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ANNOUNCEMENTS, TABLINGS AND COMMITTEE REPORTS

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ANNOUNCEMENTS

National Assembly

The Speaker

1. Referral to Committees of papers tabled

(1) The following paper is referred to the **Joint Standing Committee on Financial Management of Parliament** for consideration:

(a) Mid-Year Assessment Report of Parliament for 2025-26, tabled in terms of section 54(1) of the Financial Management of Parliament and Provincial Legislatures Act, 2009 (Act No. 10 of 2009).

COMMITTEE REPORTS

National Assembly

1. Budgetary Review and Recommendations Report (BRRR) of the Portfolio Committee on Communications and Digital Technologies, dated 04 November 2025

The Portfolio Committee on Communications and Digital Technologies (the Committee), having considered the financial and non-financial performance for the year 2024/25 of the Department of Communications and Digital Technologies (the Department), Sentech, State Information Technology Agency (SITA), Broadband Infraco (BBI), the Universal Service and Access Agency of South Africa/Universal Service Fund (USAASA/USAF), the South African Broadcasting Corporation SOC Limited (SABC), and on 14 October 2024.

The Film and Publications Board (FPB), the Independent Communications Authority of South Africa (ICASA) and .ZADNA appeared before the Committee on 21 October 2025 to present their financial and non-financial performance results. Lastly, the South African Post Office (SAPO), Postbank (SOC) Ltd, and the National Electronic Media Institute of South Africa (NEMISA) appeared before the Portfolio Committee on 24 October 2025.

The Universal Service Access Fund did not table its Annual Report and ahead of the Committee budgetary review processes.

1. Introduction

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

1.1 Purpose of the Report

The Money Bills Amendment Procedure and Related Matters Act 9 of 2009 sets out the process that allows Parliament to make recommendations to the Minister of Finance as well as the Cabinet

Minister responsible for the vote to ensure the effectiveness and efficiency of the use of resources to ensure optimal service delivery.

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

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

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

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

2. Role and Mandate of the Committee

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

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

(i) Consider legislation referred to it;

(ii) Exercise oversight over the Department and its Entities;

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

3. Methodology

For the financial period under review, the Committee, in exercising its oversight role, the Committee considered the tabling of 2024/25 Annual Reports and Financial Statements of the Department and its Entities.

The Auditor-General of South Africa (AGSA) also presented the audit outcomes of the Department and its Entities for the 2024/25 financial year during the Committee meeting of 14, 21 and 24 October 2025.

The Committee also considered the 2023 State-of-the-Nation Address (SoNA) and the National Development Plan (NDP) guided by the government's Medium-Term Strategic Framework (MTSF), which outlines specific outcomes and priorities focused on addressing the challenges of poverty, inequality, and unemployment. Committee meeting recommendations, oversight reports (from other committees of Parliament), and the 2024 Estimates of National Expenditure (ENE) were also considered.

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

4. About the Department of Communications and Digital Technologies (DCDT)

The DCDT is the central government institution responsible for leading South Africa's digital transformation. Its mandate is to create an enabling environment for the development, regulation, and expansion of digital infrastructure, services, and skills that support inclusive socio-economic growth. The Department is tasked with:

- Developing and implementing policies, legislation, and strategies that promote digital inclusion.
- Overseeing the performance and governance of ICT-related state-owned entities.
- Facilitating universal access to secure, affordable, and high-quality digital infrastructure and services.
- Promoting digital literacy and capacity development across society.

The Department's work contributes to several MTSF priorities:

- Priority 1: A Capable, Ethical and Developmental State
- Priority 2: Economic Transformation and Job Creation
- Priority 6: Social Cohesion and Safe Communities
- Priority 7: A Better Africa and World

There is also a crosscutting approach to the inclusion of Women, Youth & Persons with Disabilities.

For the 2024/25 financial year, the Department of Communications and Digital Technologies (DCDT) set **25 predetermined targets** in its Annual Performance Plan (APP). These targets were aligned with the Department's mandate to lead South Africa's digital transformation and were grouped under four strategic priorities:

(i). Enabling Digital Transformation Policies, Strategies, and Regulation

The Department aimed to strengthen the policy and regulatory environment to support digital inclusion and innovation. Key targets included:

- Submission of the Audio and Audio-Visual Content Services and Online Safety Bill to Cabinet.
- Approval of the National Data and Cloud Policy Implementation Plan.
- Development of the Draft National Artificial Intelligence (AI) Policy.
- Monitoring the implementation of the Digital Economy Masterplan.
- Coordinating the PC4IR Strategic Implementation Plan.
- Developing country positions for international ICT forums such as BRICS and WTSA.

(ii). Increased Access to Secure Digital Infrastructure and Services

To bridge the digital divide, the Department set targets to:

- Monitor the rollout of the SA Connect broadband programme.
- Oversee the analogue switch-off and decoder distribution for digital migration.
- Implement and monitor national cybersecurity programmes.
- Prepare South Africa's position for the World Radiocommunication Conference 2027 (WRC-27).

(iii). Digitally Transformed Economy and Society

The Department focused on building digital skills and promoting inclusion. Targets included:

- Coordinating the Digital and Future Skills Programme.
- Monitoring automation of e-Government services on the gov.za portal.
- Developing and approving the National AI Strategic Implementation Plan.
- Implementing the GBV Integrated Plan of Action.

- Monitoring participation of women, youth, and persons with disabilities in ICT sector initiatives.
- Coordinating implementation of the District Development Model (DDM) Plan.

(iv). High-Performing and Sustainable ICT Portfolio

To ensure effective governance and oversight, targets included:

- Analysing 100% of SOE performance and compliance reports.
- Monitoring implementation of the SAPO Business Rescue Plan, SABC Strategy, and SITA Repurposing Recommendations.
- Developing shareholder compacts for SOEs.
- Maintaining 100% payment of valid invoices within 30 days.
- Implementing the e-Claims System and the Disaster Management Programme

4.1 Programmes of the Department

Programme 1: Administration

This programme ensures effective governance, financial management, and operational efficiency within the Department. It focuses on digitising internal processes, implementing risk management strategies, and maintaining compliance with public finance regulations. Key initiatives include the development of the e-Claims System, timely payment of invoices, and the implementation of the Disaster Management Programme to strengthen organisational resilience.

Programme 2: ICT International Relations and Affairs

This programme positions South Africa as a leader in global ICT policy and digital diplomacy. It develops country positions for international forums such as BRICS, WTSA, and the Global Digital Compact, while coordinating international programmes that support the digital economy. The programme enhances South Africa's influence in shaping global digital governance and fosters partnerships for technology transfer and investment.

Programme 3: ICT Policy Development and Research

This programme drives the development of ICT policies, legislation, and strategies to create an enabling environment for digital transformation. In 2024/25, it focused on finalising the National Data and Cloud Policy Implementation Plan, developing the Draft National Artificial Intelligence Policy, and advancing the Audio and Audio-Visual Content Services and Online Safety Bill. It also monitors the implementation of the Digital Economy Masterplan and the PC4IR Strategic Implementation Plan.

Programme 4: ICT Enterprise and Public Entity Oversight

This programme oversees governance and performance of ICT State-Owned Entities (SOEs) such as SAPO, SABC, SITA, and others. It ensures compliance with shareholder compacts, monitors turnaround strategies, and promotes transformation within the ICT sector. In 2024/25, the programme achieved 100 per cent analysis of SOE performance reports and monitored key restructuring initiatives, including the SAPO Business Rescue Plan and SITA Repurposing Recommendations.

Programme 5: ICT Infrastructure Development and Support

This programme facilitates the rollout of robust, reliable, and affordable ICT infrastructure to bridge the digital divide. It oversees the implementation of the SA Connect broadband programme, monitors the Broadcasting Digital Migration (analogue switch-off and decoder distribution), and strengthens national cybersecurity frameworks. It also prepares South Africa's position for the World Radiocommunication Conference 2027 (WRC-27).

Programme 6: ICT Information Society and Capacity Development

This programme promotes digital inclusion and builds capacity for citizens to participate in the digital economy. It implements the Digital and Future Skills Programme, monitors the automation of e-Government services, and advances the National AI Strategic Implementation Plan. It also prioritises social transformation initiatives, including the prevention of gender-based violence and the monitoring of participation by women, youth, and persons with disabilities in ICT sector opportunities.

6. DCDT Performance Information

As mentioned above, the Department set a total of 25 targets for the financial year, **achieving** 19 targets, or 76 per cent, whereas 6 targets, or 24 per cent, were **not achieved**.

Broadly, non-performance was influenced by delays in the rollout of infrastructure (SA Connect broadband project); incomplete stakeholder reporting for the Digital Economy Masterplan and PC4IR Strategic Implementation Plan; and challenges in monitoring the participation of women, youth, and persons with disabilities in ICT sector initiatives.

6.1 Key Achievements/Milestones for the 2024/25 Financial Year

Policy and Regulatory Development

- Finalised and approved the National Data and Cloud Policy Implementation Plan;
- Developed the Draft National Artificial Intelligence (AI) Policy; and
- Advanced work on the Audio and Audio-Visual Content Services and Online Safety Bill.

Digital Infrastructure

- Monitored the rollout of the SA Connect broadband programme, expanding connectivity to government facilities, schools, health centres, and traditional authority sites;
- Oversaw the analogue switch-off of transmitters below 694 MHz in all nine provinces; and
- Coordinated the distribution and installation of decoders for digital migration.

Cybersecurity

- Successfully monitored and implemented strategic national cybersecurity programmes to strengthen digital resilience.

Digital Economy and Skills

- Coordinated the Digital and Future Skills Programme, targeting youth, women, and public servants;
- Developed and approved the National Artificial Intelligence Strategic Implementation Plan; and
- Monitored the automation of e-Government services on the gov.za portal.

International Engagement

- Developed and approved three country positions aligned with South Africa's ICT priorities for BRICS, WTSA, and the Global Digital Compact; and
- Coordinated two international programmes supporting digital economy initiatives.

Governance and Oversight

- Achieved 100% analysis of performance and compliance reports from ICT State-Owned Entities (SOEs);
- Monitored implementation of:
    - SAPO Business Rescue Plan
    - SABC Strategy
    - SITA Repurposing Recommendations; and
- Developed shareholder compacts for Schedule 2 and 3B Entities.

Internal Modernisation

- Implemented the e-Claims System for digitising workflow management;
- Maintained 100% payment of valid invoices within 30 days; and
- Developed and initiated the Disaster Management Programme.

6.2 Non-Achieved Targets for 2024-25

Despite progress, several targets were **not achieved**, mainly due to delays in legislative processes, incomplete stakeholder reporting, insufficient evidence, and infrastructure rollout challenges:

- **Audio and Audio-Visual Content Services and Online Safety Bill**: not achieved due to the extended public comment period and delays in legal refinements.
- **Digital Economy Masterplan Monitoring**: not achieved because of delays in receiving progress reports from stakeholders.
- **PC4IR Strategic Implementation Plan**: not achieved because only partial coordination occurred with insufficient supporting evidence.
- **Monitoring Reports on Participation of Women, Youth, and Persons with Disabilities**: not achieved due to lack of consolidated data and incomplete stakeholder reporting.
- **Integrated Plan of Action on Gender-Based Violence (GBV)**: not achieved because there was insufficient evidence and incomplete coordination to support the target.
- **District Development Model (DDM) Plan**: not achieved because of delays in finalizing the plan and lack of reporting.

To address non-achievement of targets, the Department aims to (i) strengthen project and programme management; (ii) accelerate policy and legislative processes; (iii) improve stakeholder coordination;

(iv) enhance capacity for inclusion and social programmes; (v) address infrastructure rollout challenges; and (vi) strengthen internal governance and accountability.

7. Financial Performance and Per Programme

The Department of Communications and Digital Technologies (DCDT) had a total budget allocation of R3.9 billion for the 2024/25 financial year, representing a 16 per cent increase compared to the previous year's allocation of R3.3 billion. The budget was primarily directed towards broadband connectivity under the SA Connect project, which accounted for R1.7 billion (47.7%) of goods and services expenditure.

The expenditure as of 31 March 2025 is R2.9 billion or 73 per cent against the total adjusted budget of R3.9 billion. The deviation of R1.1 billion or 27 per cent is mainly due to (i) delays in implementing the SA Connect project; (ii) vacant funded positions not filled during the year; and (iii) late delivery of capital assets (bulk laptops and vehicles):

- Compensation of employees resulted in an underspending of R36.3 million, whereas the total employee compensation amounted to R309.5 million, or 8 per cent of the total budget for the year. This was due to the unfilled but funded positions, as the process of filling vacant funded positions was still underway at the end of the reported financial year. The implementation of the approved organisational structure has many processes, including the personnel migration, job descriptions, and job evaluation processes, which must be undertaken on the remaining vacant positions before the advertisements;
- Goods and services had an underspending of R1 billion, which relates to the SA Connect project. However, a rollover request was submitted to the National Treasury for consideration and approval; and

- Payments for Capital Assets have an underspending of R2.2 million, due to the assets acquisition for laptops that did not materialise as planned. Capital Assets expenditure was R4.5 million or 1.1 per cent of the total budget. While Transfers and Subsidies remained a significant portion for allocations to SOEs, including SAPO and the SABC, at R1.8 billion or 44.4 per cent of the total budget.

Unauthorised Expenditure – Follow-ups were made with NT regarding progress on the case, as the matter awaits Cabinet approval. The Department appeared before SCOPA on 19 September 2023. The Cabinet approved the expenditure on the condition that it must be a charge against the departmental vote. The Department awaits the Finance Bill on Unauthorised expenditure to be passed on the matter.

Cash & Cash Equivalents – The cash in the bank at the end of the year amounts to R156 million, and the voted funds to be surrendered amount to R1.1 billion, with R1 billion allocated for the SA Connect Project. Other Payables – Other payables at the end of the reporting period were as a result of funds that were received from ICASA on 31 March 2025, which will be paid into the National Revenue Fund in the 2025/26 financial year.

Loans – The SABC loan is interest-bearing of R27.4 million. A letter was sent to the National Treasury to repeal sections 28 to 30 of the Exchequer Act of 1975, and feedback is still awaited.

Programme 1: Administration

All planned targets were achieved, and expenditure under this programme. The programme had a final budget of R273.8 million, and expenditure was R262.2 million or 95.8 per cent of the budget. The Programme focused on internal governance, digitisation of workflow systems (e-Claims), and disaster management planning. Underspending was minimal, primarily due to cost savings in travel and subsistence expenses.

- Key Achievements:

- Digitised workflow systems through the e-Claims System
- Maintained 100% payment of valid invoices within 30 days
- Developed the Disaster Management Programme

Programme 2: ICT International Relations and Affairs

All planned targets were achieved, and expenditure under the programme was within the final budget of R75.9 million, which was appropriated. The final expenditure was R65.9 million, or 86.7 per cent of the budget for the current year, compared to R74 million in the 2023/24 financial year.

The Programme delivered on international engagements and country positions for BRICS, WTSA, and the Global Digital Compact. Underspending resulted from reduced spending on contractors and venues.

- Key Achievements:
  - Developed and approved three country positions (BRICS, WTSA, Global Digital Compact)
  - Coordinated two international programmes supporting digital economy initiatives

Programme 3: ICT Policy Development and Research

Only one out of four targets was achieved, resulting in a 25% achievement for the reporting year. The Programme had a final budget of R39.7 million, and the spending totalled to R27.8 million or 70 per cent in the reporting year, compared to R27.7 million expenditure in the 2023/24 financial year. Underspending was due to delays in legislative processes and incomplete monitoring of strategic plans.

Achievements included finalising the National Data and Cloud Policy Implementation Plan and drafting the AI Policy.

- Key Achievements:
  - Approved National Data and Cloud Policy Implementation Plan.
  - Developed Draft National Artificial Intelligence Policy.
- Challenges:
  - Did not submit Audio and Audio-Visual Content Services and Online Safety Bill to Cabinet
  - Did not fully monitor Digital Economy Masterplan and PC4IR Strategic Implementation Plan;

Programme 4: ICT Enterprise and Public Entity Oversight

All planned targets were achieved, and oversight of SOEs such as SAPO, SABC, and SITA was fully implemented.

The Programme had a final budget of R1.7 billion, and expenditure amounted to R1.7 billion, or 99.9 per cent, in the current year, compared to R1.6 billion in expenditure in the 2023/24 financial year.

The increase was due to an adjustment of R150 million from the SA Connect project to transfers and subsidies through the virement of funds transferred to the South African Post Office (SAPO) during the 2024/25 financial year. Spending was almost on target, with minor variances due to the timing of transfers.

- Key Achievements:
  - Achieved 100% analysis of SOE performance and compliance reports
  - Monitored SAPO Business Rescue Plan, SABC Strategy, and SITA Repurposing Recommendations

Programme 5: ICT Infrastructure Development and Support

All targets were achieved, although they were affected by the pace of delivery. The Programme had a final budget of R1.8 billion, and expenditure amounted to R755.2 million, or 42.7 per cent, in the 2024/25 financial year, compared to expenditure of R1.2 billion in the 2023/24 financial year. The underspending during the year under review is a result of the delay in implementing the SA Connect Phase 2 rollout and procurement bottlenecks, and accounted for the largest share of the underspending.

- Key Achievements:
  - Monitored SA Connect broadband rollout
  - Oversaw analogue switch-off and decoder distribution
  - Monitored national cybersecurity programmes

Programme 6: ICT Information Society and Capacity Development

The Programme achieved three of six targets or 50 per cent of all targets during the reporting year. The Programme had a final budget of R67.4 million, and expenditure amounted to R62.5 million or 92.8 per cent in the 2024/25 financial year, as compared to expenditure of R65.8 million in the 2023/24 financial year. Underspending was minimal, mainly due to reduced training costs. The Programme focused on digital skills development and e-Government services.

- Key Achievements:
  - Coordinated Digital and Future Skills Programme

- Monitored automation of e-Government services
- Developed National AI Strategic Implementation Plan;

- Challenges: Did not achieve targets on GBV plan coordination and inclusion monitoring.

7.1 Virements/Roll Overs

Virements as reflected on the Appropriation Statement were applied in terms of section 43(1) of the Public Finance Management Act, 1999 (Act 1 of 1999), which stipulates that virements may not exceed 8 per cent of the amount appropriated under that main division.

Funds amounting to R741 thousand, R3.5 million, R153.8 million, and R4.8 million from Programmes 2, 3, 5, and 6 were transferred to Programme 1 and Programme 4, respectively, to defray excess expenditure.

Programme 1 overspent mainly on goods and services due to expenditure incurred for the Presidential Inauguration and legal fees for the SAPO business rescue. A total of R150 million was viremented from Programme 5 to Programme 4 for SAPO business rescue.

There was no rollover of funds for the reporting year.

8. Performance Per Strategic Priority

Enabling Digital Transformation Policies, Strategies, and Regulation

During the 2024/25 reporting period, the Department made notable progress in strengthening the policy and regulatory framework that underpins South Africa's digital economy. The approval of the National Data and Cloud Policy Implementation Plan is a key milestone in establishing a secure, sovereign, and efficient digital infrastructure for data management.

The Department also advanced the development of the National Artificial Intelligence (AI) Policy. A draft policy was produced, positioning South Africa to harness the potential of AI technologies while ensuring ethical standards and socio-economic safeguards are in place.

There was a delay in submitting the Audio and Audio-Visual Content Services and Online Safety Bill to Cabinet. The implementation of the Digital Economy Masterplan and the PC4IR Strategic Implementation Plan was not achieved.

Increased Access to Secure Digital Infrastructure and Services

The Department successfully coordinated the implementation of the revised SA Connect Model, focusing on enhancing internet access for government institutions, public schools, health facilities, traditional authority sites, and the broader community.

The Department monitored the analogue switch-off of transmitters below 694 MHz, a significant step in freeing up spectrum for improved broadband services under the Broadcasting Digital Migration (BDM) programme. The Department also successfully oversaw the distribution and installation of decoders across all nine Provinces, ensuring that households, particularly those registered under government support programmes, could transition seamlessly to digital television.

The Department closely monitored the implementation of strategic national cybersecurity programmes and services, reinforcing South Africa's cyber resilience.

There were operational challenges, including litigation by stakeholders, delays in infrastructure rollout in certain remote areas due to logistical constraints, limited availability of local service providers, and, in some cases, adverse weather conditions that affected construction timelines.

However, to mitigate these challenges, the Department strengthened partnerships with private sector service providers, enhanced interdepartmental collaboration, and introduced agile project management approaches to accelerate delivery where possible.

Digitally Transformed Economy and Society

The Department continued to implement the National e-Government Strategy and Roadmap, focusing on automating government services. It successfully monitored the deployment and operation of e-Government services via the national e-Portal, which serves as a single access point for prioritised public services.

In the area of digital skills development, the Department coordinated the Digital and Future Skills Programme, partnering with both local and international stakeholders to implement a variety of training initiatives.

The Department developed a draft National AI Policy, establishing a framework for the ethical, legal, and socio-economic management of AI technologies. However, the Department faced notable challenges in promoting equity and inclusion within the ICT sector. The Department did not achieve its target of developing two monitoring reports on the economic participation of women, youth, and persons with disabilities. The monitoring reports compiled lacked sufficient supporting evidence to comprehensively capture the extent of participation by these groups in procurement, SMME development, and employment equity within the sector.

