Board

Annual Financial Statements for the year ended 31 March 2025

STATEMENT OF FINANCIAL POSITION AS AT 31 MARCH 2025

Figures in Rand	Notes	2025	2024
ASSETS			
NON-CURRENT ASSETS			
Property, plant and equipment	3	103 844 788	101 942 433
Intangible assets	4	33 915 201	37 176 871
		137 759 989	139 119 304
CURRENT ASSETS			
Receivables from exchange transactions	5	1 519 270	355 042
Receivables from non-exchange transactions	6	447 844 145	271 357 854
Prepayments		11 171 198	4 420 848
Cash and cash equivalents	7	290 405 270	288 079 002
		750 939 883	564 212 746
Total Assets		888 699 872	703 332 050
LIABILITIES			
CURRENT LIABILITIES			
Finance lease obligation	8	-	70 805
Income received in advance	9	108 496 940	105 598 268
Provisions	10	44 338 058	11 687 945
Payables from exchange transactions	11	12 432 032	19 175 825
		165 267 030	136 532 843
Total Liabilities		165 267 030	136 532 843
Net Assets		723 432 842	566 799 207
Accumulated surplus		723 432 842	566 799 207
Total Net Assets		723 432 842	566 799 207

Construction Industry Development Board
Annual Financial Statements for the year ended 31 March 2025

STATEMENT OF FINANCIAL PERFORMANCE

Figures in Rand	Notes	2025	2024
Revenue			
Revenue from exchange transactions			
Assessment fees	12	56 751 882	54 071 400
Other income		1 533 545	1 744 348
Finance income	13	24 470 887	14 065 663
Gain on disposal of assets and liabilities		-	26 393
Total revenue from exchange transactions		82 756 314	69 907 804
Revenue from non-exchange transactions			
Government grants and subsidies	15	75 183 000	80 320 000
B.U.I.L.D fees	16	185 678 981	176 456 831
Contractor fines		100 000	150 000
Annual fees	12	102 802 396	89 754 263
Service in Kind	12	1 624 992	1 615 331
Total revenue from non-exchange transactions		365 389 369	348 296 425
Total revenue		448 145 683	418 204 229
Expenditure			
Employee related costs	17	(140 885 883)	(131 177 349)
Members' emoluments	27	(6 719 808)	(6 707 406)
Depreciation and amortisation	18	(6 315 089)	(5 798 784)
Finance costs	19	(155)	(2 938)
Bad debt written off		(143 688)	(6 165)
Gain or loss on disposal of assets and liabilities		(511 977)	-
Gain or loss on exchange differences		(353 620)	-
Surrender of surpluses - relating to current year	14	(31 758 750)	-
Operational expenses	20	(104 823 076)	(99 094 097)
Total expenditure		(291 512 046)	(242 786 739)
Surplus for the year		156 633 637	175 417 490

6.3.3. Committee deliberations

The CIDB's financial statements were found to be compliant. However, the AG made material findings related to financial statements submitted for auditing, which contained misstatements in the related parties' disclosure and the statement of comparison of budgets and actual amounts.

Despite this, the entity was performing reasonably well and had made significant strides in developing capacity in the construction sector. A challenge was reported related to it approaching the Small Enterprise Development and Financing Agency (SEDFA) to manage the BUILD fees. The BUILD programme is integral to the entity's efforts to regulate the construction sector. However, in 2024/25, only 46.61per cent of BUILD funds were spent on development interventions, and 0% on development finance. It missed its performance target

of spending 100% of BUILD fees for this year. This stems from delays in signing the Memorandum of Agreement (MOA) with SEDFA. This delay has impacted the allocation and utilisation of BUILD funds for development finance.

Members urged the entity to expand on whether its performance had an impact on the sector. The entity highlighted one event that showed that its performance and financial management record had a positive effect on the construction sector. The *National Construction Summit on Crime-Free Construction Sites* was held on 19 November 2024 at the Durban International Convention Centre. It was a collaborative effort by the Department of Public Works and Infrastructure (DPWI), the South African Police Service (SAPS), and the Construction Industry Development Board (CIDB) to address growing concerns about site-based extortion, intimidation, and criminal disruptions in the construction sector.