The Department faced challenges in fully coordinating the District Development Model (DDM) Plan. Although a progress report was developed, the Department did not achieve its target of fully coordinating the implementation of the DDM Plan in all prioritised districts. Two key projects within the plan were not coordinated as expected, and there was insufficient supporting evidence to validate full achievement of the targets.

To address these challenges, the Department is reinforcing its internal monitoring and evaluation systems, engaging more deeply with stakeholders across sectors, and prioritising capacity-building initiatives to improve data quality and reporting standards. The Department will also prioritise strengthening intergovernmental collaboration frameworks, enhancing project management processes, and improving documentation standards to ensure comprehensive and verifiable reporting in the future.

High-Performing and Sustainable ICT Portfolio

During the 2024/25 reporting period, the Department achieved significant progress in maintaining a high standard of governance and performance within its portfolio of State-Owned Entities (SOEs). The Department achieved 100 per cent compliance in analysing and submitting performance and compliance reports received from SOEs. Additionally, developed four shareholder compacts for Entities listed under Schedule 2 and Schedule 3B.

The Department played a central role in the monitoring of the SAPO Business Rescue Plan. The Department's monitoring ensured that the implementation of the rescue plan stayed on track, contributing to the long-term sustainability of SAPO.

Through diligent oversight, the Department helped ensure that turnaround efforts aligned with the SABC's strategic goals, particularly in modernising broadcasting services and adapting to the evolving digital media landscape. Similarly, the Department oversaw SITA Repurposing Recommendations, monitoring the implementation of recommendations aimed at transforming SITA's role to better serve the government's ICT needs.

By digitising internal systems, the e-Claims System is an innovation that has fundamentally improved the way internal documents and claims are processed, substantially reducing manual interventions and enhancing overall efficiency. The programme is also committed to ensuring that 100 per cent of valid invoices are paid within 30 days of receipt, a target fully aligned with public financial management regulations and service delivery standards. Furthermore, the Department finalised the development of the Disaster Management Programme.

8.1 Expenditure Per Strategic Priority

The Department of Communications and Digital Technologies (DCDT) aligned its budget to four strategic priorities that support South Africa's digital transformation agenda. Below is the narrative of expenditure per strategic priority for the financial year under review:

Enabling Digital Transformation Policies, Strategies, and Regulation

- Programmes: ICT Policy Development and Research; ICT International Relations and Affairs

- Key Activities: Development of the National Data and Cloud Policy Implementation Plan, Draft AI Policy, and international ICT engagements
- Expenditure:
    - Programme 2: R65.9 million (86.7% of budget)
    - Programme 3: R27.8 million (70% of budget)

Spending supported policy development and global positioning. Underspending was due to delays in legislative processes and incomplete monitoring of strategic frameworks.

Increased Access to Secure Digital Infrastructure and Services

- Programme: ICT Infrastructure Development and Support
- Key Activities: SA Connect broadband rollout, analogue switch-off, and cybersecurity programmes
- Expenditure: R755.2 million (42.7% of budget)

This strategic priority experienced the largest underspending due to delays in SA Connect Phase 2 implementation and procurement bottlenecks, despite progress in monitoring and coordination.

Digitally Transformed Economy and Society

- Programme: ICT Information Society and Capacity Development
- Key Activities: Digital and Future Skills Programme, e-Government services automation, and AI Strategic Implementation Plan
- Expenditure: R62.5 million (92.8% of budget)

Spending was largely on track, with minor underspending caused by reduced training costs and delays in inclusion initiatives.

High-Performing and Sustainable ICT Portfolio

- Programme: ICT Enterprise and Public Entity Oversight; Administration
- Key Activities: Oversight of SOEs (SAPO, SABC, SITA), governance monitoring, and internal digitisation
- Expenditure:
    - Programme 4: R1.7 billion (99.9% of budget)
    - Programme 1: R262.2 million (95.8% of budget)

Spending was almost fully achieved, driven by transfers to SOEs and internal governance improvements.

9. Auditor General Report

The DCDT received a **clean audit opinion** from the Auditor General. The clean audit outcome reflects strong governance, effective internal controls, and credible financial reporting by the Department. DCDT submitted annual financial statements that were prepared in accordance with the prescribed financial reporting framework and supported by proper records. The Auditor-General commended the Department for maintaining this standard consistently over the past audit cycles. The annual financial statements were free from material misstatements, and there were no material findings on performance information or compliance.

However, the AGSA noted that while financial management was sound, service delivery performance still requires improvement, as some key targets impacting digital transformation were not achieved. This underperformance poses risks to achieving national development goals related to ICT infrastructure and digital inclusion. As a result, the AG recommended that the Department improve its monitoring systems for infrastructure projects and ensure timely reporting.

Underspending was R1.053 billion, or 27 per cent, during the reporting year, due to delays in the SA Connect rollout and unfilled positions. Prepayments and Advances increased significantly to R1.7 billion, mainly for SA Connect Phase 2.

Fruitless and wasteful expenditure increased from the previous year to R255 462, and three new cases of irregular expenditure were identified. Contingent liabilities increased to R7 million, up from R6.1 million the previous year. Late ICASA transfers increased Payables to R9.9 million.

10. Entities Reporting to the Department

The table below indicates the Entities that report to the Minister.

Entity Name	Legislative Mandate	Financial Relationship	Nature of Operations
NEMISA	Companies Act (2008)	Transfer of funds	Offers training in media and digital skills to enhance employability and digital inclusion.
USAASA	Electronic Communications Act (ECA) No. 36 of 2005	Transfer of funds	Promotes universal service and access in under-serviced areas.
USAF	Section 89(1) of the ECA (2005)	Transfer of funds	Provides subsidies for ICT services and infrastructure in needy areas.

Entity Name	Legislative Mandate	Financial Relationship	Nature of Operations
.ZADNA	Electronic Communications and Transactions (ECT) Act 25 of 2002	Self-funded	Administers and regulates the .ZA domain namespace.
SAPO	South African Post Office SOC Ltd Act (2011) & Postbank Limited Act (2010)	Transfer of funds	Provides postal and financial services, including universal service obligations.
SITA	State Information Technology Agency Act (1998)	Self-funded	Provides ICT services and procurement for government departments.
BBI	Broadband Infraco Act No. 33 of 2007	Self-funded	Expands broadband access, especially in under-serviced areas and for national interest projects.
SENTECH	Telecommunications Amendment Act (2001)	Transfer of funds	Provides broadcasting signal distribution services.
SABC	Broadcasting Act No. 4 of 1999 & other statutes	Mixed (government & self-funded)	Provides public and commercial broadcasting services.
ICASA	ICASA Act (2000), ECA (2005), Postal Services Act (1998)	Transfer of funds	Regulates communications, broadcasting, and postal services.
FPB	Films and Publications Act (1996)	Transfer of funds	Regulates content through classification and protects children from harmful materials.

10.1Transfers

Modified Cash Standards (MCS) changes prevented the Department from expensing advances paid to implementing Entities for the SA Connect Project. These payments were recorded as pre-payments and advances, resulting in underspending and negatively impacting financial reporting and performance metrics. Unspent funds were reflected in the Statement of Financial Position, rather than as expenditure, which distorted the actual implementation progress of key infrastructure projects.

ICASA and FPB recorded overspending beyond the amounts transferred. These were covered using cumulative reserves from previous years, indicating a lack of alignment between budget allocations and actual operational needs. The Department incurred unbudgeted legal costs related to the

appointment of business rescue practitioners for SAPO, and contractor costs for the Presidential Inauguration, which were not refunded during the adjustment budget process.

While performance targets were technically met, the quality and depth of reporting were insufficient. Entities often submitted incomplete or inconsistent data, especially regarding transformation indicators (e.g. participation of women, youth, and persons with disabilities), and there was a. lack of standardised reporting on transformation metrics across the Entities.

10.2NEMISA

The National Electronic Media Institute of South Africa (NEMISA) was established as a non-profit educational institution in terms of the Companies Act (1973) and is listed as a Schedule 3A public entity in terms of the Public Finance Management Act (1999). NEMISA exists to catalyse national digital skills development for the meaningful use of technologies that improve the quality of life for all South Africans. It aims to be a leader in providing digital and creative media skills, supporting the country's transition into a digitally inclusive society.

Its mandate is derived from several national policies and strategies that recognise the need for digital skills development.

NEMISA's work is guided by four key outcomes:

1. Transformed organisation
2. Increased digitally proficient individuals
3. Improved applied research and innovation outcomes
4. Aggregated digital skills programmes

10.2.1 Performance Highlights

- NEMISA has successfully achieved a clean audit once more
- 90% of the planned targets have been achieved
- Successful partnerships, among others, with DBE (training of Teacher Assistants), DHET (training of Lecturers and students in CET Colleges), PSETA, BANKSETA, the British High Commission, GIZ, Microsoft, and Google South Africa, among others, assisted NEMISA to achieve its objectives for the year under review
- The highlight for CoLabs in 2023/24 was the delivery of the cellphone repair programme, digital literacy, and emerging technologies training
- Enhanced robust security measures to enhance digital learning

Challenges

- Inadequate funding to massively expand training delivery
- Increased demands in learner support, thus requiring NEMISA to have more capacity, especially for online learners and learners in rural areas

10.2.2 Summary of Performance

Overall, NEMISA demonstrated agility in scaling online and blended learning platforms, thereby enabling a broader reach and greater inclusivity. Strategic partnerships with entities such as Microsoft, AWS, Cisco, and Google enriched content delivery and supported innovation. Initiatives like the YA Rona Digital Ambassadors Programme further bridged the digital divide in rural and township communities.

Financially, while the organisation overspent its budget by 8 per cent (actual: R105 million vs. budget: R96.9 million), this was primarily due to the expansion of training activities under Programme 3, which was funded by supplementary grants. The overspending was justified by significant overachievement in learner numbers, reinforcing NEMISA's role as a catalyst for digital transformation.

NEMISA had 19 planned targets for the year, all of which have been achieved. This translates to an overall achievement of 100 per cent. The graph below illustrates the Entity's achieved annual targets in comparison to the planned targets.

10.2.3 Financial Performance

The 2024/25 financial year was marked by both fiscal prudence and operational resilience at NEMISA. Despite a challenging economic environment and the conclusion of a major externally funded project (BankSETA), the Institute successfully maintained financial stability while meeting all its performance targets.

NEMISA recorded a total revenue of R101.6 million, a significant decrease from R169.6 million in the previous year. This 40 per cent decline was primarily due to the non-recurrence of the BankSETA project, which had contributed substantially to the 2023/24 revenue.

Total expenditure also decreased by 41 per cent, from R176.7 million in 2023/24 to R105.1 million in 2024/25. This reduction reflects a deliberate scaling down of training project activities and cost containment measures.

NEMISA's net assets declined by per cent, from R9.7 million to R6.2 million, driven by the operating deficit. However, the organisation remained solvent, with assets exceeding liabilities by 26 per cent.

The Institute closed the year with a deficit of R3.5 million, a marked improvement from the R7 million deficit in the previous year, representing a 50 per cent reduction. Key cost drivers included:

- Operating expenses: R74 million (63% of total expenditure)
- Debt impairment: R1.4 million, largely due to a write-off related to BankSETA
- Interest income: R.7 million, down 49% due to lower cash reserves and interest rates

Cash and cash equivalents increased from R9.9 million to R12 million, reflecting improved liquidity management. The organisation's current ratio remained healthy, indicating its ability to meet short-term obligations.

NEMISA's financial performance in 2024/25 demonstrates a strategic shift toward sustainability. While revenue declined due to the absence of once-off projects, the organisation effectively managed its expenditure, reduced its deficit, and maintained a strong liquidity position. These outcomes, combined with a clean audit, reflect a well-governed and financially responsible institution.

10.2.4 Key Financial Risks

The Institute closed the year with a deficit of R3.5 million, a marked improvement from the R7 million deficit in the previous year, representing a 50 per cent reduction. Key cost drivers included:

- Operating expenses: R73.9 million (63% of total expenditure)
- Debt impairment: R1.4 million, largely due to a write-off related to BankSETA
- Interest income: R0.7 million, down 49% due to lower cash reserves and interest rates

Fruitless and Wasteful Expenditure decreased by R3 908 in the reporting financial year. This is down from R1.7 million in 2023/24 to R1.6 million in 2024/25 financial years.

Irregular Expenditure

The confirmed irregular expenditure increased significantly (by over 300%) in the 2024/25 financial year. The increase was largely due to (i) contract variation breaches (exceeding 15% without approval); and (ii) undisclosed interest in a supplier by an employee, flagged via audit tools. No disciplinary action or recoveries were reported in either year, and condonation requests were submitted to National Treasury but remained pending

10.2.5 Audit Outcomes

NEMISA received an **unqualified audit opinion** with no material findings. This marks the third consecutive year that the Institute has achieved this outcome, underscoring the effectiveness of its internal controls and governance systems.

Issues Raised by the AG:

The audit outcomes for the 2024/25 financial year reflect NEMISA's continued commitment to sound financial management, compliance, and governance excellence. The financial statements fairly present the financial position of NEMISA as of 31 March 2025, including its performance and cash flows, in all material respects. No significant deficiencies were identified in the internal control environment. The AG highlighted the adequacy and effectiveness of controls, particularly in financial reporting, performance information systems and compliance with key legislative requirements

All reported achievements were supported by adequate evidence and aligned with predetermined objectives, and no material non-compliance was identified with the selected legislative requirements, including the PFMA and Treasury Regulations.

10.3Sentech

Sentech is a South African-based digital infrastructure and content delivery company providing services in South Africa and across the African continent. Sentech has an extensive, strategically positioned infrastructure giving coverage to more than 84 per cent of the South African population. This infrastructure enables Sentech to offer facility leasing and colocation on our masts, and our site location allows us to provide connectivity and infrastructure services to the retail, telecommunications, and public sectors.

Sentech provides broadcast transmission services to all commercial and public broadcasters, including daily service to about 100 community radio stations countrywide.

Sentech was corporatised as a wholly owned subsidiary of the South African Broadcasting Corporation (SABC) in 1992. In 1996, the Sentech Act No. 63 of 1996 was amended, converting Sentech into a separate public entity that owns the largest infrastructure in the country for terrestrial signal distribution for both television and radio.

Sentech's mandate is rooted in its role as a State-Owned Enterprise under Schedule 3B of the Public Finance Management Act (PFMA), deriving its authority from the Sentech Act and the Electronic Communications Act. The Company is mandated to provide broadcasting signal distribution and telecommunications infrastructure as a common carrier, ensuring equitable, non-discriminatory access to its services.

Beyond its technical function, Sentech's mandate encompasses a broader commitment to environmental sustainability, social progress, and ethical governance. It plays a strategic role in enabling universal connectivity, supporting the digital transformation of South Africa, and contributing to the development of a digitally inclusive society.

This includes delivering reliable infrastructure for television and radio, expanding broadband access, and supporting government initiatives such as South Africa Connect and Broadcast Digital Migration.

Through its infrastructure footprint, innovation, and partnerships, Sentech is tasked with connecting South Africans while advancing national priorities in digital inclusion, economic competitiveness, and sustainable development.

Sentech focused on five core strategic pillars to guide its operations and transformation during the year, including (i) Digital Infrastructure Expansion; (ii) Customer Centricity; (iii) Creativity and Innovation; (iv) Environmental, Social and Governance; and (v) Organisational Sustainability.

10.3.1 Performance Highlights

The fiscal year 2024/25 marked a pivotal phase in Sentech's strategic transformation from a traditional signal distributor to a State Digital Infrastructure Company (SDIC). The Corporate Plan laid out ambitious goals aligned with national priorities, while the Integrated Annual Report reflects the actual performance, challenges, and progress made against these targets.

In a year marked by economic headwinds and sectoral shifts, Sentech demonstrated resilience, strategic agility, and a commitment to transformation. The company's performance across financial, operational, and socio-economic dimensions reflects its evolving role as a digital infrastructure enabler in South Africa.

Sentech achieved a 16 per cent increase in total revenue, reaching R1.6 billion, driven by growth in its Media business and diversification into new revenue streams. Despite this, the company recorded a net loss after tax of R246 million, largely due to increased expected credit losses and strategic investments in infrastructure and innovation.

The Shareholder reappointed the Board from 1 December 2024 to 28 February 2025, with further extension until a new Board is appointed. In December 2024, the Board held a three-day strategic session to finalise its objectives in line with the Shareholder's priorities. In July 2025, the Minister announced the appointment of a new Board.

Following a thorough selection process for Executive Directors, the Minister appointed Tebogo as CEO and Ms Clarinda Simpson as CFO.

10.3.2 Summary of Performance

Sentech maintained network availability at 99.9 per cent, exceeding its target of 99.8 per cent and improved its customer satisfaction score to 78 per cent. The Net Promoter Score rose from 2 to 10, indicating stronger customer advocacy. The Media business surpassed its revenue targets by 7 per cent, supported by continued analogue transmission services and the successful conversion of pipeline projects.

Broadband business, over 1 292 sites were delivered under South Africa Connect Phase 2, achieving more than 80 per cent of the 1 600-site annual target. Managed Infrastructure businesses made steady progress generating R85 million in revenue and meeting the target. The upgrade of our data centre from Tier 2 to Tier 3 is 80 per cent complete and scheduled for commercial rollout in the financial year 2026.

In FY2025, we launched our Total Experience Platform, integrating (AI) technologies such as predictive maintenance and real-time sentiment analysis. Network availability reached 99.9 per cent, exceeding our target of 99.75 per cent, driven by proactive maintenance, real-time monitoring and technology refresh initiatives. Customer satisfaction also improved significantly, as reflected in our Net Promoter Score, which rose from 2 in the financial year 2024 to 10 in the financial year 2025, with strong results from our broadcasting, broadband, and facilities leasing customers.

A total of 726 digital training interventions were delivered, exceeding our target of 600. Strategic partnerships with eight universities supported research and skills development, with a total investment of R4.6 million. Supporting improved efficiency and customer centricity, 77 per cent of critical positions were filled. We have finalised the appointment of four Chief Commercial Officers for the Media, Managed Infrastructure, Broadband and Satellite businesses.

exceeded our B-BBEE and corporate social investment (CSI) budget spend by 106 per cent. Our spend on enterprise and supplier development (ESD) was 113 per cent, preferential procurement 103.3 per cent and skills development 100.7 per cent. We anticipate this spend will translate into improving our B-BBEE score from Level 5 to 2 or 3.

10.3.3 Financial Performance

The Company’s financial performance indicates progress due to improved revenue and profitability. Revenue for the year reached R1.6 billion – up 16 per cent (FY2024: R1.4 billion). Our cost optimisation strategy yielded positive results as demonstrated in improved EBITDA of R410 million (FY2024: R302 million). The performance improvement helped us achieve an EBITDA margin of

26 per cent against the annual target of 21 per cent. The provision for estimated credit losses on outstanding debt greatly contributed to lowering our net loss after tax position.

Our EBITDA improvement from the prior year was derived from financial discipline in strategy execution with financial resources used effectively and efficiently to achieve set goals. Strict financial discipline enabled the navigation of uncertainties to maintain financial stability and business continuity. The Company has net assets of R2.4 billion (FY2024: R2.5 billion).

In line with our transformation objectives, we spent R431 million on preferential procurement, skills development, ESD and socio-economic development. This is an increase in spend of 15 per cent from last year.

Net finance charges decreased by 38 per cent to R85 million (FY2024: R117 million) owing to finance costs related to a lease liability obligation reduction of 13 per cent in the current year after one lease contract matured.

10.3.4 Audit Outcomes

Sentech received a **clean audit opinion** for the financial year ended 31 March 2025, affirming the integrity of its financial reporting, governance, and internal control systems.

Key Audit Matters

While no additional key audit matters were raised beyond standard reporting, the auditors highlighted:

- A material uncertainty related to going concern, due to Sentech's reliance on a single major customer experiencing financial distress. However, management's assessment and mitigation plans were deemed reasonable.
- A material impairment of R565.7 million due to expected credit losses on trade receivables.

- A restatement of prior year figures to correct previously identified errors.

Performance Information

The audit included a review of Sentech's annual performance report, focusing on strategic pillars such as:

- Digital infrastructure
- Creativity and innovation
- Customer centricity
- Environmental, Social and Governance (ESG)

No material findings were identified in the reported performance information. The indicators were found to be useful, reliable, and aligned with the approved strategic plan and no material non-compliance was reported.

Internal Controls

The auditors found no significant deficiencies in internal control systems. The combined assurance model, incorporating management, internal audit, and external audit, was deemed effective.

10.4 SABC

The South African Broadcasting Corporation (SABC) is South Africa's public broadcaster, established under the Broadcasting Act No. 4 of 1999 and governed by various legislative frameworks, including the Public Finance Management Act (PFMA). As a Schedule 2 state-owned entity, the SABC is mandated to provide Public Broadcasting Services (PBS) and Public Commercial Services (PCS) that inform, educate, and entertain the nation.

The SABC's operations are defined by the Broadcasting Act, which categorises its activities into two distinct areas: Public Broadcasting Services (PBS) and Public Commercial Services (PCS), each to be administered separately.

The SABC has argued that the Act's distinction between PBS and PCS does not reflect its practical operations, as it employs a unified model for managing all its services. As a result, the SABC manages its portfolio of services, including 15 PBS radio stations, two PBS TV channels, three PCS radio stations, and three PCS TV channels, through an integrated approach that aims to maximise efficiency and deliver cohesive public value across all platforms.

The 2024/25 financial year marked a pivotal chapter in the South African Broadcasting Corporation's (SABC) transformation journey, underscored by strategic resilience, digital innovation, and a renewed commitment to public value.

The SABC's strategy for the financial year was structured around seven strategic pillars, each designed to address key challenges and opportunities in the broadcasting landscape including (i) Financial Sustainability; (ii) Content and Audience; (iii) Platforms and Digital Transformation; (iv) People; (v) Research and Innovation; (vi) Strategic Partnerships; and (vii) Governance and Compliance.

10.4.1 Performance Highlights

The Corporation successfully fulfilled its public service mandate, especially through its comprehensive and multilingual coverage of the 2024 National and Provincial Elections, which was independently rated 98 per cent fair and balanced. SABC News maintained its leadership in the satellite news market, securing a 32 per cent share and reaching 780 000 daily viewers, while the newly launched SABC Lehae channel showed promising growth on digital platforms. The SABC+ OTT platform grew to over 846 000 registered users, offering 2 000+ hours of on-demand content and contributing R7.1 million in revenue.

SABC Radio reached 30.4 million weekly listeners, with Ukhozi FM (7.6m) and Umhlobo Wenene FM (4.2m) leading the pack. The SABC+ streaming platform exceeded expectations, surpassing one million registered users and offering over 2 000 hours of on-demand content.

SABC provided extensive coverage of the 2026 FIFA WorldCup African qualifiers across all platforms, including television, radio, SABC+ and SABCSport.com.

Flagship programmes such as Skeem Saam and Uzalo drove engagement, with Skeem Saam alone attracting over 8.8 million views and Uzalo with 1.6 million views despite the notable decline in audience for SABC 1 and 2 during the reporting period.

During the 2024/25 financial year, PBS Radio consistently exceeded the minimum ICASA licence requirements. Most stations surpassed their news and current affairs quotas by at least 10 hours per week. Additionally, programming in drama, children's content, education and Information Knowledge Building (IKB) also exceeded weekly targets.

Television licence fee revenue increased by 10 per cent (FY2024: -7%),supported by improved performance from debt collection agencies, the onboarding of additional agencies, and stronger renewal and GIS collections.

Financially, the SABC faced challenges, reporting a net loss of R253 million, a 28 per cent increase from the previous year. Revenue increased slightly by 1.3 per cent, while expenditure rose by 3 per cent. The Public Commercial Services division generated a profit of R145 million, offsetting some of the losses incurred by the Public Broadcasting Services division. Despite limited capital investment, the Corporation achieved an unqualified audit opinion for the second consecutive year and resolved 92 per cent of previous audit findings, reflecting improved governance and accountability.

10.4.2 Summary of Performance

Despite operating in a constrained economic environment, the South African Broadcasting Corporation (SABC) made significant progress in achieving its Annual Performance Plan (APP) targets for the 2024/25 financial year. The SABC demonstrated commendable progress in delivering on its strategic objectives during the 2024/25 financial year, achieving a majority of its predetermined targets despite persistent financial and operational challenges.

Out of the 11 key performance indicators (KPIs) under the "Content and Audiences" strategic goal, the SABC successfully met 9, translating to an achievement rate of 82 per cent. This reflects a strong alignment with the Corporation's public service mandate and its commitment to delivering value to South African audiences.

Key Achievements

- *SABC+ Platform Growth*: The target of 500,000 registered users was significantly surpassed, with 846,973 users registered by year-end
- *Radio Audience Reach*: Both Public Broadcasting Services (PBS) and Public Commercial Services (PCS) exceeded their weekly adult listener targets. PBS reached 24.2 million (target: 23.5 million), and PCS reached 5.9 million (target: 5.0 million)
- *National Sports Coverage*: The SABC broadcast 10 national sports events, exceeding the target of 6.
- *TV Programme Performance*: The Corporation exceeded its target of 16 SABC TV programmes in the national Top 30, achieving 20
- *Brand Health and Trust*: Baseline scores for the SABC Brand Health Index (64%) and Net Promoter Score (NPS) for content producers (+5) were successfully established

Areas of Underperformance

Despite the overall success, two key television performance indicators fell short:

- SABC1 Primetime Share: Targeted at 20%, the channel achieved 16%, attributed to a lack of strong competitive content in key slots.

- SABC2 Primetime Share: Targeted at 5%, the channel achieved 3%, impacted by a high repeat ratio and the absence of fresh, compelling local content.

To address these gaps, the SABC has planned the introduction of new local content, including the replacement of long-running shows such as *Muvhango* and *7de Laan*, with fresh programming scheduled for 2025.

10.4.3 Financial Performance

The SABC's financial performance in the 2024/25 fiscal year reflects the ongoing challenges of operating within a constrained economic and funding environment, while striving to fulfil its dual public and commercial broadcasting mandates.

Total revenue for the year reached R5.2 billion, a modest increase of 1.3 per cent compared to the previous year. This growth was driven primarily by improvements in licence fee collections and other revenue streams, despite a decline in advertising and sponsorship income:

- Advertising revenue decreased by 1.9% to R2.8 billion, reflecting intensified market competition and pricing pressures.
- Sponsorship revenue fell by 7.9%, largely due to limited investment in premium content.
- Licence fee revenue increased by 10.4%, supported by enhanced debt collection efforts and the onboarding of additional agencies.
- Other revenue rose by 15.4%, indicating growth in content sales and technical services.

Total expenditure increased by **3.01%** to **R5.435 billion**, with notable cost drivers including:

- Broadcast costs: R449 million (+7.79%)
- Signal distribution and linking: R717 million (+4.56%)
- Other expenses: R1.1 billion (+17.89%), reflecting inflationary pressures and operational demands.

Despite disciplined cost management, the Corporation reported a net loss of R253 million, a 28 per cent deterioration from the previous year's loss of R198 million. The EBIT (Earnings Before Interest and Tax) improved by 47.19 per cent , rising from R192 million to R283 million, indicating some operational efficiencies.

Cash Flow and Liquidity

The SABC faced significant liquidity challenges:

- Cash used in operations increased to R427 million, up from R166 million in the prior year.
- Cash and cash equivalents declined sharply to R58 million from R401 million.
- Trade payables rose by 36% to R1.4 billion, with 79% attributed to a single major supplier, indicating delayed payments and pressure on working capital.

The Corporation remains solely dependent on internally generated revenue, with no access to long-term debt or overdraft facilities. This has necessitated stringent cash flow management to avoid disruption in critical services.

Capital Investment

Capital expenditure for the year totalled R162 million, significantly below the R3.2 billion required to fully support strategic execution. This shortfall has delayed key infrastructure upgrades and content investments, impacting audience growth and advertiser confidence.

Funding Model and Sustainability

The SABC continues to absorb the unfunded portion of its public service mandate—estimated at R2.1 billion annually—through its commercial operations. In financial year 2025, 50 per cent of this mandate was funded via licence fees and government grants (up from 44% in FY2024), with the remainder covered by commercial revenue.

Efforts to secure a sustainable funding model through the SABC Bill remain stalled, further complicating long-term financial planning. Nonetheless, the Corporation is actively engaging potential funding partners and exploring capital-raising initiatives.

The SABC's financial performance in 2024/25 highlights the organisation's resilience in navigating economic headwinds and structural funding limitations. While losses have widened, the Corporation

has made strides in revenue diversification, cost containment, and operational efficiency. However, without urgent legislative reform and access to sustainable funding, the SABC's financial viability remains under pressure.

10.4.4 Audit Outcomes

SABC achieved an **unqualified audit** opinion for the second consecutive year, with 92 per cent of prior audit findings resolved and a 10.9 per cent reduction in new findings since financial year 2019.

This marks a significant achievement for the Corporation, reflecting improved financial governance and internal controls. The only matters noted relate to compliance with legislation, which the Corporation continues to strengthen and manage.

Material Uncertainty Related to Going Concern

The report drew attention to a material uncertainty regarding the SABC's ability to continue as a going concern. This was based on the Corporation's net loss of R253 million and constrained cash flows. While the financial statements were prepared on a going concern basis, the AGSA cautioned that future events or conditions could impact this status.

Compliance with Legislation

The AGSA identified material findings on compliance with selected legislative requirements, particularly under the Public Finance Management Act (PFMA):

- Irregular Expenditure: Effective steps were not taken to prevent irregular expenditure, primarily due to payments made without valid contracts.
- Fruitless and Wasteful Expenditure: The Corporation failed to prevent fruitless and wasteful expenditure, largely caused by content impairment.
- Consequence Management: The AGSA could not obtain sufficient evidence that disciplinary steps were taken against officials responsible for fruitless and wasteful expenditure.

Internal Control Deficiencies

Significant internal control weaknesses were noted:

- Leadership did not adequately exercise oversight over compliance and internal controls.
- Weaknesses in consequence management and contract governance contributed to the audit findings.

10.5 ICASA

ICASA or 'the Authority' falls under Schedule 1 of the Public Finance Management Act No 1 of 1999 (PFMA). ICASA's Mandate is set out in the Independent Communications Authority of South Africa Act, Act No 13 of 2000 (ICASA Act), Electronic Communications Act, Act No 35 of 2005, as amended (ECA), the Postal Services Act No 24 of 1998 (the Postal Services Act) and the Broadcasting Act, Act No 4 of 1999, (the Broadcasting Act) for the regulation of electronic communications, broadcasting and the postal services in the public interest.

The legislation empowers ICASA to grant licenses, monitor compliance with licence terms and conditions, develop regulations, plan and manage the radio frequency spectrum and protect consumers.

The Constitution of the Republic of South Africa (RSA) mandates Parliament to establish an independent regulatory institution to regulate broadcasting in the public interest and to ensure fairness and a diversity of views broadly representing South African society (Section 192). Therefore, ICASA was established as a Chapter 9 institution, as Section 192 Entity.

ICASA had committed to five outcomes namely (i) increased access to quality broadband services; (ii) enhancement of social cohesion; (iii) protection of consumer rights; (iv) promotion of competition in the ICT sector; and (v) maintenance of organisational service delivery.

ICASA's strategy for the financial year was structured around five key priorities (i) Spectrum Management; (ii) Market Regulation and Competition; (iii) Consumer Protection and Social Cohesion; (iv) Organisational Efficiency and Governance; and (v) Strategic Collaboration and international Engagement.

ICASA's strategic pillars are reflected in its five core Strategic Outcomes Oriented Goals (SOOGs), which guide its regulatory and operational focus include (i) Access to quality broadband Services increased; (ii) Status of Social Cohesion (Inclusive of Diversity of Views) enhanced; (iii) Rights of Consumers Protected; (iv) Competition in the ICT sector promoted; and (v) Organisational service delivery maintained.

10.5.1 Performance Highlights

The 2024/25 financial year was characterised by strategic recalibration, regulatory innovation, and a sharpened institutional focus. There was a notable transition with four Councillors concluding their terms.

In pursuit of a modern and efficient spectrum ecosystem and advancing our leadership in spectrum innovation, the Authority published for public consultation, draft regulations on Dynamic Spectrum Access in March 2025, unlocking new opportunities in the 3800 - 4200 MHz and 5925 - 6425 MHz bands, particularly for underserved communities and small-scale innovators.

Progress was made to finalise the draft National Radio Frequency Plan 2025, aligning it with ITU Radio Regulations and African Union spectrum objectives. ICASA also developed a Findings Documents on the Review of Digital Migration Regulations, and the achievement of our Elections monitoring plan.

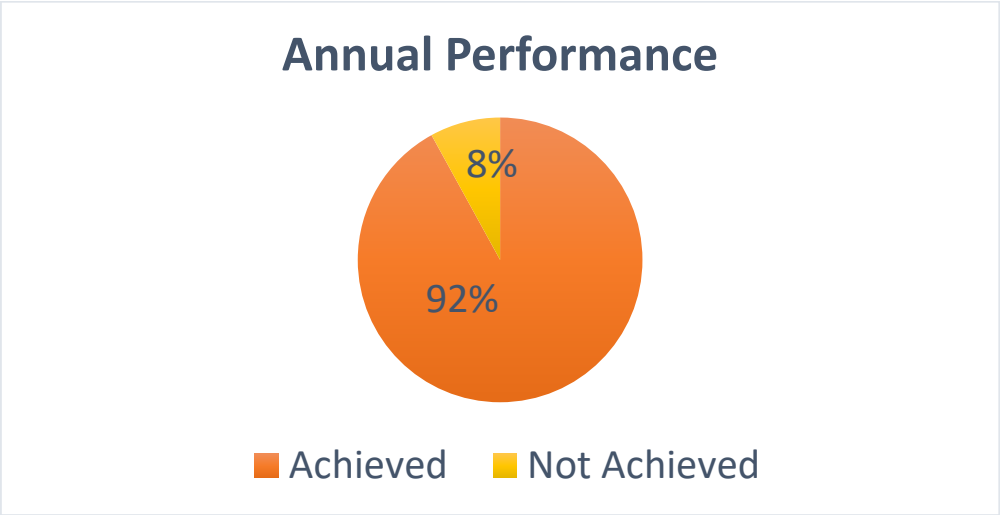
During the year under review, ICASA resolved 100 per cent of Radio Frequency Interference cases within 30 working days. In addition, we executed QoS measurements in all nine provinces and developed the draft Regulations on Rapid Deployment.

In promoting competition in the ICT sector, ICASA initiated a process to develop a satellite regulatory framework and the Regulations on Call Termination. ICASA also pursued several outputs aimed at sustaining and enhancing our organisational service delivery, which include ensuring uninterrupted business continuity through optimal IT system operations and effectively addressing legal cases.

In addition, ICASA maintained a remarkably low vacancy rate of 5.5 per cent against a target of 7 per cent, and demonstrated Fiscal responsibility by collecting 99 per cent of revenue in licence fees and diligently remitting these funds to the National Revenue Fund.

10.5.2 Summary of Performance

ICASA effectively delivered on its mandate by achieving a total of 45 out of 49 planned outputs through various Programmes, culminating in an overall performance rate of 92 per cent for the 2024/25 financial year.



The Authority's work for the year under review focused on various aspects of its mandate as outlined in the APP 2024/25 financial year. QoS monitoring continued as one of the service delivery imperatives for the communications sector's consumers. The process to issue more IMT spectrum which could not be concluded in 2023/24 financial year was continued with the undertaking of research that needed to precede it.

The Authority further continued to resolve the reported interference cases with a high success rate. Protection of consumers through the resolution of the reported complaints also became a continued feature of the Authority's work during the year under review. To ensure efficient use of allocated frequencies, the Authority implemented the frequency migration plan for 2024/25 financial year.

Throughout the year, the natural environment in which the Authority operated remained conducive for the execution of the projects outlined in its annual performance plan for 2024/25 financial year.

Key Outcomes:

Broadband Access: Implemented RF Migration Plan, IMT Roadmap, 5G Strategy

Social Cohesion: Community broadcasting licensing and election monitoring

Consumer Protection: 100% RF interference cases resolved; 97% of complaints addressed
ICT Competition: Satellite framework, signal distribution findings, call termination regulations
Service Delivery: Maintained 5.5% vacancy rate; 99% licence fee revenue collected.

Strategy to Overcome Non-Performance

The Consumer Advisory Panel will submit its annual advisory report to Council by end of February each year to allow timely deliberation and approval and will revise procurement processes, leverage internal resources, and publish supplementary discussion papers while awaiting external consultants in relation to policy research and analysis.

In relation to achieving a clean audit, the Authority plans to implement an ERP system for automated financial processes, strengthen internal controls and compliance monitoring as well as enforce consequence management for irregular expenditure cases.

ICASA plans to host regular meetings with licensees for improved resolution mechanisms to resolve consumer complaints.

10.5.3 Financial Performance

The grant allocated by the Department of Communications and Digital Technologies (DCDT) amounted to R470 million and is 1 per cent lower than the previous financial year.

Total expenditure increased by R25 million (5%) compared to the prior year. The highest expenditure at ICASA currently is employee costs, amounting to R384 million as of 31 March 2025. The increase is due to new appointments, bonuses and cost-of-living adjustments.

ICASA closed the financial year with total assets of R2.4 billion and total liabilities of R1.9 billion, resulting in a net asset position of R566.8 million. The Authority maintained a strong liquidity position, supported by cash and cash equivalents of R1.3 billion, primarily due to funds collected on behalf of the National Revenue Fund (NRF).

In addition, the excess funds that were not utilized in operations were invested in short term investments with a return (interest) of R53 million which is 16 per cent lower than previous years. The interest returned is determined by the market rate as well as the funds available.

Operating Leases amounted to R37 million (R38m in 2024) which is aligned to the contracts and straight lining as required by GRAP.

Depreciation which amounted to R21 million and decreased by 12 per cent which is also aligned with the adopted depreciation method.

General Expenditure decreased by R2.9 million (2%) when compared to prior year, this is due to the cost containment measures employed by the Authority. This resulted in a deficit of R60.3 million, compared to R21.9 million in the previous year, largely driven by increased personnel costs and operational expenses.

10.5.4 Audit Outcomes

ICASA received a **qualified audit opinion** due to weaknesses in the leave pay provision calculation and internal control deficiencies, including delayed supplier payments and irregular expenditure management.

The AGSA audit outcome for 2024/25 financial year was a qualified opinion on the Leave Pay Provision balance. It is worth noting that the Leave Policy had not changed.

The basis of qualification being the "*inability to obtain sufficient appropriate audit evidence to ensure that Leave Pay Provision is properly accounted for*".

Management acknowledged that there are weaknesses in the internal controls regarding leave management in that:

- the policy makes provision for excess leave to be taken within six months after the end of the leave cycle, coinciding with the respective appointment; and
- the existing leave management system (VIP) has limitations and cannot forfeit the leave balances that are in excess of the 30-day limit.

The manual internal control employed by management has consistently been that the leave payout during termination is limited to a maximum of 30 days. No leave payout was more than the permitted number of days.

In relation to the Audit dispute, the Authority's view is that:

- the depicted amounts are accurate, can be confirmed and have been appropriately accounted for; and
- the balance included in the annual financial statements fairly states the leave pay provision balance and same was duly demonstrated to the AGSA team.

The Council through the Audit and Risk Committee has resolved to escalate the matter with the AGSA due to:

- the amount "in dispute" is below the materiality figure and same is not consistent with the understanding of what constitutes a qualification; and
- the Communication of Findings supporting the qualification paragraph is yet to be shared with the Authority.

In the spirit of transparency and procedural fairness, management seeks the following:

- be afforded adequate opportunity to correct and address same; as this is the first year that such a finding has been raised by the AGSA;
- AGSA review of the qualification paragraph after consideration of the calculations provided and the materiality amount; and
- consider the removal of the qualification paragraph from the audit report.

ICASA reported that engagements with the AGSA are ongoing.

There was an **irregular expenditure** of R13.7 million (2024: R53.9m) as a result of non-compliance with various supply chain management (SCM) prescripts. The irregular expenditure was caused by contracts that were previously identified as irregular. In the prior year, ICASA did not adequately apply the PPPFA (80/20 rule on RFQs), as a result, it incurred irregular expenditure in the prior year, which was identified in the current year.

Fruitless and wasteful expenditure amounted to R171.1 thousand and receivables deemed potentially irrecoverable amounted to R55.7 million.

10.6. USAASA

USAASA was established under Section 80(1) of the Electronic Communications Act (ECA), 2005, to promote universal access and universal service in South Africa's underserved and marginalised areas. Its mandate includes administering the Universal Service and Access Fund (USAF) created under Section 87(1) of the ECA, ensuring licensees contribute to USAF to subsidise the rollout of electronic communications networks in underserved areas, and supporting the implementation of national policies such as South Africa Connect, the National Integrated ICT Policy White Paper, and the Broadcasting Digital Migration Policy.

USAASA's purpose is to:

- Facilitate the rollout of ICT infrastructure to enable readiness for the Fourth Industrial Revolution (4IR) and universal access in underserved areas
- Provide ICT services to reduce poverty and unemployment
- Broaden access to digital broadcasting services for qualifying households

The overall mandate of the Agency is to (i) promote universal access and service to ICT in underserved and rural areas; (ii) administer and manage the Universal Service and Access Fund (USAF) to support broadband and broadcasting rollout; and (iii) support poverty reduction and job creation through ICT access.

USAASA's performance was guided by its Annual Performance Plan (APP), which focused on six strategic output indicators aligned to three key outcomes: an optimised delivery system, thought leadership in universal access and service, and a well-governed, high-performance organisation.

10.6.1 Performance Highlights

The year under review marked an important phase in the Agency's organisational recovery. During the 2024/25 financial year, the USAASA made notable strides in fulfilling its legislative mandate to promote universal access to Information and Communication Technology (ICT) services, despite facing fiscal constraints and organisational restructuring.

With the successful appointment of a full Executive Management team, USAASA has begun to stabilise its internal operations and restore confidence in its leadership.

Notable progress was made in strengthening institutional Governance and strategic planning. During the financial year, the Agency developed a Monitoring and Evaluation (M&E) framework to enhance performance oversight and support evidence-based planning. In parallel, a Stakeholder Engagement Framework was produced to guide USAASA's interactions with the public, private, and civil society sectors – affirming the Agency's commitment to transparency, responsiveness, and inclusive Policy implementation.

The Agency published an Impact Assessment Research Report on Universal Access and Universal Service providing valuable insights into access barriers, underserved communities, and investment priorities, further positioning the Agency as a thought leader in the digital inclusion space.