6.4.Independent Development Trust (IDT)

- **Reconfiguration of the IDT**

The experts appointed by the Presidential State-Owned Enterprises Council (to assess the state of the IDT as part of the reconfiguration process) continued with the consultation and assessment process during the reporting period. The process is set to be concluded in the next financial year. Once concluded, it will determine the best legal shape and form of the IDT.

- **Business Generation**

The total value programme portfolio (grew by 0,3 year on year, rising from R 9 050 billion in the previous financial year to R 9 080 billion at the end of the 2024/25. During the reporting period, new business generated amounted to R 3 467 billion, while the confirmed programme portfolio totalled R 5 613 billion.

6.4.1. IDT programme performance (2024/25)

The entity received a Qualified Audit Opinion. The basis of qualified opinion was:

- Irregular expenditure;
- Management Fees and Other Income;
- Cash Disbursement, and
- Programme Assets, Expenditure & Liabilities.

For the past four years since 2021, the entity received a qualified audit opinion. A year prior that, the IDT received a disclaimer audit opinion. One of the major setbacks within the IDT as reported, is non-payment of management fees by client departments.

6.4.2. IDT financial performance (2024/25)

According to the statement of financial performance, the IDT reported a deficit of R33m.

- Management fees Increased to R316 million from R289 million in prior year. The increase was due to stage billing.
- General expenses increase to R139 million (R12 audit fees, R17 million legal costs, R19 million IT costs, R28 million travel costs) from R136 million in the previous financial period.
- Other income increased to R50 million from R3 million last year, due to the treatment.
- Commitments increased to R23 million compared to R10 million. The increase was due to new rental agreements.
- Employee costs increased R248 million from R190 million in the previous year. This was as a result of filling in critical positions and the COLA adjustment to salaries.
- Government grants and subsidies decreased to R0 from R81m in the previous year.
- As at 31 March 2025 the IDT had obligations to service providers to the value of R 2 569 billion and consequently had receivables of the same amount from client Departments to honour the liability This represents a 12 per cent increase compared to the 2023 24 programme assets and liabilities of R 2 302 billion.
- Programme expenditure spent on Social Infrastructure and Social Development. Programmes by 31 March 2025 is R 3 982 billion (R 4 428 billion including management fees) against an annual target of R 9 041 billion.

6.4.3. Support for the IDT's sustainability

- ✓ Consistent project pipeline

DPWI should commit to a consistent, long-term pipeline of social infrastructure projects for the IDT, including maintenance and refurbishment projects, which are critical for the DPWI's mandate. This would allow the IDT to engage in proper long – term planning and resource allocation.

- ✓ Reng-fencing of funds

Establish a mechanism to ring fence project funds for IDT managed projects within the DPWI budget. This would prevent budget deferrals and project cancellations and ensure that funds are transferred to the IDT in a timely manner.

- ✓ Proactive fund transfer

Implement a policy for prompt and proactive fund transfers to the IDT based on agreed upon project milestones. This will ensure contractors are paid on time and prevent project disruptions.

- ✓ Strengthened oversight and accountability

Enhance the collaboration and oversight mechanisms between DPWI and IDT at all levels to address project issues, funding challenges, and governance concerns proactively. This includes regular, scheduled meetings and a consolidated information system for project management.

- ✓ Reconfiguration of the IDT

Finalize the reconfiguration of the IDT as a Schedule 3B public entity to provide a more stable and sustainable institutional form, as has been under consideration by the department.

6.4.4. Committee deliberations

The committee noted an overview of the entity's annual performance and highlighted the challenges that the entity had faced during the reporting period.

It was reported that the IDT received a qualified audit, which is an improvement from a disclaimer that was last received in the previous audit cycle, which the committee raised major concerns about.

The IDT had to explain if there was any plan to collect management fees from client departments.

The IDT reported that the entity had engaged the national organisation of people with disabilities to ensure that there is representation in terms of representation when it comes to tenders.

The Committee welcomed the lifestyle audit and lifestyle policy that was approved by the Board based on the recent events in the entity.

The Minister indicated that there was correspondence sent to the National Treasury, to reject a received proposal to close the IDT down.

The Committee raised its concern regarding non-payment of fees to the IDT by client departments and committed to assist the entity through its oversight role, in recouping the outstanding amounts from big offenders.