The uncertainty surrounding the broader reconfiguration of State-owned Entities (SoEs) in the communications, and digital technologies portfolio and the broader public sector continues to weigh on the Agency's long-term planning and investment posture.

10.6.2 Summary of Performance

USAASA had set itself five targets of which two were not achieved, amounting to 60 per cent achievement of planned targets.

Key Achievements:

- **Communications and Stakeholder Engagement:** USAASA successfully implemented its annual Communications Strategy, achieving all 13 planned activities. It launched a "Back-to-School" digital inclusion campaign for learners with disabilities and finalised a comprehensive Stakeholder Engagement Framework and Five-Year Implementation Plan.
- **Research and Policy Influence:** A flagship Research Report on Universal Access and Universal Service was developed and approved. This report provides data-driven insights to guide future broadband deployment strategies and policy decisions.
- **Governance and Oversight:** The Board met consistently, reviewed and approved all mandatory compliance reports, and facilitated engagements with Parliamentary Portfolio Committees. The lifting of the moratorium on critical appointments and restructuring of Board Committees significantly bolstered governance capacity.
- **Human Capital Development:** Key executive appointments, including the CFO and Executive Managers for Corporate Services and Strategy, were finalised. USAASA also funded bursaries and training programmes to support staff development.

Challenges and Underperformance:

- **Corporate Services Optimisation Plan:** Only 23 per cent of the planned activities were implemented due to budget delays and procurement challenges. The plan's broader initiatives, such as organisational redesign and head office relocation, were deferred to the next fiscal year.

- **Invoice Management:** USAASA fell short of its target to pay 100 per cent of valid invoices within 30 days, achieving only 76 per cent in Quarter 4. Delays were attributed to internal verification processes and payment workflow inefficiencies.
- **Audit Outcome:** The audit outcome regressed from an unqualified opinion in 2023/24 to a qualified opinion in 2024/25 due to inadequate internal controls over travel expense records. The Auditor-General was unable to verify R5.2 million in travel expenses.

Strategy to Overcome Non-Performance

USAF continues to monitor verified installations, and invoices are now certified as valid once the checks and balances have been confirmed for both USAASA and USAF. USAF will enhance internal controls relating to supplier payment within 30 days by analysing the invoice register every week and resolving any invoicing issues identified in time.

10.6.3 Financial Performance

In the 2024/25 financial year, USAASA operated within a constrained fiscal environment but demonstrated resilience through disciplined expenditure management and strategic budget reprioritisation. USAASA received an appropriated budget of R81.7 million and spent R88.7 million, representing 76 per cent of its final budget.

The underspending was largely due to vacancies in key management roles and timing delays in project implementation. A surplus of R3.9 million was recorded at year-end. This deficit was primarily due to timing delays in project implementation and the inability to fully utilise allocated funds because of instability in management and board composition earlier in the year.

Notable underspending in key areas:

- **Employee-related costs**: Underspent by R12.2 million, largely due to vacancies in executive and senior management positions

- **Capital expenditure**: No spending occurred against the allocated R12.3 million, as procurement processes were delayed
- *Consulting and professional fees, legal services, and general expenses* also showed underspending due to late budget availability and procurement challenges

Despite these challenges, USAASA managed to contain costs and maintain operational efficiency, with savings realised in travel, subsistence, and other operational areas.

10.6.4 Audit Outcomes

The Auditor-General issued a **qualified audit opinion**, citing inadequate internal controls over travel expenses and is a regression from prior year audit on Financial Statements. Specifically, USAASA could not provide sufficient evidence to verify R5.2 million in travel-related costs. This highlighted weaknesses in inventory and financial control systems.

Irregular, Fruitless, and Wasteful Expenditure

USAASA recorded:

- R10.1 million in irregular expenditure, primarily related to historical contracts and procedural deviations.
- R342 000 in fruitless and wasteful expenditure, including interest on late payments and fraudulent charges.

A Loss Control Committee was established to investigate and address these issues, with a focus on consequence management and preventing recurrence.

Going Concern and Fiscal Sustainability

Despite the deficit and audit challenges, USAASA remains a going concern, supported by government funding and ongoing engagement with the Department of Communications and Digital Technologies (DCDT) and National Treasury. The Agency submitted a formal request to retain surplus funds for use in the 2025/26 financial year.

10.7FPB

The FPB is a public Entity under the Department of Communications and Digital Technologies (DCDT), mandated by the Films and Publications Act (No. 65 of 1996), as amended. Its core mission is to protect consumers—especially children—from harmful and prohibited content, including online material.

The FPB aligned its operations with the Films and Publications Amendment Act (2022), which expanded its mandate to include online content regulation. This required a review of organisational

design, prioritisation of critical roles, and led to increased operational costs—prompting the need for alternative revenue streams.

This expanded mandate aims to protect consumers against harmful and prohibited content as defined in the Act by regulating the creation, production, possession and distribution of films, games and certain publications, including those distributed via online platforms and the Internet. The FPB structured its work around four strategic pillars including (i) Content Regulation; (ii) Public Education and Stakeholder Partnering; (iii) Research and Development; and (iv) Organisational Capability.

10.7.1 Performance Highlights

The 2024/25 financial year has been tough, characterised by executive leadership changes as well as employee-related challenges.

In the 2024/25 financial year, 29 cases of non-compliant commercial online distributors were identified and various enforcement actions taken. To ensure the public, and specially children, are not exposed to prohibited and harmful content, 15 take-down notices were issued to social media platforms in line with the provisions of the Films and Publications Act.

A total of forty (40) public complaints were received from members of the public through the online reporting portal and thirty-three (33) of these public complaints was resolved within the required sixty (60) days turnaround period. Some of the complaints relate to non-consensual sharing of private images or films, commonly known as revenge porn which is one of the prohibitions outlined in the Act.

In October 2024, three other regulatory Entities (ICASA, .ZADNA and the Information Regulator) joined the FPB to launch the Information and Communications Technologies (ICT) and Media Regulators Forum of South Africa which marked a significant step towards fostering a united front in addressing digital and media challenges in the country.

Financial sustainability remains one of the challenges for the FPB. There is therefore a need to prioritise self-generated revenue from regulation fees. The expanded mandate in line with the Amendment Act has resulted in more financial and human resources required for the Entity to be effective.

The CEO was suspended from August 2024 and was subsequently dismissed in April 2025. An acting CEO was appointed, and the organisation’s performance was not affected by the changes, as the other Executive positions were filled.

10.7.2 Summary of Performance

For the 2024/25 report period, the Entity achieved 100 per cent of its set 17 predetermined annual performance targets. This was made possible through the commitment and hand work of FPB employees, despite the budget constraints that could hamper the entity to deliver on its core mandate.

Indicator	Target	Achievement	Notes
AI Strategy Implementation	20%	20%	Achieved
Digital Roadmap Projects	95%	100%	All 5 projects completed
HCBIS Implementation	80%	80%	Achieved
Funded Positions Filled	90%	90%	Achieved
Self-Generated Revenue	12%	18%	Overachieved due to back billing
Revenue Enhancement Strategy	70%	70%	Achieved

Achievements for the financial year ending 31 March 2025 included continued to support the law enforcement agencies in analysing child sexual abuse material (CSAM). This led to the conviction of offenders who had contravened the law and highlights the entity's role in building a world free of CSAM.

The implementation of the compliance plan and deployment of the online system to monitor compliance, proactively identify prohibited online content, and address non-compliance issues.

The FPB Hotline WhatsApp number and WhatsApp Channel was launched and is now operational. It can be used by members of the public to report matters to the FPB. The number is 083 428 4767, and the channel name is FPB Hotline.

Prioritised projects in the digital roadmap were implemented, which included the upgrading of the FPB's server infrastructure to ensure business continuity as well as the deployment of the Security Operations Centre (SOC) to improve cyber security controls.

Overcollection in self-generated revenue against forecasted budget which contributes greatly to the FPB's financial sustainability. Producing research reports covering critical areas such as effective gaming regulation; age verification to support child protection; media and entertainment industry economic and sector impact analysis; the impact of social media on online harms in South Africa; the attitude of consumers towards the FPB age ratings; as well as the impact of technology on the FPB's regulatory mandate.

Through stakeholder engagement sessions, the FPB continued to engage with stakeholders and members of the public on the FPB's evolving work, as we worked towards fulfilling our expanded mandate.

One of the biggest challenges was the closing of the financial year with a deficit. The FPB's expanded mandate as prescribed by the amendment Act is not funded and as a result, the organisation had to work with limited resources to deliver on its mandate.

Leadership instability at executive management is also a challenge with the suspension and eventual dismissal of the Chief Executive Officer. This has led to the entity having Acting Chief Executive Officers with executives having to act on a rotational basis. The recruitment process to appoint the Chief Executive Officer on a permanent basis is a priority for Council.

10.7.3 Financial Performance

The FPB entered the 2024/25 financial year with a clear focus on strengthening its financial sustainability while delivering on its expanded mandate under the amended Films and Publications Act. Despite facing budgetary constraints and leadership instability, the entity demonstrated resilience and operational efficiency.

The FPB generated a total revenue of R121.9 million, comprising of a government grant of R103.1 million, which remained the primary funding source during the 2024/25 financial year. The Entity collected a little over R20 million of self-generated revenue from regulations fees. R18 million of this income was because of agreements concluded with online commercial distributors and is a notable increase from the previous year, including R13.1 million from online license fees, R1.5 million from classification fees, R786 000 from other income sources such as secondments and recoveries, and R2.4 million in interest earned from investments and overdue accounts.

The increase in self-generated revenue reflects the FPB's strategic efforts to diversify income streams and reduce reliance on government funding. Total expenditure for the year amounted to R128.3 million, resulting in a net deficit of R6.4 million. This was an improvement from the previous year's deficit of R9.9 million. The deficit was largely attributed to the unfunded expanded mandate, which required additional resources for digital transformation, compliance monitoring, and stakeholder engagement.

Cash and cash equivalents stood at R25.9 million, ensuring liquidity for short-term obligations. The entity also held R9.7 million in statutory receivables, primarily from online distributors.

10.7.4 Audit Outcomes

The Auditor General issued an **unqualified audit opinion** with material findings, noting procurement process weaknesses and recommending improved internal controls.

While the financial statements were fairly presented, the Auditor-General identified material findings related to compliance with legislation, specifically:

- Procurement and Contract Management:
    - Some competitive bidding invitations were not advertised for the required minimum period, violating Treasury Regulation 16A6.3(c).

The Auditor-General noted that management did not adequately monitor compliance with procurement legislation and internal policies. Weaknesses in supply chain processes and deviation management were also highlighted.

10.8. .ZADNA

The .ZA Domain Name Authority (ZADNA) is the statutory regulator and manager of .ZA Namespace. .ZADNA is a statutory, not-for-profit Entity established in terms of the ECT Act 25 of 2002 to administer, manage and regulate the .ZA namespace. It must enhance public awareness on the economic and commercial benefits of domain name registration and is the custodian of the Internet Governance in South Africa.

.ZADNA must comply with international best practice in the administration of the .ZA domain name space; license and regulate registries and registrars and publish guidelines on .ZA domain namespace. .ZADNA accounts to the Department of Communication and Digital Technologies and its Members.

The mandate can be summed up as follows:

a) Management and administration of the .ZA namespace;

b) .ZA policy, licensing and regulation;
c) Monitoring and compliance;
d) Domain name awareness and education;
e) Research and development; and
f) Making relevant policy recommendations to the Minister.
g) Alternate Dispute Resolution Regulations

.ZADNA pursued a focused set of strategic priorities aimed at strengthening the .za namespace, deepening digital inclusion, and enhancing regulatory oversight. These priorities were shaped by .ZADNA's mandate to manage and regulate South Africa's country code top-level domain (ccTLD) and were executed in alignment with its five-year strategic plan, these include (i) Namespace Growth and Retention; (ii) Compliance and Ecosystem Integrity; (iii) Digital Inclusion and Access; (iv) Skills Development and Market Participation; (v) Infrastructure Reliability and Risk Management; and (vi) Public Awareness and Stakeholder Engagement.

10.8.1 Performance Highlights

During the year under review, the Board was strengthened through reappointments and new appointments. The Board tracked key structural indicators, such as namespace growth, registrar depth, compliance baselines, and training outcomes, to ensure that management decisions were evidence-based rather than assumptions.

The registrar-reseller programmes also advanced capacity building and skills development, which drew 335 participants (154 men; 181 women) across the year, broadening participation and employability in the DNS value chain.

Technical acuity in the ecosystem grew through successfully convening the DNS training, empowering 15 subject matter experts, and delivering Linux fundamentals, seeding 23 of the next cohort of practitioners.

Challenges

To address non-performance gaps, .ZADNA has committed to:

- Tightening end-to-end workflows: this includes refining project planning, execution, and monitoring processes to ensure better delivery
- Assigning clear accountabilities: responsibilities for project execution will be more clearly defined within the organisation

- Ensuring achievement in the next financial year: the Board has directed management to ensure these initiatives are completed in the 2025/26 financial year without compromising other planned programmes
- Pairing training with practical enablement: this involves linking training programmes with shared services, financing pathways, and market access to improve conversion of trainees into active resellers and registrars

10.8.2 Summary of Performance

.ZADNA achieved 17 of 19 annual targets or 89 per cent, reflecting a clear step-up in execution and reflecting consistent delivery across technical operations, policy and compliance, stakeholder engagement, and inclusion initiatives.

Over the past three financial years, .ZADNA has consistently demonstrated strong performance in delivering on its strategic objectives. In 2022/23, the Authority achieved an 88 per cent performance rate, marked by significant domain growth and impactful training initiatives. The following year, 2023/24, saw a peak performance of 94 per cent, with notable achievements in domain registrations, stakeholder engagement, and technical infrastructure stability.

In 2024/25, .ZADNA maintained a high standard, achieving a 89 per cent performance rate and successfully meeting 17 out of 19 annual targets. The Entity continued its commitment to digital inclusion through extensive awareness campaigns and training, while also securing another unqualified audit opinion, reinforcing its governance and financial accountability.

During 2024/2025, ZADNA continued to provide an expeditious Alternative Decision Resolution process and prompt decisions. Moreover, the.za namespace expanded by 28 313 domains, reversing last year’s decline and restoring momentum. Furthermore, overall compliance across commercial and non-commercial SLDs increased to 67.5 per cent from 52.6 per cent, driven by improvements resulting from deliberate engagement, audits, and remediation.

Visibility and demand were reinforced by a full-year communications push that potentially reached over 17.1 million people, delivered through 24 awareness and outreach campaigns across nine provinces, and featured meaningful multichannel communication, alongside signature platforms like Women and Youth in DNS and the .za Awards.

Reliability remained constant with the .za Zone and namespace nameserver availability, which held at 98 per cent, and when a partial DNS incident affected the commercial zones in March, .ZADNA teams and partners contained the issue quickly and incorporated the lessons into playbooks and drills.

The Authority scaled the school.za digital identities to 2 503 new registrations, bringing classrooms and communities into a safer, more credible online space. Alongside access, we developed skills pathways, with 335 participants attending 13 registrar-reseller training sessions (154 male, 181 female).

The Board did not achieve two commitments: the 100 Township Businesses initiative and the programme to onboard Royal Houses with digital identities and skills. The Board has directed management to tighten end-to-end workflows and ensure these are achieved in the 2025/26 Financial Year without compromising planned programmes.

10.8.3 Financial Performance

During the 2024/25 financial year, the ZA Domain Name Authority (ZADNA) experienced a challenging economic environment that impacted its financial outcomes. Despite achieving an unqualified audit opinion—affirming sound governance and financial controls—the entity recorded a net deficit of R5.6 million, a significant reversal from the R1.9 million surplus reported in the previous year.

The total revenue for the year stood at R22.8 million, primarily derived from registry fees collected through the ZA Central Registry. This reflects continued operational activity and demand within the .za namespace. However, other income sources, such as funding and insurance claims, contributed a modest R87 828, down from over R9.9 million in the prior year, largely due to the absence of one-off grants, such as the Schools Digitisation Programme.

.ZADNA's expenditure profile remained high, with administrative expenses amounting to R1.7 million and other operating expenses reaching R27.9 million. Key cost drivers included employee compensation (R13.7 million), travel and stakeholder engagement, training, legal and compliance services, and strategic planning. These investments reflect .ZADNA's commitment to inclusion, capacity building, and regulatory oversight, but also underscores the financial pressures of delivering on a broad mandate.

Finance income from long-term investments provided R1.2 million, helping to cushion the deficit. However, the organisation faced liquidity constraints, with cash and cash equivalents declining from R4.5 million to R366 670 by year-end. This was attributed to delayed payments from debtors and increased operational costs.

Despite the deficit .ZADNA maintained a strong equity position of R22.6 million, supported by long-term investments and a disciplined approach to financial management. The Board and management have committed to addressing the shortfall in the 2025/26 financial year through tighter workflows, improved debtor management, and strategic cost containment.

In summary, while ZADNA's financial performance in 2024/25 reflected the strain of external economic factors and ambitious programme delivery, its governance structures, audit outcomes, and strategic planning provide a solid foundation for recovery and sustainable growth in the years ahead.

10.8.4 Audit Outcomes

.ZADNA concluded the 2024/25 financial year with a strong affirmation of its governance and financial integrity, receiving an **unqualified audit outcome** for the 2024/25 financial year from independent auditors, Makhadzi Consulting Inc..

An emphasis of matter was noted regarding the correction of prior period errors, which were transparently disclosed in the financial statements. These included the reclassification of intangible assets, provisions, and interest income to ensure alignment with generally accepted accounting principles (GAAP). However, these adjustments did not affect the audit opinion.

The audit outcomes for 2024/25 reflect .ZADNA's commitment to transparency, compliance, and continuous improvement. The unqualified audit opinion not only validates its financial stewardship but also strengthens stakeholder confidence in the Authority's role as a trusted regulator of South Africa's .za domain namespace.

10.9 Postbank

The Postbank Amendment Act (2024) enables the establishment of a Postbank Holding Company as a bank controlling company under the Banks Act, paving the way for full commercial licensing. Postbank exists to promote financial inclusion in South Africa, with a particular focus on rural and

lower-income communities that have limited or no access to traditional commercial banking services. Its purpose is to:

- Provide accessible, secure, and digitally enabled financial solutions
- Enable wealth creation for underserved individuals and communities
- Serve as a trusted banking partner for government, businesses, and individuals
- Support the socioeconomic development of South Africa through inclusive banking

Postbank derives its mandate of fostering social welfare/profitability, and commercial sustainability from the South African Postbank Limited Act, No. 9 of 2010 (as amended), targeting mainly unserved and underserved communities that have limited or no access to retail banking services.

Postbank is not yet a registered bank in terms of the Banks Act 94 of 1990 (as amended), but it is a designated deposit-taking entity with full participatory membership within the National Payments System (NPS). In line with its founding mandate, Postbank is positioned to play a key role in achieving South Africa's socioeconomic development goals by facilitating a balance between social welfare/social profitability in a commercially sustainable manner. This includes supporting government in providing government-to-citizens financial services. Government is corporatising Postbank and, as part of the process, the bank was granted a Section 13 approval to establish a bank. Postbank is currently updating its banking license application (Section 16) and plans to resubmit it to the South African Reserve Bank (SARB) in the 2026/27 financial year.

As at the end of the 2024/2025 financial year, Postbank remained exempt from the provisions of the banks Act, 1990 (Act No. 94 of 1990), under an exemption notice issued in terms of section 1 of the Act. Despite this exemption, Postbank continues to voluntarily align with the prudential and market conduct standards contained in the banks Act and related regulatory instruments, as part of its transition towards becoming a fully licensed commercial bank.

During the 2024/25 financial year, Postbank measured its performance through delivering against a set of five predetermined strategic outcomes and desired outputs, namely (i) Strong Financial Performance; (ii) Positive Customer Experience; (iii) Positive Employee Experience; (iv) Enhance Operational Efficiency; and (v) Good Governance and Effective Risk and Compliance Management.

This performance plan was underpinned by a set of thirty-four (34) Key Performance Indicators (KPIs) that measure the bank's performance.

10.9.1 Performance Highlights

In 2023, the Board of Directors was dissolved, and an Administrator was appointed by the Minister of Communications and Digital Technologies in accordance with Section 16A of the Postbank Act.

This interim governance arrangement ensured continuity of oversight, compliance, and operational stability in an environment of regulatory and strategic importance.

To strengthen independent assurance, the Administrator's Audit Committee was constituted, providing valuable oversight over financial reporting, risk management, and internal control systems during this period. On 18 March 2025, the Minister appointed a new non-executive Board of Directors, marking the formal restoration of full governance authority.

The reporting year was defined by governance transition and operational challenges, Postbank achieved several notable milestones that position the bank for future growth and regulatory compliance:

- successfully transitioned from an Administrator-led governance model to a fully constituted Board on 18 March 2025, re-establishing full fiduciary oversight
- retained members of the Administrator's Audit Committee as expert advisors for a one-year handover period, ensuring continuity and institutional knowledge
- maintained full compliance with statutory obligations under the PFMA, Companies Act, and Postbank Act during the governance transition
- enhanced internal control frameworks and risk management processes, with regular monitoring by the Audit Committee.
- initiated high-level engagements with the Prudential Authority, National Treasury, and other regulators to advance Postbank's Banks Act licensing roadmap
- continued uninterrupted service delivery to customers during the governance transition
- reaffirmed Postbank's commitment to ethical leadership, transformation, and social responsibility, with plans to constitute the Social and Ethics Committee in early 2025/26

10.9.2 Summary of Performance

From the set of thirty-four (34) annual KPIs measured for the year, a total of fifteen (15) KPIs were achieved while nineteen (19) were not. This equates to an overall performance achievement rating of forty-four (44%) for the 2024/25 financial year.

The 2024/25 financial year marked a defining period for Postbank's technology and operational transformation journey. The appointment of a permanent Chief Information Officer (CIO) in September 2024 brought focused leadership and a renewed mandate to modernise and stabilise the bank's core IT, card swap-outs and security environment.

Postbank embarked on a transformative journey to stabilise its operations and lay the foundation for sustainable growth. A major focus was on technology and operational stabilisation, where the bank successfully decommissioned outdated systems, migrated its Active Directory, and implemented the Postilion 5.6 Black switch to enhance transaction processing. Security was strengthened through full PCI-DSS compliance and alignment with ISO 27001 standards, while governance improvements included drafting an Enterprise IT Strategy and refreshing legacy policies. These steps were complemented by the migration of Postbank's data lake to a secure cloud environment and the adoption of low-code platforms to accelerate digital innovation.

Operational efficiency was another priority. Postbank expanded its contact centre capacity, introduced new systems to improve call handling, and optimised cash management processes to ensure timely re-banking and accurate reconciliations. The rollout of 369 retail kiosks nationwide and the introduction of mobile service teams brought banking closer to communities, reinforcing Postbank's commitment to accessibility and inclusion. A comprehensive channel strategy was finalised, setting the stage for an integrated omnichannel experience.

On the customer front, Postbank continued to serve millions of individuals, stokvels, and social grant beneficiaries, offering a range of transactional, savings, and investment products tailored to diverse needs. Its competitive advantage lies in its ability to deliver government disbursement solutions and financial services to communities often excluded from mainstream banking. Strategic partnerships further extended Postbank's reach, ensuring that its services remain relevant and accessible.

Strategy to Overcome Non-Performance

- Prioritising critical projects like card replacement and IT upgrades to remove operational bottlenecks.
- Enhancing compliance frameworks (e.g., Risk Management and Compliance Programme) to meet regulatory requirements
- Accelerating digital transformation through ERP implementation, omni-channel onboarding, and core banking system procurement
- Strengthening governance and risk culture with training, revised SOPs, and improved audit processes

- Building capacity and skills via targeted recruitment, succession planning, and employee development programmes
- Improving fraud prevention and cybersecurity with PCI DSS compliance, SIEM systems, and card security enhancements

10.9.3 Financial Information

Postbank reported a profit after tax of R110 million. This result was attributable to higher Net Interest Income (NII) and Non-Interest Revenues (NIR), together with favourable credit-related costs and tight cost management, against the backdrop of a stable balance sheet and an excellent liquidity position.

Gross interest income from investments increased by R32 million Year-on-Year (YoY) despite a decline of 0.3 per cent per annum in the weighted (time) average interbank repurchase (repo) rate. This was achieved as a result of the bank's Treasury function locking in higher interest rates prior to the commencement of the rate reduction cycle in the latter part of the 2024 financial year. This ensured a sustained period of above-market earnings in the current fiscal year, whilst gross investable balances remained stable YoY at R9.1 billion (FY24: R9.5bn). Interest expense reduced by R47 million YoY as a result of the reduction in market rates (the bank's interest-paying deposit base is primarily invested in overnight, variable rate products) combined with a reduction in deposits from R9.8 billion in financial year 2024 to R9.1 billion in financial year 2025.

Item	Amount (R)
Total Assets	9.728 billion
Total Equity	263.411 million
Deposits Due to Customers	9.063 billion
Interest Income	810.409 million
Net Interest Income (NII)	691 million
Non-Interest Revenue (NIR)	484 million
Operating Expenses	696.273 million
Profit After Tax	110 million
Tax Charge	47.123 million
Expected Credit Loss (ECL) Provision	175.770 million

Fee and commission income fell by R582 million YoY, primarily attributable to a reduction in the SASSA-related customer base of the bank (SASSA rebase of grant recipients and impact of the Variation Notice resulted in a reduction of average customers from 5.5m in FY24 to 4.0m in FY25). This reduction in customer numbers similarly negatively impacted transaction fee income as volumes declined over the year. Fee income associated with the bank's disbursement contract with the Eastern Cape Department of Transport increased by R5 million YoY as the bank enjoyed its first full financial year of this agreement.

Fee and commission expenses fell by R662 million YoY to R599 million for the financial year 2025, resulting in a positive NIR performance YoY (+R79m). Significant drivers of this reduction were the discontinuation (effective 1 April 2024) of the costly client service channels of Cash Pay Point (CPP) and the South African Post Office (SAPO) Over the Counter (OTC) (R420m reduction YoY), combined with volume-driven reductions in ATM and Retailer channel costs (approximately R173m YoY reduction). The bank commenced the issuance of its new Black cards to SASSA customers, thereby expensing R64 million for the issuance thereof.

The bank did not experience a repeat of the significant credit losses recognised in prior periods but rather enjoyed a net reversal (R14.5m) in the financial year 2025. The reversal was primarily attributable to a reduction in the Expected Credit Loss provision for the bank's exposure to the Land Bank, where the Land Bank's issued debt was restructured, resulting in a partial settlement of R190 million in the financial year 2025.

Operating expenses reduced by R327 million YoY despite additional costs necessarily incurred due to Postbank's Card Replacement Project (Variation Notice) activities. Significant decreases in material losses (-R408m – no repeat of FY24 losses) and fines/penalties (-R52m – discontinuation of CPP/OTC disbursement channels, which were operationally prone to resulting in penalties levied by SASSA on Postbank) contributed to the reduction in costs. Additionally, fiscal discipline led to reductions in support, transport, and business continuity costs YoY. Staff costs (+R31m, of which R18m related to the additional staff required to support the Card Replacement Project) and IT-related costs (+R84m – "Build the bank" costs) were the more significant line items that increased YoY.

10.9.4 Audit Outcomes

AGSA issued a **qualified audit opinion** for Postbank's financial statements for the year ended 31 March 2025. This represents a significant improvement from the prior year's disclaimer, reflecting progress in governance, internal controls, and financial reporting processes. The qualification was primarily due to certain limitations in the completeness and accuracy of specific disclosures and compliance matters.

Despite these issues, AGSA confirmed that, in all material respects, the financial statements present a fair view of Postbank's financial position and performance. The report acknowledged the strides made in stabilising operations, strengthening risk management, and addressing previous audit findings. Postbank's commitment to improving audit outcomes remains evident through enhanced internal controls, compliance monitoring, and the implementation of integrated audit action plans.

Irregular Expenditure

Of the R146 million of irregular expenditure reported above, R122 million (84%) relates to prior year(s) procurement events that were deemed to be irregular due to a deviation process being followed where the formal condonation process has not been concluded as yet, due to the circumstances set out below:

- In September 2023, Postbank's entire Board resigned, with an Administrator being appointed.
- Under the leadership of the newly appointed Administrator, significant efforts have been made to strengthen consequence management in relation to irregular, fruitless, and wasteful expenditure;
- Over the period 2023 to 2025 the entire Exco of Postbank left the bank and was replaced;
- During the 2023/24 financial year, an investigation service provider was appointed to support these efforts. However, the initial investigation report received was found to be inadequate and could not be relied upon to enforce the required corrective actions or consequence management measures.

Consequently, Postbank terminated the contract of the initial service provider and appointed a more experienced firm to conduct the necessary investigations. The outcome of these investigations will form the basis for implementing the appropriate consequence management and remediation (condonation) actions required to remove all items from the bank's register.

Wasteful expenditure was effectively managed during the reporting period. The movement in the reported balance was mainly driven by two (2) major contributors, including penalties imposed by SASSA for non-adherence to the social grant payment master services agreement, as well as the write-off and destruction of 1 525 000 unusable card chips for the SASSA gold card that had to be replaced due to regulatory requirements.

10.10 SAPO

The South African Post Office (SAPO) is a state-owned company established under the South African Post Office Limited Act No. 22 of 2011. It is designated as the country's official postal operator and entrusted with a vital public service mandate: to provide universal postal services across the Republic of South Africa. This includes ensuring access to affordable and reliable postal and financial services in rural areas, small towns, and underserved communities, thereby promoting social inclusion and national cohesion.

SAPO's mandate is primarily derived from the Postal Services Act No. 124 of 1998, which grants it exclusive regulatory rights to operate postal services and imposes a Universal Service Obligation (USO). This obligation ensures that every citizen, regardless of geographic location or economic status, has equitable access to basic postal services.

In December 2024, the South African Post Office SOC Ltd Amendment Act No. 19 of 2024 was signed into law, marking a significant expansion of SAPO's mandate. This legislative reform repositions SAPO from a traditional mail carrier into a multi-sector, multi-service national platform. The new mandate empowers SAPO to:

- Deliver critical services such as mail, parcels, logistics, digital connectivity, and financial solutions.
- Enhance service reliability and public confidence through consistent, high-quality delivery.
- Forge strategic partnerships with government and private sector entities to broaden its service offerings and modernise its business model.

SAPO's strategic goals for the 2024-25 financial year were structured around five core objectives designed to drive transformation, sustainability, and service excellence: (i) Financial Sustainability;

(ii) Operational Efficiency; (iii) Strategic Restructuring and Innovation; (iv) Customer Satisfaction and Regulated Service Quality Standards; and (v) Corporate Governance

10.10.1 Performance Highlights

The 2024/25 financial year marked a pivotal chapter in the South African Post Office's journey toward recovery and transformation. Operating under a formal Business Rescue Plan approved in December 2023, SAPO undertook sweeping reforms aimed at stabilising operations, restoring financial sustainability, and redefining its role in a modern economy.

SAPO rationalised its branch network to 657 outlets, including 258 designated Universal Service Obligation (USO) sites, ensuring continued access to essential services in underserved areas. The workforce was streamlined from 10 854 to 5 946 employees through Section 189 retrenchments and voluntary exits.

Mail delivery performance improved markedly, rising from 45.15% in the previous year to 62.13%, while monthly mail carryover was halved—clear indicators of operational recovery. Customer service also saw progress, with a 91 per cent resolution rate for complaints logged at the call centre.

IT infrastructure was stabilised through a successful data centre migration and the settlement of critical vendor contracts. Relationships with key suppliers were restored, laying the groundwork for future innovation.

10.10.2 Summary of Performance

While the 2024/25 year was marked by adversity, SAPO laid the foundation for a leaner, more agile, and digitally enabled organisation. The progress made under the Business Rescue Plan signals a renewed commitment to public service, financial discipline, and long-term sustainability.

SAPO set 15 Key Performance Indicators (KPIs) aligned to five strategic objectives. SAPO achieved 5 out of 15 strategic KPIs (33%), an improvement from 13 per cent in the previous reporting year. Key areas of success included cost containment and system uptime, while revenue growth and audit outcomes remained problematic, see table below.

Strategic Objective	Planned KPIs	Achieved 100%	Partial Achievement (80–99%)	Achievement Rate
Financial Sustainability	3	2	0	67%
Operational Efficiency	3	1	0	33%
Strategic Restructuring & Innovation	4	1	2	25%

Customer Satisfaction & Service Quality	4	1	1	25%
Corporate Governance	1	0	0	0%

The South African Post Office made significant strides under the Business Rescue Plan and operational restructuring initiatives including:

Workforce Restructuring

- Implemented Section 189A(3) retrenchment process:
  - 4 875 termination letters issued, with 4 342 employees retrenched
  - Retrenchment packages paid in three tranches, finalised in November 2024
- Headcount reduced from 10 854 to 5 946 employees, aligning costs with revenue

Branch Rationalisation

- Nationwide rationalisation reduced the network to 657 branches, including 258 Universal Service Obligation branches

Financial Restructuring

- Creditor settlements: Paid 12 cents in the rand as part of compromise agreements
- Strengthened balance sheet and improved liquidity through operational cost containment

Operational Improvements

- Mail delivery performance improved to 62.13%, up from 45.15% in the previous year
- Monthly mail carryover halved, indicating better operational efficiency
- Rationalisation of vehicle fleet and deployment of essential tools (e.g., bicycles for last-mile delivery)

Digital Transformation

- Launch of Digital Registered Letter service, marking progress in hybrid mail solutions
- Supported national analogue-to-digital migration:
  - Registered 52 000 households
  - Distributed 14 000 Set-Top-Box kits during financial year 2024-25

IT Stabilisation

- Migrated core systems to a new data centre and stabilised critical applications:
  - SAP ERP, Microsoft Exchange, POS software, and international parcel systems
- Implemented new managed internet service and extended WAN contract

Governance and Compliance

- Maintained monthly statutory reporting to CIPC and public disclosures

- Strengthened risk management and disaster recovery training at branch and depot levels

Strategy to Overcome Non-Performance

In response to persistent underperformance, declining revenues, and operational inefficiencies, SAPO has embarked on a bold transformation strategy aimed at restoring financial viability, modernising service delivery, and aligning with both its social mandate and commercial imperatives.

At the heart of this strategy is the **Business Rescue Plan**, which was approved in December 2023. This plan has guided SAPO through a structured turnaround process, including workforce restructuring, branch rationalisation, and creditor settlements. However, SAPO recognises that overcoming non-performance requires more than cost-cutting—it demands a fundamental shift in how the organisation operates and delivers value.

SAPO's revitalisation journey is not merely about survival—it is about transformation. By embracing innovation, diversifying services, and building strategic alliances, SAPO is laying the foundation for a future-ready organisation that can deliver reliable, inclusive, and sustainable services to all South Africans.

Key Reasons for Underachievement

- Severe funding shortfalls and delayed drawdown of rescue funds
- Austerity measures halted hardware/software upgrades and motorbike telemetry projects
- Operational inefficiencies and legacy systems
- Customer attrition due to service failures and financial hardship
- Governance challenges and unresolved audit findings

10.10.3 Financial Performance

Despite persistent economic pressures, SAPO achieved a significantly improved financial outcome. The organisation posted a net loss of R117 million—well below the projected R703 million—thanks to disciplined cost containment and operational efficiencies. Revenue, however, declined by 26 per cent to R1.2 billion, reflecting ongoing challenges in traditional mail volumes and service reliability. The year-to-date expenditure was kept within budget at R2.8 billion, and SAPO closed the year with a positive net asset value of R721 million.

Capital investment totalled R1.7 million, with an additional R14 million committed, primarily for IT equipment and air conditioning infrastructure. SAPO's traditional revenue streams (e.g. mail services) are declining and have been on a steady decline for some time. However, the organisation is showing signs of stabilisation but remains vulnerable. SAPO returned to solvency in financial year 2024-25, with assets exceeding liabilities and a positive net asset value of R721 million.

SAPO faced **cash flow issues**, leading to:

- No annual salary increases
- Reduced insurance coverage
- Inability to pay some creditors, resulting in fruitless and wasteful expenditure
- Deterioration of facilities and infrastructure due to lack of maintenance funding

The Entity still requires R3.8 billion in additional funding to fully implement its Business Rescue Plan whereas only R150 million was received during financial year 2024-25, far below the planned drawdown and severely limiting progress on infrastructure upgrades, digital transformation, and service expansion.

- Mail Revenue: Continued to decline, representing 71% of total revenue (down from 73%)
- New Digital Revenue Stream: Launch of e-Registered platform generated R1.6 million, marking the start of SAPO's digital transformation efforts
- Net Asset Value decreased to R639 million (from R942 million in 2023/24), reflecting ongoing financial strain

Operational expenditure was slightly below budget, aided by reductions in delivery and staff costs. However, savings were offset by historic compensation commission payments, which were significantly high.

Treasury has declined further bailouts, offering only R150 million in virement funding and R381 million in wage subsidies via the UIF's TERS programme. This shortfall severely constrained SAPO's ability to implement turnaround initiatives.

The lack of confirmed funding threatens infrastructure upgrades, digital transformation, and second-phase creditor payments.

Key Financial Risks

- Continuous migration from physical mail to digital platforms
- Declining private post box and municipal billing revenues
- Uncertainty about SAPO's future, prompting customer attrition
- Limited funding to execute Business Rescue Plan projects

10.10.4 Audit Outcomes

SAPO received a **Disclaimer** of an opinion. The audit opinion trend has been consistently poor over the past several years, reflecting deep-rooted financial and governance issues. Key issues included:

- Material misstatements in performance reporting.
- Non-compliance with legislation.
- Inadequate oversight and internal controls.
- SAPO was deemed **commercially insolvent**, despite being a going concern

Year	Audit Opinion	Key Issues
2023	Disclaimer of Opinion	Poor record-keeping, R152M fruitless expenditure, only 13% targets achieved, R86M spent on business rescue.
2024	Disclaimer of Opinion	Material misstatements, non-compliance with legislation, inadequate oversight, commercially insolvent.
2025	Disclaimer of Opinion	Sixth consecutive disclaimer, insufficient evidence, weak internal controls, governance collapse.

10.11 Broadband Infraco

Broadband Infraco SOC Ltd (BBI) exists to serve as a catalyst for South Africa's digital transformation. Established under the Broadband Infraco Act No. 33 of 2007 and operating within the framework of the Electronic Communications Act No. 36 of 2005, BBI is a Schedule 2 public

entity mandated to expand affordable access to high-capacity telecommunications infrastructure across the country.

At its core, BBI's purpose is to bridge the digital divide—connecting communities, institutions, and enterprises that have historically been excluded from the digital economy. This mandate is particularly focused on underdeveloped and underserved areas, where access to reliable broadband remains limited. Through its national fibre-optic backbone and strategic partnerships, BBI enables government, communities, and private enterprises to communicate, transact, and transform.

BBI's mission is to intelligently connect government, people, devices, and communities to unlock the transformative potential of a digitally enabled society. Its vision is rooted in the belief that digital infrastructure is not merely a technical asset, but a foundational driver of inclusive growth, economic development, and social equity.

In alignment with the National Development Plan (NDP) 2030, BBI plays a pivotal role in establishing national, regional, and municipal fibre networks that support widespread broadband access. Its work contributes directly to reducing digital inequalities, enabling government digital transformation, increasing SMME participation in the telecommunications sector, and lowering the cost of data for all South Africans.

10.11.1 Performance Highlights

BBI successfully signed R55.9 million in new sales contracts, exceeding its target of R50 million. Revenue grew by 13 per cent year-on-year, driven by the execution of SA Connect Phase 2, the USAASA 332 initiative, and income from the West Africa Cable System (WACS). However, profitability remained under pressure, with a reported operating loss of R113 million and a negative EBITDA of R117 million, reflecting rising costs and legacy infrastructure challenges.

The company maintained a positive cash balance of R127 million and improved its network fault restoration time to 6.99 hours, surpassing the 7.5-hour target. Network availability reached 99.2 per cent, exceeding expectations and reinforcing BBI's commitment to reliable service delivery.

Infrastructure growth was notable, with 170 km of fibre added to the national backbone, and 5 175 Wi-Fi hotspots connected under SA Connect. The Broadband Access Fund (BAF) project connected 38 329 households and 2 601 hotspots, creating over 1 400 jobs and empowering 27 SMMEs.

BBI upheld its transformation agenda, achieving a Level 3 B-BBEE rating and directing 45 per cent of its procurement spend to black, women, youth, and disabled-owned entities. Internally, five interns were recruited, and 3 per cent of the payroll was invested in training and development.

Governance remained strong, with an unqualified external audit opinion and all prior findings resolved. The organisation continued to engage actively with stakeholders, including government departments, regulators, and communities, while supporting two schools through its Corporate Social Investment programme.

Despite challenges such as load shedding, vandalism, and regulatory delays, BBI's strategic investments and operational improvements laid a solid foundation for long-term sustainability and digital inclusion.

10.11.2 Summary of Performance

BBI set 19 measurable targets for the year, of which 18 were achieved or 95 per cent success rate, despite operating in a constrained fiscal and infrastructure environment. The organisation continued to advance its mandate of bridging South Africa's digital divide through strategic infrastructure expansion, stakeholder engagement, and service delivery. This is a significant imptovement when compared to the previous reporting years.

BBI committed to signing R50 million in new sales contracts, reflecting its drive to expand market reach and diversify revenue streams. A modest revenue growth target of 1 per cent year-on-year was set, alongside a goal to reduce debtor collection periods to 60 days, ensuring improved cash flow and financial discipline. The organisation aimed to maintain a minimum of R10 million in cash reserves, while also improving its operating profit before depreciation and interest.

On the operational front, BBI targeted the restoration of core network faults within 7.5 hours and set a network availability benchmark of 98 per cent. It also committed to limiting service rebates to below 1 per cent of gross revenue, signalling a focus on service reliability and customer satisfaction.

Infrastructure expansion remained a priority, with a target to add 100 km of fibre to the national network. BBI also aimed to connect 4 000 Wi-Fi hotspots and 40,000 households, particularly in underserved areas, through the SA Connect and Broadband Access Fund initiatives.

Transformation and empowerment were central to BBI's agenda. The company set out to pay SMME invoices within 25 days, allocate installation work to at least 10 SMMEs, and spend 2 per cent of its payroll on training and development. It also committed to recruiting five interns and achieving a Level 3 B-BBEE rating, with at least 15 per cent of its procurement budget directed toward black, women, youth, and disabled-owned entities.