7. Recommendations

The Committee noted matters including those from previous financial years, continue to dilute effectiveness and efficiencies of the department and its entities. It recommends that the Minister ensures that the department and its entities provide reports on the following matters and reports on them by March 2026:

1. A report by the Director-General on implementing the Parliamentary Village Board Act (No. 96 of 1998) and ensure that the newly established Parliamentary Villages Management Board gives financial reporting and governance urgent attention as it has a negative impact on matters such as living conditions, electricity supply, back-up

generators, water purification plants, safety, and security of Members of Parliament and sessional staff.

2. Progress report on vacancies across the DPWI Head Office and the eleven PMTE regional offices. It should further cover the strategy to draw and retain well-qualified, experienced property specialists and construction management professionals in the department and regional offices. It should further provide information on whether the DPWI as lead coordinating department of infrastructure have a strategic plan to address the on-going challenge to appoint critical skills in the property, construction and built environment professional sector.
3. A report on high vacancies and underspending in specifically key programmes such as Construction Project Management, Facilities Management Services and Asset Registry Services.
4. Progress report from the accounting officers (DG and Head of the PMTE) on responses from National Treasury and the Accounting Officers of client departments to deal with the outstanding balance regarding outstanding debt to the DPWI/PMTE so that details of disputes and other constraining matters can be identified and dealt with. Furthermore, engagement with National Treasury with user charges to national departments.
5. A report on the strategy to ensure the appointment of designated groups, including people with disabilities, as the annual report showed regression in achieving transformation targets.
6. A report on progress with all SIU investigations, including the SAGE investigation.
7. CBE to report on the operationalisation of the Knowledge Hub, appointment of its management and researchers, and the plan to collaborate with research institutions to enhance capacity and capability within the built environment professional context.
8. To provide an update report on the work to reconfigure the IDT into a social infrastructure development and property maintenance agency that serves the objectives of the National Development Plan. This should include the planned collaboration with the Government Technical Advisory Centre (GTAC) to ensure effectiveness and efficiency of the IDT.

9. Progress report from the PMTE Facilities and Construction Project Management team including the lead officials and project manager(s) on investigations into all the allegations related to construction project mismanagement that might lead to Fruitless and Wasteful expenditure. The report lists projects, their geographical positions, client departments, scope of works, bills of quantities, main and sub-contracting companies, include allegations that electrical work was done on the first floor which had to be re-done in a follow-up refurbishment project of the same first floor.
10. Reports to the Committee regarding plans to ensure that the IDT is fully capacitated during the 2025/26 financial year. The IDT should be utilised as the preferred Government entity for construction of infrastructure projects to ensure construction costs containment. The entity must be restructured to ensure greater financial control, and it needs to complete this process to achieve an unqualified audit in this financial year. Further improvements are required to ensure that supply chain management conforms to the PFMA, and a capital transfer needs to occur from the department to the entity for its operational costs.
11. A report on the top offenders, client departments who owe the department and the IDT management fees. The report should include timeframes so that the committee can be empowered to play its oversight role and hold such departments to account.
12. A report on IDT incomplete projects, abandoned projects and litigations.
13. A report on employee retention within the IDT and plans to service creditors to reduce debt owed to other state-owned institutions.
14. Quarterly progress reports on the Public Works Bill, and the amendment of the legislation of the CIDB and the CBE to respectively transform the construction and professional built environment sector to improve the transformation of the construction industry; strengthen the processing of the funds collected for development and progression of contractors on the Register of Projects; and enforce compliance with the Construction Industry Regulations. Furthermore, liaises with the Department of Land Reform and Rural Development on reviewing the Land Disposal Act (No. 48 of 1961) to ensure it is properly aligned with the Constitution of 1996 and meet government developmental objectives.

15. A report on regression and material irregularities as reported by the AG, pertaining to the department and the CIDB. The report must be submitted before the end of the fourth Parliamentary term of 2025.
16. A report on the Telkom Towers forensic report within the fourth Parliamentary term of 2025, the building must be in usage.
17. A report on the EPWP challenges and proposals as well as implementation of turnaround measures for creation of more employment opportunities and a quarterly update in this regard.
18. Ensures that all entities that report to DPWI gets accommodated in a state – owned building instead of utilizing a leased property, which is currently the case.
19. To provide a report on the lease agreement investigations.
20. The Department and its entities provide a comprehensive analysis of its balance sheet reflecting detailed income statement and liabilities.

Report to be considered.