In the realm of governance, BBI aimed to maintain an unqualified external audit opinion with no repeat findings, reinforcing its commitment to transparency and accountability.

Finally, BBI pledged to maintain connectivity at existing schools and extend broadband access to at least one additional school, supporting digital inclusion in education.

10.11.3 Financial Performance

The 2024/25 financial year was marked by both progress and persistent challenges for Broadband Infraco (BBI). While the company achieved a 13 per cent increase in revenue—rising from R520 million in the previous year to R587 million—its overall financial position remained under pressure due to rising operational costs and infrastructure investment demands.

BBI's gross profit margins declined year-on-year, primarily due to a 33 per cent increase in the cost of sales, which outpaced revenue growth. Operating expenses rose by 27 per cent, driven largely by employee-related costs, travel linked to project deployments, and higher insurance and licensing fees. These pressures contributed to a negative Earnings Before Interest, Tax, Depreciation and Amortisation (EBITDA) of R117 million, and an operational loss of R279 million, up from R203 million the previous year.

Despite these setbacks, BBI maintained a positive cash balance of R127 million, supported by advance funding for strategic projects such as SA Connect Phase 2 and the USAASA 332 initiative. Cash generated from operations, however, declined from R410 million to R222 million, largely due to fibre build activities undertaken during the year.

Capital expenditure surged to R605 million, reflecting intensified investment in national infrastructure projects aimed at expanding broadband access in underserved areas. While this impacted short-term profitability, it laid the groundwork for long-term service delivery and revenue growth.

10.11.4 Audit Outcome

Broadband Infraco (BBI) concluded the 2024/25 financial year with an **unqualified audit opinion**, marking a significant improvement in its governance and financial reporting processes. This outcome reflects the organisation's commitment to transparency, accountability, and continuous improvement in its internal controls.

Following an unfavourable audit opinion in the previous year, BBI's Audit and Risk Committee initiated a comprehensive post-audit action plan. This included a full asset review, a supply chain management overhaul, and an interim audit to address identified deficiencies. The implementation of these corrective measures led to the resolution of all 29 external audit findings from the prior year.

While the audit opinion was unqualified, it was accompanied by material findings, which were acknowledged and addressed by management through ongoing monitoring and remedial actions.

The audit also assessed BBI's going concern status and concluded that, based on available evidence, the company is expected to remain operational for the foreseeable future. Communication between

the auditors and the accounting authority was maintained throughout the process, ensuring that significant audit findings and internal control issues were transparently discussed and managed.

This positive audit outcome reinforces BBI's governance maturity and its readiness to support national digital infrastructure objectives with integrity and financial discipline.

10.12 SITA

Following the PRC's recommendations, SITA was established in April 1999 through the SITA Act, Act No. 88 of 1998. SITA is registered as a Schedule 3A Public Entity, which is self - sustaining and self - funding, and Government is the sole shareholder. The Minister of Communications and Digital Technologies exercises the custodian rights attached to the shareholder on behalf of the state.

The Agency was established with the core mandate to provide IT services to Government, and flowed from the amalgamation of a number of entities (listed below) which had different operating methods, procedures, skill sets, infrastructure, and technologies, all of which had to be made to work seamlessly in order for SITA to deliver on its mandate.

SITA has the following core responsibilities:

- Improve service delivery to the public through the provision of information technology, information systems, and related services in a secure environment.
- Promote efficiency in government departments and public bodies through the use of ICT.

SITA is wholly owned by the government, and operates under the custodianship of the Minister of Communications and Digital Technologies. It consolidates ICT services from various government departments to ensure seamless delivery.

The predetermined targets for the SITA in the 2024/2025 financial year were structured across five strategic programmes, including (i) Thought Leadership and Service Delivery; (ii) Digital Infrastructure; (iii) Skills and Capable Development; (iv) Financial Sustainability; and (v) Procurement and industry Transformation.

10.12.1 Performance Highlights

SITA exceeded EBITDA margin target, achieving 10.3 per cent, while service revenue growth fell short at 4 per cent against a planned 10 per cent. This underperformance was largely driven by project delays, reduced client budgets, and a shift in some portfolios towards non-traditional revenue model.

Capital expenditure was below budget due to procurement delays, with only R380.9 million spent against a R1 billion allocation and vacancy rates, which stood at 57 per cent. There is a shortage of critical ICT skills and talent retention remains a challenge.

10.12.2 Summary of Performance

SITA achieved 42.9 per cent of its Annual Performance Plan (APP) targets, delivering on 6 out of 14 indicators. While this reflects room for improvement, it also demonstrates resilience and progress in key areas of government digital enablement.

Skills and Capacity Development: Achieved 100 per cent of planned targets, with over 3 039 employees trained, representing 89.4 per cent of the workforce.

Procurement and Industry Transformation: Also achieved 100 per cent, with 59 per cent of procurement spend directed to SMMEs and designated groups, exceeding the 43 per cent target. Thought Leadership and Service Delivery: No targets achieved, despite 99 per cent budget spend, due to project rescoping and client-directed changes.

Financial Sustainability: EBITDA margin exceeded the 10 per cent target, reaching 10.3 per cent, though service revenue growth fell short at 4 per cent.

10.12.3 Financial Performance

During the 2024/25 financial year, SITA demonstrated financial resilience despite operating in a challenging economic environment marked by fiscal constraints and procurement delays.

SITA recorded a 4 per cent year-on-year growth in service revenue, falling short of the planned 10 per cent target. This underperformance was primarily attributed to:

- Delays in project execution.
- Reduced client budgets.

- A shift in some portfolios toward non-traditional revenue models.

Despite these challenges, Agency revenue exceeded expectations, with R1.3 billion collected against an estimate of R1.2 billion, reflecting a positive variance of R77 million.

The agency exceeded its EBITDA margin target, achieving 10.7 per cent against a planned 10 per cent, indicating effective cost containment and operational efficiency. This was supported by:

- A 70% cost reduction through negotiations with original equipment manufacturers (OEMs).
- Strategic containment of operational expenditure.

SITA's capital investment was significantly below budget, with only R380.9 million spent against a R1 billion allocation. The underspend was mainly due to procurement delays. However, the agency plans to roll over unspent funds to support ongoing infrastructure upgrades.

Total expenditure for the year was R7.4 billion, with personnel costs accounting for R2.2 billion (approximately 30% of total expenditure). Cost-saving measures and improved procurement practices contributed to financial stability.

The operating margin showed a solid improvement from 7.5 per cent to 9.8 per cent, mainly due to lower operating expenditure, pointing towards increased efficiency. This resulted in a profit after tax of R414.6 million, representing a 11.5 per cent year on year increase.

Despite the increase in profit, cash flows from operating activities deteriorated year on year from R238.8 million to -R155.4 million, mainly due to slower payment by debtors due to mostly financial constraints as a result of funding limitations.

10.12.4 Audit Outcome

SITA improved its audit outcome compared to the previous year, reflecting strengthened governance, accountability, and internal controls. However, the Auditor-General issued a **qualified opinion**, citing concerns around the review of useful lives and impairment assessments of property, plant, and equipment.

Despite fiscal pressures, SITA remains a going concern, supported by positive EBITDA and net asset growth. The agency continues to implement reforms to ensure long-term financial sustainability and alignment with the new Public Procurement Act.

Irregular and Wasteful Expenditure

- Irregular expenditure increased to R2.9 billion, with R514 million confirmed during the year.
- Fruitless and wasteful expenditure stood at R47.2 million, with R680,000 confirmed in 2024/25.
- SITA recovered R605,000 of fruitless expenditure and removed R1.8 million of irregular expenditure from its books.

11. Committee Observations

On the Auditor General of South Africa (AGSA)

Having considered the presentation on the state of the audit of the Department and its Portfolio, the Committee noted:

- that AG should assess the long-term use of consultants and ensure skills transfer to internal staff of the Department; and
- must ensure Entities have sufficient time to engage with audit findings before finalisation to avoid rushed or disputed outcomes.

The Committee noted to the **DCDT**:

- and welcome the maintained clean audit, but note with disappointment that the performance delivery has regressed from 82% to 76%;
- with concern that the persistent underachievement in policy development and digital transformation initiatives is contradictory to the clean audit;
- with concern the high vacancy rates and weak consequence management that undermine operational efficiency;
- that consequence management practices remain inadequate, and oversight of Entities is fragmented;
- that internal control systems are generally sound but require consistent monitoring;
- that coordination with Entities and other departments remains fragmented; and
- that underspending of over R1 billion on SA Connect reflects poor project execution and planning.

Regarding the **SABC** the Committee noted:

- the improved performance targets for the financial year under review;
- with serious concern that the Corporation continues to experience financial distress despite previous bailouts;
- with further concern that revenue has been steadily declining from TV licenses and advertising;
- with concern that infrastructure is ageing and requires an urgent technology refresh; and
- with great concern, the public mandate remains at risk due to financial instability.

With regard to **ICASA**, the Committee noted:

- with appreciation that the regulatory performance improved (92%), but audit outcome regressed due to leave provision challenges;
- with concern that the community broadcasting sector faces serious challenges with over 80 stations shut down;
- with further concern that spectrum allocation delays and outdated IT systems hinder progress; and
- that there is limited public engagement for awareness on regulatory matters.

Regarding to the **Sentech**, the Committee noted:

- and welcome the clean audit and strong internal controls, but financial sustainability is threatened by SABC debt;
- with concern that the revenue diversification efforts are slow, and reliance on a single client (SABC) poses systemic risks; and
- that infrastructure is robust but underutilised for broader digital services.

With regard to **FPB**, the Committee noted:

- and welcomed the 100% achievement of performance targets;
- that audit outcome slightly regressed due to procurement interpretation;
- with concern that there is weak outreach to rural communities;
- with further concern that there is a fragmented collaboration approach with other relevant Entities;
- and welcome the progress on AI strategy and digital roadmap; and
- with concern that there are insufficient tools to combat harmful digital and AI-generated content.

On **USAASA**, the Committee noted:

- with concern that the qualified audit is due to poor financial controls and travel expenditure reconciliation failures;
- with serious concern that performance remains weak, with only 60% of targets achieved; and
- with greater concern that the leadership instability and legacy issues persist.

Regarding to the **NEMISA**, the Committee noted:

- and welcomed the consistent clean audit achievements;

- that the Entity achieved all performance targets and trained over 60 000 learners;
- that partnerships have been expanded to include more universities and TVET colleges; and
- that the Entity plays a pivotal role in digital literacy but faces financial deficits and rising irregular expenditure.

On **SAPO**, the Committee noted:

- that the process to finalise the implementation of the business rescue plan is ongoing;
- that there is an urgent need for the final bailout of R3.8 billion in the finalisation of the business rescue plan;
- with great concern, some of the branch closures impacted negatively on service accessibility and compromises the obligation to provide universal access; and
- with serious concern that governance and internal controls continue to be a challenge.

With regard to the **Postbank**, the Committee noted:

- the improved audit outcomes and operational stability;
- with concern that the negative impact of legacy IT issues and a declining customer base persist; and
- with great concern that material irregularities from 2021/22 remain unresolved.

On **BBI**, the Committee noted:

- with serious concern that the Entity received a qualified audit with going concern issues and a R290m operational loss;
- that there is an irregular expenditure of R372m due to a panel appointment dispute;
- with concern that there are network failures due to vandalism and power outages; and
- with appreciation, however, there are a positive EBITDA and cash flow despite challenges.

With regard to the **SITA**, the Committee noted:

- and welcomed the improved audit outcome from a disclaimer to a qualified;
- however, with concern, the drop in performance to 42%;
- High vacancies and weak customer satisfaction (48%) indicate systemic issues; and
- With greater concern that irregular expenditure remains high due to poor contract management.

Regarding to **.ZADNA**, the Committee noted:

- the strategic role in managing the .ZA domain, but with concern that financial and operational capacity are limited;
- with concern the rise in fraudulent domain registrations;
- with further concern the low domain uptake and weak cybersecurity integration; and
- that outreach efforts are improving, but they lack a measurable impact.

12. Recommendations

Having noted the observations, the Committee recommends that the Minister should:

- prioritise filling critical vacancies with a focus on digital policy and project management expertise: *report back Q3 2026;*
- fast-track amendments of the Electronic Communications Act to align regulatory frameworks with digital transformation goals and sector development needs*: report progress by Q2 2026;*
- establish a cross-entity digital transformation task force to accelerate the implementation of SA Connect and policy: *report back Q3 2026;*
- introduce a public-facing dashboard to track progress on digital inclusion and broadband rollout: *update on Q2 2026;*
- strengthen consequence management, enforce disciplinary actions, and implement recovery efforts where mismanagement has occurred: *update on Q2 2026;* and
- develop a blended finance model for financially stressed entities to reduce fiscal dependency and ensure the sustainability of the entities within the portfolio*: report back on Q2 2026.*

On **Sentech**, that the Minister should:

- urgently finalise a revised payment agreement with SABC and escalate unresolved debt to Treasury*: report back on the progress by Q1 2026;*
- drive strategic business diversification at Sentech to expand its service portfolio and reinforce its role in the national digital ecosystem*: report progress by Q2 2026;*
- develop a digital infrastructure investment plan to attract blended funding and diversification of product offering: *report back on the progress by Q2 2026;* and
- expand rural broadband initiatives and integrate with SA Connect Phase 3: *report back on the progress by Q2 2026.*

Regarding to the **SABC**, that the Minister should:

- finalise a sustainable funding model for the SABC to underpin the amendment of the SABC Bill and support its digital-era mandate*: report by Q3 2026;*

- reassess the SABC's public mandate to ensure it is future-ready, financially sustainable, and responsive to South Africa's digital and social evolution*: report by Q3 2026;*
- leverage from the benefits of digital platforms (e.g., SABC Plus) with a clear monetisation strategy: *report back on the progress by Q2 2026;*
- strengthen internal controls and enforce consequence management for irregular expenditure: *report back on the progress by Q2 2026;* and
- upgrade and modernise existing infrastructure and improve operational efficiency: *report back on the progress by Q2 2026.*

With regard to **NEMISA**, that the Minister should:

- expand KPIs to include post-training outcomes (employment, entrepreneurship): *report back on the progress by Q2 2026;*
- develop a sustainability plan with diversified funding sources: *report back on the progress by Q2 2026; and*
- strengthen financial oversight and enforce accountability for irregular expenditure: *report back on the progress by Q3 2026.*

On **.ZADNA**, that the Minister should:

- launch a national campaign to promote .ZA domains, targeting schools, SMMEs, and traditional authorities: *report back on the progress by Q2 2026;*
- introduce incentives for domain registration (e.g., subsidised fees): *report back on the progress by Q2 2026;*
- strengthen cybersecurity and domain verification protocols: *report back on the progress by Q2 2026;* and
- resolve outstanding debts and improve registrar engagement: *report back on the progress by Q2 2026.*

Regarding to the **ICASA**, that the Minister should:

- reform community broadcasting regulations and licensing frameworks: *report back on the progress by Q2 2026;*
- reform ICASA's funding structure to guarantee its operational independence and capacity to deliver on its regulatory mandate: *report progress by Q1 2026;*
- implement a phased digital transformation at ICASA to modernise ICT systems, improve regulatory efficiency, and enhance stakeholder trust: *Launch by Q2 2026; Completion by Q2 2027;*

- review the spectrum regime and ensure the effective management of the spectrum: *report back on the progress by Q2 2026;*
- develop a strategic plan for "Regulator of the Future" with a clear funding and capacity roadmap: *report back on the progress by Q2 2026;* and
- enhance stakeholder engagement and public awareness on regulatory matters: *report back on the progress by Q1 2026.*

On **FPB**, that the Minister should:

- urgently fill funded vacancies: *report back on the progress by Q2 2026;*
- scale up AI deployment to enhance content classification and monitoring: *report back on the progress by Q3 2026;*
- strengthen partnerships with DBE and GCIS for school-based digital safety campaigns: *report back on the progress by Q2 2026;*
- expand victim support services and track outcomes: *report back on the progress by Q2 2026;* and
- resolve procurement challenges in collaboration with the National Treasury: *report back on the progress by Q2 2026.*

On **USAASA**, that the Minister should:

- urgently fill funded vacancies: *report back on the progress by Q2 2026;*
- finalise investigations and enforce consequence management for legacy irregularities: *report back on the progress by Q2 2026;*
- improve financial controls and automate reconciliation processes: *report back on the progress by Q3 2026;*
- develop a clear transition plan aligned with SOC rationalisation. *report back on the progress by Q3 2026;* and
- prioritise impact-driven targets focused on digital inclusion: *report back on the progress by Q2 2026.*

With regard to **SITA**, that the Minister should:

- fill critical vacancies in technical and executive roles with urgency: *report back on the progress by Q2 2026;*
- implement SEM automation and improve service delivery turnaround: *report back on the progress by Q3 2026;*

- strengthen internal audit capacity with specialised IT audit skills: *report back on the progress by Q3 2026;*
- address irregular expenditure findings: *report back on the progress by Q1 2026;* and
- develop a strategic roadmap for repositioning SITA as a digital transformation enabler: *report back on the progress by Q2 2026.*

On **SAPO**, that the Minister should:

- finalise and implement a credible recovery and recapitalisation plan: *report back on the progress by Q1 2026;*
- finalise the exit of Business Rescue Practitioners and ensure seamless handover that will sustain and grow SAPO core operations and public confidence*: report progress by Q1 2026;*
- urgently strengthen governance and financial controls: *report back on the progress by Q2 2026*; and
- over and above the full audit of SAPO assets, compile a quarterly performance of the operational branches and asset utilisation reports: *report back on the progress by Q2 2026.*

On **Postbank**, that the Minister should:

- resolve outstanding material irregularities and report progress on a quarterly basis: *report back on the progress by Q2 2026;*
- develop a sustainable digital banking model with reduced state dependency: *report back on the progress by Q3 2026;*
- finalise the Postbank's full banking licence by resolving outstanding compliance and governance issues to enable full operation as a state-owned bank*: report progress by Q2 2026*
- continue engagement with National Treasury to recapitalise Postbank and stabilise its financial base to support its mandate to deliver inclusive banking services to underserved communities*: report progress by Q1 2026;*
- improve SASSA partnership and secure long-term service agreements*: report back on the progress by Q1 2026;* and
- invest in banking innovation and customer experience: *report back on the progress by Q2 2026.*

Regarding to the **BBI**, that the Minister should:

- finalise legal review and resolution of irregular expenditure findings: *report back on the progress by Q1 2026;*

- develop a turnaround strategy focused on revenue growth and cost control: *report back on the progress by Q2 2026;*
- strengthen procurement and governance controls: *report back on the progress by Q2 2026;* and
- Finalise the rationalisation and the merger of BBI and Sentech: *report back on the progress by Q1 2026.*

The EFF Party reserves its vote on the report.

Report to be considered.

2. Budgetary Review and Recommendations Report (BRRR) of the Portfolio Committee on Communications and Digital Technologies, dated 4 November 2025

The Portfolio Committee on Communications and Digital Technologies (the Committee), having considered the performance and submission to the National Treasury for the medium-term period of the Government Communication and Information System (herein referred to as the Department) and Media Development and Diversity Agency (herein referred to as the Agency); reports as follows:

1. Introduction

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

1.1 Purpose of the Report

The Money Bills Amendment Procedure and Related Matters Act 9 of 2009 outlines the process that enables Parliament to make recommendations to the Minister of Finance and the Cabinet Minister responsible for the vote, ensuring the effectiveness and efficiency of resource use and optimal service delivery.

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

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

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

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

2. Role and Mandate of the Committee

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

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

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

3. Methodology

For the financial period under review, the Committee, in exercising its oversight role, considered the 2024/25 Annual Reports and Financial Statements of the Department and the Agency.

The Auditor-General of South Africa (AGSA) also presented the audit outcomes for the Department and Agency for the 2024/25 financial year.

The Committee also considered the 2024 State of the Nation Address (SoNA) and the National Development Plan (NDP), guided by the government's Medium-Term Strategic Framework (MTSF), which outlines specific outcomes and priorities focused on addressing the challenges of poverty, inequality, and unemployment. Committee meeting recommendations, oversight reports (from other committees of Parliament), and the 2023 Estimates of National Expenditure (ENE) were also considered.

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

4. Outcomes of the Report

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

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

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

5. Mandate of the Department

The Department was established in terms of Section 239 of the Constitution of the Republic of South Africa of 1996 and as a strategic unit in The Presidency in terms of Section 7 of the Public Service Act, 1994 (Act 103 of 1994). The Department is mandated to coordinate, guide and advise on government communications, including media liaison, development communication and marketing. Its goal is to achieve integrated, coordinated, and clear communications between government and South African citizens to enable the public's involvement in the country's transformation.

The work of the Department is further informed by:

- The Constitution of the Republic of South Africa of 1996.
- The Public Finance Management Act (PFMA) of 1999, as amended.
- International bilateral and multilateral agreements.
- National Treasury's Framework for Strategic Plans and Annual Performance Plans; and
- The Medium-Term Strategic Framework (MTSF) 2014-2019.

6. Organisational Environment

6.1 Service delivery environment

In the year leading up to the country's seventh National and Provincial Elections, the focus on service delivery issues was intensified by the political climate; however, the GCIS employed a mix of proactive and reactive communication strategies to maintain a stable yet adaptable communication system capable of responding to new challenges and opportunities in the service delivery sector. This helped to manage the negative narrative and, in some cases, even shape the discourse around the government's performance.

Throughout the period under review, the GCIS has continued to play a pivotal role in contributing towards the building of a democratic society, creating a conducive environment

for social cohesion and enabling economic transformation through access to information on opportunities. The government communication system is coordinated by GCIS and guided by the five-year National Communication Strategic Framework (NCSF), which is aligned to the Medium-Term Strategic Framework (MTSF).

In this period, the government communication system focused on building back stronger, and the GCIS mobilised its resources to support the implementation of the ERRP, the fight against corruption and GBVF, the energy crisis and the Presidential District Development Model (DDM). The DDM, in particular, has been a game-changer and has provided a vital platform for GCIS to bolster direct engagement with citizens, ensuring that the government understands the dynamic needs of citizens, remains cognisant of issues which are heard first-hand, and works together with all stakeholders and citizens to find sustainable solutions to challenges.

6.2 Service Delivery Improvement Plan

The GCIS made significant strides in driving strategic communication initiatives that promote transparency, awareness and engagement on various government programmes and policies. Through its efforts, the department amplified the government's message and reached a wider audience. Through its efforts, GCIS enhanced public awareness and education on government initiatives and policies by hosting community safety campaigns, GBVF initiatives, and anti-corruption initiatives, such as the National Anti-Corruption Dialogue. Additionally, it communicated the 2nd GBVF Summit, raising awareness and building trust between citizens and the government. GCIS's work has driven solutions, promoted a more informed and engaged citizenry and contributed to the government's overall goals.

Throughout the period under review, the GCIS has continued to play a pivotal role in contributing towards the building of a democratic society, creating a conducive environment for social cohesion and enabling economic transformation through access to information on opportunities.

7. Key Policy Developments and Legislative Changes

The GCP, approved in Cabinet in August 2018, was revised following extensive stakeholder engagements with communicators from the three levels of government and management committees within provincial and national government departments. The Forum of South African Directors-General recommended the revised policy, which the Minister responsible for the Department signed.

8. Achievement of Institutional Impacts and Outcomes

The department's mandate is enshrined in Section 195(g) of the Constitution of the Republic of South Africa, 1996.

The Department ensures that citizens are informed about the government's policies, programmes and projects in a manner that enables informed decision-making to improve the quality of their lives. This mandate is given effect through the Department's outcome of an informed and empowered citizenry. Adhering to this mandate, the Department plays a pivotal role in securing a democratic society, fostering social cohesion, and enabling economic transformation through information on access to opportunities.

Citizens remain at the epicentre of the government communication system. The GCIS continues to plan, implement and monitor through empirical evidence such as the Government Segmentation Model (GSM), which classifies citizens according to their information needs, and is used as a basis in the bi-annual research reports to better understand the unique information needs of citizens. This informs the coordination of the government communication system, ensuring that the public is informed and has access to information on government programmes and policies that benefit them.

In strengthening the coordination and monitoring of the government-wide communication system with a view to ensuring coherence of messaging and sustained information sharing across the priorities of the Government, the Government Communication Excellence Tool (G-CET), continued to use performance criteria to provide insights on the performance of strategies and implementation plans. Bi-annual reports produced through the G-CET have demonstrated significant and sustained progress against a 50% target of compliance to the Government Communication Policy (GCP).

Using six diverse indicators to evaluate the presence of communication enablers across 30 participating national departments, the highest reported compliance with the GCP was 82%. This success is attributed to the participation of 97% of national departments, which submitted their reports as requested. Notable highlights include that 97% of communication strategies are reported to have been approved and aligned with the GCP. All departments reported 100% implementation of their communication plans, consistent with the existing communication strategies.

Challenges persist in resourcing communication, as 39% of departments still lack a funded communication strategy, and 34% operate without sufficiently skilled personnel. In delivering on its constitutional mandate for the 7th Administration, the GCIS secured Cabinet approval of the Executive Communication Protocols to ensure coherence at the Executive level and the National Communication Strategy Framework (NCSF), which is premised on the Medium-Term Development Plan (MTDP).

Implementation of the NCSF is coordinated across the government-wide communication system through the alignment of departmental and cluster communication strategies and implementation plans. In sustaining awareness and understanding of both socio-economic rights and responsibilities, the government's communication kept citizens informed of progress in the government’s implementation of programmes, including economic reforms to address the challenges facing the economy, employment programmes, especially for youth, resolving the energy challenge, and showcasing catalytic infrastructure projects.

To ensure the coordination of government messages, the GCIS produces key messages and opinion pieces. Over the 2024/25 period, the organisation produced 93 sets of key messages to guide principals and communicators in staying on message on issues of national and international interest. Furthermore, the department developed 21 requested and 60 self-initiated opinion pieces to proactively or reactively address issues in public discourse, ensuring the government’s voice was carried in the media, whether print or online.

The GCIS has also actively utilised digital media to disseminate information on priority campaigns, using platforms such as Vuk’uzenzele (Vuk) and SANews, reaching 500,834,874 screens on GCIS-managed social media platforms.

In its capacity-building efforts, the GCIS coordinated cluster meetings and convened three Government Communicators' Forums (GCFs) during the year. The insights and knowledge shared at the GCFs ensure strategic coordination and alignment of the government communication system in developing and implementing communication strategies.

During the period under review, the GCIS, in line with the government's Digitisation Strategy, developed and received approval for a Digital Transformation Strategy, which is being implemented. During the period under review, GCIS launched the Vuk'uzenzele website: www.vukuzenzele.gov.za, where mainstream media, including Sowetan, Daily Dispatch, BizCommunity and The Citizen, used and published articles from Vuk'uzenzele.

The South African Government News Agency, SAnews. .gov.za remains a valuable source of current news and information, dedicated to the country's government priorities, programs, and interventions. In the reporting period, 3,617 stories on key government programmes and activities were published on SAnews, focusing on government interventions in key priority areas such as anti-corruption, gender- based on violence and femicide (GBVF).

The GCIS continues to prioritise the dissemination of good news stories from communities through the weekly My District Today electronic newsletter. The newsletter published 46 editions during the reporting period, including one special edition focused on the SoNA. Traditional media channels, including radio, community newspapers, and other print publications, as well as terrestrial television (TV), continue to be the primary means of disseminating information. In building on its communication achievements, the GCIS, through collaboration with the National Electronic Media Institute of South Africa (NEMISA), continued the first phase implementation

of the Over-the-Top (OTT) platform (GoZATV), which enables the department to meet the changing ways that citizens consume information and content. This platform presents another communication channel that aims to keep citizens accurately informed. Through the platform, the government will communicate its programmes, services and policies.

In ensuring value from the limited communication resources available, the department continues to implement campaigns economically through bulk media buying, enabling negotiated media space and airtime on behalf of government departments. From 1 April 2024

to 31 March 2025, 27 clients approved 200 media buying campaigns for various programmes and services. The cost of the advertising was R153,106,230.39, of which clients paid R115,321,999.36 and benefited from R37,784,230.03 in savings (an average saving of 25% was achieved). Of the 200 approved campaigns, 159 were implemented (79%), 40 were ongoing/approved (20%), and 1 was cancelled (1%).

During 2024/25, there were 61 engagements undertaken between government officials and senior journalists on the government's key programmes and 11 post-Cabinet media briefings.

Despite ongoing resource constraints, dedicated staff who go above and beyond the call of duty ensured the GCIS continued to achieve most of the targets set out in the 2024/25 Annual Performance Plan (APP) through the adoption of pioneering approaches to bring the organisation closer to achieving its constitutional mandate.

9. Departmental Overview

During the 2024/25 financial year, the Government Communication and Information System (GCIS) was allocated a budget of R760.773 million, of which R744.007 million was spent, reflecting a 97.8% expenditure rate. The underspending of R16.758 million was attributed to unfilled posts, delayed invoices, and procurement delays in acquiring capital assets. Revenue collection amounted to R18.575 million, which was R1.067 million below the projected target. Despite these financial constraints, GCIS executed 200 media buying campaigns with a total spend of R153.1 million, achieving savings of R37.78 million through negotiated rates.

The department received a clean audit opinion from the Auditor-General, with no material findings. Internal audit processes were improved, including proactive validation of quarterly risk mitigation reports and performance data. The risk maturity score was noted at 3.6 out of 5, reflecting a stable and improving governance environment.

The following table reflects revenue recovered in 2024/25 compared to 2023/24:

Departmental receipts	2024/25			2023/24		
	Estimate (2024 AENE)	Actual Amount Collected	(Over)/ Under Collection	Estimate (2023 AENE)	Actual Amount Collected	(Over)/ Under Collection
	R'000	R'000	R'000	R'000	R'000	R'000
Sale of goods and services other than capital assets	19 134	18 131	1 003	1 341	6 391	5 050
Interest, dividends and rent on land	162	98	64	50	60	10
Financial transactions in assets and liabilities	346	346	316	406	90	316
TOTAL	**19 642**	**18 575**	**1 067**	**1 797**	**6 541**	**(4 744)**

GCIS produces various information products, including posters, banners, photos and videos. Some of these photos and videos are sold to the public and other departments. The department also provides Graphic Design services to government departments and for GCIS-initiated projects. Tariffs are developed after determining the direct costs linked to the production of information products. Tariffs make no provision for a profit margin. Revenue is also generated from monthly parking deductions made from staff salaries who utilise parking facilities within the office building, commission in respect of insurance deductions from staff salaries and payment thereof to service providers, interest generated in the department's bank account and interest-bearing debt by former employees.

The department also generates revenue as self-financing expenditure by selling advertising space in the *Vuk'uzenzele* newspaper to other departments. The difference in revenue collection between 2024/25 and 2023/24 is generated from the sub-lease agreement that the department entered into with the Border Management Authority (BMA), which leases office space in the head office building and shares in the cost of security and cleaning services.

The revenue under-collection in 2024/25 is mainly attributed to lower revenue collection from advertising space in Vukuzenzele. Less revenue was also recovered in respect of interest, mainly due to the settlement and write-off of debt, as well as a lower bank balance resulting from fewer advances received from other departments for media campaigns.

10. Overview of Financial Performance

GCIS was initially allocated R740.178 million for the 2024/25 financial year. During the 2024 Adjusted Estimates of National Expenditure (AENE), the appropriation increased with R20.595 million to R760.773 million due to:

- R11.875 million in respect of the sub-letting of office accommodation to the BMA;
- R8.590 million in respect of South Africa's G20 Presidency; and
- R130 000 as self-financing expenditure in respect of the sale of advertising space in *Vuk'uzenzele.*

Of the adjusted appropriation of R760.773 million, GCIS spent R744.015 million (98%) as at 31 March 2025. Total expenditure includes expenditure in respect of the lease of the head office building (Tshedimosetso House). In accordance with the sub-lease agreement with the BMA to lease office space in the head office building, revenue earned through the sub-lease of office space and shared services was transferred to the NRF, of which R11.875 million was re-allocated to the department's appropriation. An underspending to the value of R16.758 million (2%) was realised and comprises mainly of:

- R3.874 million underspending on Compensation of Employees (CoE) due to vacant posts, including the attrition of staff;
- R9.413 million underspending on Goods and Services, mostly due to outstanding invoices for projects and campaigns that were anticipated to be finalised by the end of the financial year;

- R792 000 in Transfers and Subsidies (Households – R784 000) due to lesser payments in respect of leave discounts and leave gratification as a result of fewer resignations and retirements, as well as R8 000 on the total payment of South African Broadcasting Corporation (SABC) TV licences than projected;
- R2.862 million in Capital Assets due to furniture and equipment that could not be procured and paid for by the end of the financial year as projected; and
- Theft and Losses of R183 000 are funded from Goods and Services.

In 2023/24, the department spent 99.3% of its allocated budget and realised a saving/ underspending of R5.178 million. The underspending comprises:

- R2.017 million underspending in CoE due to the attrition of staff and freezing of posts;
- R3.119 million underspending in Goods and Services due to advertising and subsistence, and travel (S&T) that did not materialise as anticipated;
- R1 000 in Transfers and Subsidies due to lower invoices received for SABC television licenses than projected;
- R77 000 in Capital Assets due to computer equipment that could not be procured and paid for by the end of the financial year as projected; and 2.2.5.5 Theft and Losses of R36 000 is funded from Goods and Services.

11. Virement/roll-over

Virement was applied between programmes during the first half of the 2024/25 financial year, mainly to shift funds within the CoE due to the reorganisation of the organogram, effective from 1 April 2024, as well as R4 million from the CoE to Goods and Services to fund computer services and training and development.

Virement was applied between programmes as follows:

- Re-allocated R500 000 within CoE from Programme 3 to Programme 2 to fund salaries due to Cost of Living Adjustments (CoLA);

- Re-allocated R617 000 from Programme 2 to Programme 3 to fund expenditure for the G20 Presidency;
- Re-allocated R365 000 in Capital Assets from Programme 1 to Programme 2 and R20 000 from Programme 2 to Programme 3 to fund audio-visual equipment; while R139 000 was shifted from Programme 3 to Programme 1 to fund the procurement of laptops.

Roll-over of funds: No roll-over of funds was applied from the 2023/24 to the 2024/25 financial year; however, the department submitted a request to NT to roll-over R7.074 million from 2024/25 to 2025/26 to fund the following:

- R2.137 million in Capital Assets to fund the procurement of LAN infrastructure through the State Information Technology Agency (SITA). The process was delayed due to the Requests for Quotation (RFQ) for mobile screens that could not be finalised before 31 March 2025; and
- R4.937 million to fund projects and priority campaigns in 2025/26 which could not be concluded by 31 March 2025**.**

12. Programme Performance

The Department had 42 annual targets due for the 2022/23 financial year. Of these, 37 were achieved, and 5 targets were not. This translates to 89 per cent performance achievement against predetermined objectives.

Programme 1 and Programme 2 achieved 86 per cent of their annual targets, whereas Programme 3 achieved 95 per cent. Collectively, the outcome of predetermined objectives is 89 per cent achievement (before the audit). In comparison, the Department's achievements decreased by 8 per cent from the reported performance of the 2023/24 financial year.

Overall performance for 2024/25 stood at 89%. Key achievements included:

- Significant digital growth, surpassing one million Facebook followers and reaching 280 million engagements across social platforms.
- Launch of Vuk' Talks, a podcast complementing the Vukuzenzele platform.
- Inclusion of sign language interpretation in all post-Cabinet briefings.

- National communication campaigns that reached approximately 123 million South Africans.

However, the absence of dedicated funding for local government election communication campaigns limited impact.

12.1 Programme 1 - Administration

The purpose of this programme was to provide overall management and support for the Department.

The programme's functions are organised into the following five subprogrammes:

Strategic Management is responsible for developing and implementing strategic management processes, procedures and systems in compliance with relevant legislation. These include coordinating strategic planning, performance monitoring and reporting, and risk management for the department.

HR is responsible for strategically implementing the department's HR Management (HRM) strategy.

Information Management and Technology (IM&T) is responsible for establishing and supporting IM&T systems in the GCIS.

The CFO provides the department with overall financial, SCM, and auxiliary services and guides management in complying with legislative requirements, budget planning, and administration.

*Internal Audit*s improve governance, risk management, and control processes.

A total of 25 posts were filled, maintaining a vacancy rate of 5%. The department achieved 3% representation of persons with disabilities and 58% representation of women at the Senior Management Service level. Training and development efforts were significantly enhanced, with the budget increased from R840,000 to R2.953 million. This enabled 23% of middle management staff and 67% of senior managers to participate in development programmes. The Office of the Government Information Technology Officer ensured 96.65% availability of IT infrastructure and implemented key digital tools, including SigningHub and a Governance, Risk and Compliance system. Although only three of the originally planned digitisation projects were completed, five additional projects were initiated to meet evolving business needs.

12.2 Programme 2 - Content Processing and Dissemination

The programme aims to provide strategic leadership in government communication, ensuring coherence, coordination, consistency, quality, impact, and responsiveness. The programme's functions are organised into the following three subprogrammes:

The Products and Platforms team develops content for the government communications system to meet its constitutional mandate. Funding for the subprogramme will be used for writing assignments, language services for products that require translation, editing, and proofreading content, managing the development of government and departmental/provincial websites, and producing government publications. The sub-programme is also responsible for coordinating and strengthening the government's voice in social and digital media.

Policy and Research is responsible for coordinating the development of the NCSF. The chief directorate also conducts research through independent service providers to provide empirical evidence on public opinion regarding the government's key priority areas and the public's information needs, ensuring targeted communication.

Communication Service Agency provides the government with media bulk-buying and media production services. It also develops distribution strategies for all government communications and oversees distribution services outsourced to service providers. The chief directorate manages the national government's corporate identity and provides marketing and distribution services for the GCIS and other government departments.

Entity Oversight monitors the implementation of policies by state-owned enterprises (SOEs) and provides guidance and oversight on their governance matters. Through the Entity Oversight function, the Department is the government's shareholder representative for the state-owned companies in its portfolio. The Department's mandate is to fulfil oversight responsibilities at the MDDA and Brand SA to ensure they contribute to realising the government's strategic

objectives, as articulated in the NDP and the MTSF. The chief directorate has supported the executive authority in exercising oversight of public entities.

Media Policy researches and develops print media, new media and communication policies. Through this unit, the transformation of the media sector is prioritised by establishing the This chief directorate is established to improve universal access to community media services and transform the MAC and print media sectors by 2030, conducting research and developing policies for print media, new media, and communication.

The chief directorate will be responsible for the development of the White Paper Policy to modernise the government-wide communication system. The White Paper Policy aims to ensure that government communication in all spheres is mandatory, binding and enforceable to give effect to the country's constitutional obligation towards the empowerment of its citizens through information. Finally, the chief directorate is responsible for developing and implementing community media policies, laws, and strategies to promote community media. In summary, the chief directorate operates in three spheres: legislated, co-regulated and self-regulated sectors.

Content Processing and Dissemination published 3,617 SAnews articles, reaching over 500 million screens. The Vuk'uzenzele newspaper was published in 22 online editions, translated into all 11 official languages and Braille, and supported by the Vuk Talks podcast. GCIS-managed websites recorded over 66.7 million page views, and social media platforms averaged 102 posts per day. Research and policy development focused on key areas such as gender-based violence and femicide (GBVF), youth voter turnout, and South Africa's G20 presidency. The department also produced the Annual Transformation Report and advanced the Draft Green Paper on Government Communication.

12.3 Programme 3 – Intergovernmental Coordination and Stakeholder Management

The programme implements development communication through both mediated and unmediated channels, fostering sound stakeholder relations and partnerships.

The programme's functions are organised into the following subprogrammes:
Media Engagement leads and drives interaction and communication between the government and the media. This subprogramme enables effective liaison between the government, Cabinet, ministers, senior government officials, and the media. It manages ongoing media liaison services to the government by providing government information, establishing, strengthening, and maintaining working relationships with foreign and independent media, and collaborating with South African missions and parliamentary stakeholders to disseminate government information and key targeted messages.

Cluster Communication provides strategic communication, planning, coordination and support to clusters. It provides leadership and professional project management services for cluster communication campaigns.

The Provincial and Local Liaison ensures that the communication coordinating forums at the provincial and local levels are functional. This is achieved through the Department's provincial offices that oversee the footprint of government communication in every metropolitan and district municipality of South Africa. This is done in close coordination with structures and forums of the intergovernmental communication system located in the offices of the Premiers. The subprogramme implements outreach programmes to ensure public access to government programmes, opportunities and policies. The sub-programme is also responsible for promoting Thusong Service Centres to the public and ensuring that government departments send different print products and materials to these centres. The subprogramme also facilitates communication interventions related to the Izimbizo programme of government, in line with the DDM, the flagship of which is the Presidential DDM Izimbizo initiative.

Intergovernmental Coordination and Stakeholder Management facilitated 61 engagements with senior journalists and hosted 11 post-Cabinet media briefings. Outreach activities included 594 dialogues, 462 media engagements, and 582 communication forums. GCIS played a key role in international engagements, including FOCAC, SADC summits, and the World Economic Forum

in Davos. Parliamentary liaison efforts were strengthened, resulting in a 100% response rate from the Information Resource Centre and the convening of an AI policy panel.

13. Auditor-General of South Africa (AGSA Report)

The Auditor-General of South Africa awarded GCIS a clean audit opinion for the 2024/25 financial year, with no material findings. The department demonstrated strong internal controls and governance, supported by a risk maturity score of 3.6 out of 5. Internal audit processes were enhanced, including proactive validation of quarterly risk mitigation reports and performance information, as well as the annual report and interim financial statements. These measures contributed to improved transparency and accountability across the organisation.

14. Entities reporting to the Department

14.1 Brand South Africa

The entity's annual report is considered by the Portfolio Committee on Planning, Monitoring and Evaluation.

14.2 MDDA

The Agency's mandate is to **c**reate an enabling environment for media development and diversity that reflects the needs and aspirations of all South Africans; redress exclusion and marginalisation of disadvantaged communities and persons from access to the media and the media industry; promote media development and diversity by providing support primarily to CSCM projects; encourage ownership and control of, and access to, media by historically disadvantaged communities as well as by historically diminished indigenous language and cultural group; encourage the development of human resources and training, and capacity building, within the media industry, especially among historically disadvantaged groups; encourage the channelling of resources to the community media and small commercial media sectors; and raise public awareness regarding media development and diversity issues.

14.2.1 Performance Highlights

In line with this revised framework, the entity had four outcomes and functions through five programmes: Governance and Administration; Grant and Seed Funding; Partnerships, Public Awareness and Advocacy; Capacity Building and Sector Development; and Innovation, Research, and Development.

The MDDA is reporting against the 2024/2025 Annual Performance Plan. Annual targets for 2024/25 are seventeen (17). Fifteen (15) of these were achieved, which means that the Agency achieved 88% of its annual targets. Two (2) of these seventeen targets were not achieved.

Programme 1 - had three annual targets which were contributing to one outcome, which referred to a capable, effective and efficient organisation in support of the delivery of the MDDA mandate. Two annual targets were met, and one was not.

Programme 2 - Sub-Programme 2.1 had two outcomes. The first outcome had annual targets, which were contributing to one outcome, which referred to 'Media diversity promoted through the growth of sustainable community-based and small commercial media nationally, and both targets were achieved. The second outcome had an annual target, which was contributing to one outcome, which is being a 'capacitated, digitally responsive community-based media sector, and both targets were achieved.

Programme 2 -Sub-Programme 2.2 had two annual targets, which were contributing to one outcome, which referred to 'a capable, effective and efficient organisation in support of the delivery of the MDDA mandate', and both targets were achieved.

Programme 3 - had three annual targets, which were contributing to one outcome, which referred to 'capable, effective and efficient organisation in support of the delivery of the MDDA mandate', and all three targets were achieved.

Programme 4 had three annual targets, which contributed to one outcome: 'Increase in HDI communities accessing media opportunities and information through community and small commercial media.' All targets were achieved.

Programme 5 - had two annual targets, which were contributing to one outcome, which referred to 'capable, effective and efficient organisation in support of the delivery of the MDDA mandate', and both targets were achieved.

14.2.2 Organisational environment

During the reporting period, the MDDA experienced significant resignations within the finance department. This posed challenges in maintaining financial stability and timely transaction processing. Despite these setbacks, proactive measures were swiftly implemented to redistribute responsibilities among existing staff, streamline processes, and ensure minimal disruption to our operational efficiency.

14.2.3 Service Delivery Environment

The 2024/2025 financial year saw the Media Development and Diversity Agency (MDDA) continue to fulfil its statutory mandate of promoting and developing a diverse, vibrant, and sustainable media sector, with a particular focus on community and small commercial media.

14.2.3.1 During the year under review, the MDDA:

- Approved 33 new grant funding projects, including 25 community radio, 1 community television, and 7 print/digital media outlets.
- Disbursed a total of R45,868,003.00 in grant funding to new and ongoing projects.
- Organised 27 capacity-building and training workshops, benefiting participants in areas including financial management, governance, and digital skills development.
- Conducted 57 monitoring and evaluation visits to funded projects to assess compliance, governance, and impact.
- Key achievements included successfully implementing targeted digital migration and transformation support for community broadcasters and publishers, enabling

beneficiaries to grow their online presence, diversify income sources, and adapt to changing audience behaviours.

14.2.3.2 Challenges encountered included:

- Rising operational and compliance costs within beneficiary organisations.
- Skills gaps in emerging technologies and digital content creation.
- Economic pressures are leading to a decline in advertising revenue for small and community media.

14.2.3.3 Corrective steps taken by the Agency included:

- Strengthening partnerships with development finance institutions, government departments, and private sector stakeholders to leverage further resources.
- Streamlining the funding application and adjudication process to minimise turnaround times.
- Introducing customised mentorship programmes to enhance beneficiaries' sustainability and governance.

External developments that influenced service delivery included ongoing audience migration to digital platforms, requiring media outlets to diversify their distribution channels, and broader macroeconomic conditions that placed financial pressure on media operations. The MDDA's programmes responded directly to these challenges through strategic technical support and digital readiness initiatives.

14.2.4 Organisational Environment

Internally, the MDDA introduced measures to strengthen institutional capacity, governance, and operational efficiency.

Key organisational developments included:

- Upgrading ICT systems.

- Enhancement of monitoring and evaluation processes to ensure improved tracking of the impact of funded projects.
- Implementation of enhanced internal audit and risk management frameworks, which improved compliance and reduced audit findings compared to the previous financial year.

The Agency experienced no major disruptions such as labour strikes or systemic operational failures. Management maintained ongoing engagement with staff through performance reviews, training opportunities, and wellness programmes to ensure organisational resilience.

14.2.4 Financial Performance

The table below describes the revenue versus expenditure patterns of the Agency during the financial year under review.

Programme/activity/ objective	2024/2025			2023/2024		
	Budget	Actual Expenditure	(Over)/Under Expenditure	Budget	Actual Expenditure	(Over)/Under Expenditure
	R	R	R	R	R	R
Governance and Administration	36 467 566	37 488 949	(1 021 383)	40 342 733	38 102 623	2 240 110
Grant and Seed Funding	70 473 477	61 977 238	8 496 239	89 688 144	66 523 372	23 164 772
Partnerships, public awareness and advocacy	3 297 300	2 796 796	500 504	3 758 569	2 840 327	918 242
Capacity building and sector development	3 069 586	2 301 172	768 414	2 651 374	2 423 457	227 917
Innovation, Research and Development	18 736 659	11 365 433	7 371 226	1 344 019	1 380 677	36 658
Total	**132 044 588**	**115 929 588**	**16 115 000**	**137 784 839**	**111 270 456**	**26 514 383**

Programme 1 (Governance and Administration)

The negative variance of R1 million falls within the acceptable range and is primarily attributed to timing differences in disbursements.

Programme 2 (Grant and Seed Funding)

The underspending of R8 million is mainly due to timing differences in disbursements, which depend on the specific phases of each project. This variation also results from extended grant contracts.

Programme 3 (Partnerships, public awareness and advocacy)

The positive variance of R500,000 primarily results from reduced activities, such as studio launches and the funders' breakfast, as well as lower-than-expected travel expenses.

Programme 4 (Capacity building and sector development)

The positive variance of R768,000 primarily results from lower-than-expected training costs for beneficiaries and the delay in producing the grant orientation manual, which is expected to be completed in the new financial year.

Programme 5 (Innovation, Research and Development)

The positive variance of R7 million is primarily due to the delay in the audience measurement project, which is scheduled for implementation in the new financial year.

14.2.5 AGSA Report

The agency improved from qualified with findings to unqualified with no findings for the year under review, 2024/25. Management capacitated the finance unit, ensuring sufficient capacity to implement and maintain controls for the daily and monthly processing and reconciliation of transactions.

15. Standing Committee on Appropriations (SCOA)

The Department did not appear before SCOA.

16. Standing Committee on Public Accounts (SCOPA)

The Department did not appear before SCOPA.

17. Observations and Recommendations

17.1 Observations

The Committee noted that GCIS:

- achieved a clean audit for the fifth consecutive year, reflecting strong financial governance.
- reached 89% of performance targets, with 5 out of 42 not achieved;
- demonstrated strong digital engagement with over 1 million Facebook followers and 280 million interactions;
- exceeded employment equity targets, maintaining a 60:40 gender ratio;
- reduced vacancy rate to 5%, but 82 critical posts remain unfunded due to budget constraints; and
- has no dedicated funding allocated for local government election communication campaigns.

17.2 Recommendations:

The Committee resolved that the Minister:

- ensure engagement with the National Treasury to get an approval to fund 82 critical vacant posts*: Q2 2026 (engaged the National Treasury on the funding of the vacancies);*
- Finalise the appointment of the Director General: *report back to the Committee on Q2 2026*
- resolve system outages with SITA and ensure 100% outstanding invoice payment within 30 days.: *report progress by Q1 2026*
- draft and pass a standalone Community Media Bill to strengthen media diversity and sustainability*: Q1 2026 (draft), Q3 2026 (gazette);*
- speedily process the community media regulation*: Q2 2026 (policy finalised), Q4 2026 (implementation);*
- introduce interim GCIS measures to allocate at least 30% of government advertising spend to community media while finalising the media buying policy*: report by Q1 2026;*
- finalise and gazette a Code of Conduct for government communicators*: Q1 2026 (gazette); and*

- ensure an allocation of ring-fenced funding for local government election communication campaigns: *report progress to the Committee during Q1 2026.*

17.3 Observations on MDDA

- digitisation project was delayed due to budget reprioritisation of resources;
- community radio stations' closures linked to ICASA licensing issues and the Sentech signal distribution debt;
- Media Diversity Index study was underway in collaboration with MDDA;
- achieved a clean audit for the first time under the current leadership;
- reached 88% of performance targets, with 2 out of 17 not achieved;
- underspent R16 million due to project delays;
- reduced vacancy rate to 9%, with improved staff retention;
- continued support for diverse community media, but the sector remains underprepared for digital transformation;
- AI and digital training were introduced, but uptake and readiness remain a challenge;
- audience measurement tools were delayed but are now active; and
- current funding model limits the reach and sustainability of community media.

17.4 Recommendations:

The Committee resolved that the Minister:

- provide a comprehensive report of closed community stations with reasons and support mechanisms*: Q2 2026 (report completed);*
- complete and publish findings of the Media Diversity Index study: *report progress on Q1 2026;*
- review and revise funding models to better support underserved areas and improve sustainability: *Q2 2026 (review complete), Q3 2026 (implementation);*
- expand AI and digital training programmes for community media: *Q2 2026 (curriculum developed), Q3 2026 (rollout);*
- develop and pilot a strategy for transitioning community media to digital platforms: *Q2 2026 (strategy complete), Q3 2026 (pilot rollout);*

- finalise and deploy audience measurement tools to support data-driven decision-making: *Q2 2026 (full deployment);*
- continue annual training and support for non-compliant community media stations: *ongoing annually; and*
- leverage internal audit units for proactive risk identification and mitigation: *Ongoing, with quarterly oversight.*

The EFF Party reserves its vote on the report.

Report to be Considered.

3. BUDGETARY REVIEW AND RECOMMENDATION REPORT OF THE PORTFOLIO COMMITTEE ON SCIENCE, TECHNOLOGY AND INNOVATION ON THE PERFORMANCE OF THE DEPARTMENT OF SCIENCE, TECHNOLOGY AND INNOVATION FOR THE 2024/25 FINANCIAL YEAR, DATED 28 OCTOBER 2025

The Portfolio Committee on Science, Technology and Innovation, having considered the performance of the Department of Science, Technology and Innovation and its entities, the Academy of Science of South Africa, Council for Scientific and Industrial Research, Human Sciences Research Council, National Research Foundation, South African Council for Natural Scientific Professions, South African National Space Agency and the Technology Innovation Agency for the 2024/25 financial year, reports as follows:

1. INTRODUCTION

The Money Bills Amendment Procedure and Related Matters Act (No. 9 of 2009, as amended by Act 13 of 2018) was promulgated to provide Parliament with a procedure to make recommendations to the Minister of Finance to amend the budget of a national department. A key provision of this Act is that portfolio committees must annually compile Budgetary Review and Recommendation (BRR) Reports. These BRR Reports provide an assessment of service delivery performance given available resources; evaluates the effective and efficient use of resources; and may make recommendations on the forward use of resources. The BRR reports are also source documents for the committees on appropriations when they make recommendations to the houses of parliament on the Medium-Term Budget Policy Statement (MTBPS).

1.1. Mandate of the Portfolio Committee on Science, Technology and Innovation

The Constitution of the Republic of South Africa, 1996 and the Rules of Parliament mandates the Portfolio Committee on Science, Technology and Innovation (hereafter, the Committee), to oversee the activities and performance of the Department of Science, Technology and Innovation (hereafter, the Department or DSTI) and the entities that report to it. Furthermore, the Committee must consider, amend and/or initiate legislation; consider international

agreements and provide a platform for the public to present their views on issues and/or legislation specific to the science, technology and innovation (STI) system.

1.2. Method to Develop the 2025 Budgetary Review and Recommendation Report

The Committee considered the 2024/25 Annual Performance Plans, budget allocations, quarterly performance and expenditure trends, and conducted oversight by having briefings on specific initiatives and programmes. The Committee considered the 2024/25 Annual Reports of the Department, Academy of Science of South Africa (ASSAf), Council for Scientific and Industrial Research (CSIR), Human Sciences Research Council (HSRC), South African Council for Natural Scientific Professions (SACNASP), South African National Space Agency (SANSA) and the Technology Innovation Agency (TIA). The Committee also invited the Auditor-General of South Africa (AGSA) to explain the 2024/25 audit outcomes of the science, technology and innovation portfolio and considered the Department's 2020-2025 Strategic Plan End-Term Report and the 2025/26 First Quarter Expenditure and Performance Report. The schedule of engagements for the BRR Report process were the Department and NRF on 7 October 2025 in Pretoria; then virtually, the HSRC and ASSAf on 14 October 2025, SANSA and TIA on 17 October 2025 and the CSIR and SACNASP on 21 October 2025.

2. DEPARTMENT OF SCIENCE, TECHNOLOGY AND INNOVATION

The 2024/25 financial year marked the last year of the 2020-2025 strategic planning period. The Department's vision for 2020-2025 was that of "*Increased well-being and prosperity through STI*". Hence, the Department is responsible for developing, coordinating and managing the National System of Innovation (NSI) by providing policy leadership and creating an enabling environment for STI. To ensure that the NSI supports the government's efforts to reduce poverty, inequality and unemployment as envisioned by the National Development Plan (NDP) and the 2019 White Paper on STI, the Department framed its work around the following six Strategic Outcomes:

Outcome 1: Transformed, inclusive, responsive and coherent NSI.
Outcome 2: Human capabilities and skills for the economy and for development.
Outcome 3: Increase knowledge generation and innovation output.

Outcome 4: Knowledge utilisation for economic development in (a) revitalising existing industries and (b) stimulating research and development (R&D)-led industrial development.

Outcome 5: Knowledge utilisation for inclusive development.

Outcome 6: Innovation in support of a capable and development state.

2.1. DSTI 2020-2025 Strategic Plan End-Term Report

The Department's overall performance against its six Strategic Outcomes was 60%, having achieved 12 of the 20 performance targets. Key milestones included:

- Cabinet's approval of the 2022-2032 STI Decadal Plan and the hosting of three Inter-Ministerial Committees on STI and the first STI Presidential Plenary, which are new mechanisms for the integrated and shared coordination of and agenda-setting for STI.
- The approval of the Hydrogen Society Roadmap and the National Astro-Tourism Strategy.
- Supporting 23 (target was five) district/metropolitan municipalities with technology-based applications under the District Development Model (DDM).
- Facilitating the commercialisation of 286 grassroots innovations.
- Attracting R180.5 million (target was R100 million) to support the research, development and innovation (RDI) needs of the identified sector masterplans.

The challenges included:

- Gross Expenditure on R&D (GERD): The target of 1.1% of GDP was not met, with the actual estimate being 0.61%. This target is outside the control of the DSTI and influenced by economic constraints and limited private sector investment.
- Service Delivery Demonstrators: Only 118 demonstrators implemented (target: 420). Budget cuts were cited as the main reason for not achieving this target.
- Not meeting the targets for Women Researchers 48% (target was 49%), Black Researchers 64% (target was 67%) and PhD-qualified Staff in higher education and research institutions 53% (target was 60%). All these targets are outside the control of the

DSTI and dependent on the efforts and decisions of institutions and entities that employ researchers.

Between 2020 and 2025, the Department also undertook comprehensive reviews of its science councils and entities as part of its broader efforts to strengthen the NSI. Key actions that are underway to address the issues highlighted, include:

Institutional Realignment

- Discussions have begun on restructuring overlapping mandates, especially between the TIA and NRF.
- A task team was established to explore consolidation options, but no formal mergers have occurred yet.

Mandate Clarification

- Entities have begun aligning their strategic plans with the STI Decadal Plan.
- The HSRC and CSIR have updated their focus areas to better reflect national priorities like climate resilience and digital transformation.

Governance Strengthening

- New performance indicators and monitoring frameworks have been introduced.
- NACI has taken a more active role in oversight and coordination.

Infrastructure Investment

- Funding constraints have slowed large-scale infrastructure upgrades. However, targeted investments have been made in digital labs, space science infrastructure and biotech platforms.

Collaboration Enhancement

- Cross-entity projects have increased, especially in health innovation and hydrogen economy initiatives.
- Partnerships with universities and industry have expanded, supported by the Municipal Innovation Fund and DDM.

Inclusive Innovation

- Significant funding was allocated to support women-led Small, Medium and Micro Enterprises (SMMEs) in the hydrogen economy.
- Youth Innovation Hubs and Indigenous Knowledge Systems (IKS) have received increased attention.

Overall, significant budget limitations slowed progress; legislative changes needed to formalize restructuring are still pending and monitoring systems are still being refined to track long-term impact.

2.2. DSTI 2024/25 Annual Report

2.2.1. 2024/25 Budget, Expenditure and Performance

The Department's final 2024/25 budget allocation was R9.4 billion, which had decreased by R1.1 billion from R10.6 billion in the 2023/24 financial year and then a further R27.4 million during the 2024 Medium-Term Budget Policy Statement (MTBPS) and the Adjusted Estimates of National Expenditure (AENE). The decrease was mainly because no additional allocations for the Square Kilometre Array (SKA) radio telescope and the Space Infrastructure Hub (SIH) were made in 2024/25, as had happened in the 2022/23 and 2023/24 financial years.

The Department spent R9.1 billion, resulting in a spending rate of 96.1% and unspent funds totalling R368.4 million, primarily due to delays in transferring funds for the SIH pending the finalisation of agreements. No new irregular expenditure was incurred. The closing balance of R861 000 relate to cases from previous financial years that are still being resolved. Zero fruitless and wasteful expenditure was recorded for the year. Virements totalling R156 million were made to cover projected overspending on compensation of employees and shortfalls on key projects like the SKA. In relation to procurement, the Department paid 99.8% of its invoices within 30 days.

The AGSA did not identify any material findings on the financial statements or material non-compliance with selected legislative requirements, earning the Department its 6th consecutive clean audit.

During 2024/25, the 7th administration took office and announced new priorities aligned with the Medium-Term Development Plan (MTDP). Considering this shift, the Department of Planning, Monitoring and Evaluation (DPME) issued a directive requiring all departments to revise their existing commitments in their 2024/25 Annual Performance Plans (APPs). This directive necessitated a realignment of strategic goals and performance indicators to ensure coherence with the new administration's vision and priorities. With this revision, the Department had 68 annual performance indicators.

The Department achieved 58 (85%) of the 68 annual performance indicators and while the overall expenditure rate of 96.1% is high, its translation into performance varies across the Department's five programmes (Table 1). Some of the key strategic achievements included:

Frontier Science: Milestones such as the launch of the PRime-focus Infrared Microlensing Experiment (PRIME) Telescope in Sutherland and the assembly of the first SKA-Mid dish reaffirmed South Africa's global standing in astronomy.

Economic Development: The establishment of a R1.3 billion Small and Medium Enterprise (SME) Venture Capital Fund of Funds, with a R250 million DSTI contribution, aims to leverage private capital for technology enterprises.

Inclusive Development: The expansion of grassroots innovation programmes and the launch of the Municipal Innovation Fund, which are geared toward creating opportunities for historically excluded communities.

The areas of underperformance included:

Programme 1: Administration - Failed to meet targets for filling funded positions (achieved 78% against a 90% target), hosting the annual Inter-Ministerial Committee (IMC) on STI and securing Ministerial approval for all public entity strategic plans by the deadline. These failures are attributed to budget constraints, delays in concurrence by the Department of Public Service and Administration (DPSA) and the late approval of the MTDP.

Programme 4: Research, Development and Support - Underachieved on key infrastructure and human capital targets, where two of nine planned L-band receivers were installed on the

MeerKAT extension, and six of nine antennas were installed, due to visa challenges for technicians and on-site issues. Seven hundred and fifteen (715) of the 750 planned placements of graduates in work preparation programmes were achieved due to delays in publishing the call for the new cohort. The revised Palaeosciences Strategy was not approved due to delays in stakeholder engagement with other government departments.

Programme 5: Socio-economic Innovation Partnerships - The close-out report on the Water and Waste RDI Roadmaps was not approved on time due to challenges with the CSIR's financial reporting system.

Table 1: DSTI 2024/25 Programme Expenditure and Performance

Programme	Final appropriation (R'000)	Actual expenditure (R'000)	Expenditure rate	Achievement rate	Analysis
1: Administration	411 066	398 510	96.9%	3 of 6 (50%)	**High spending, average achievement**. Indicates administrative and governance challenges impacting the core functioning of the Department.
2: Technology Innovation	1 895 799	1 553 287	81.9%	15 of 15 (100%)	**Under-spending with full target achievement.** The underexpenditure is due to the non-transfer of SIH funds,

Programme	Final appropriation (R'000)	Actual expenditure (R'000)	Expenditure rate	Achievement rate	Analysis
					which did not affect the year's targets. The programme itself performed well.
3: International Cooperation and Resources	142 075	138 658	97.6%	9 of 9 (100%)	**Strong performance.** High expenditure is matched by full achievement of targets, indicating effective programme management.
4: Research, Development and Support	5 366 978	5 363 651	99.9%	11 of 16 (69%)	**Noticeable mismatch.** Near-full budget expenditure, which contrasts with under-achievement on key infrastructure and human capital targets.

Programme	Final appropriation (R'000)	Actual expenditure (R'000)	Expenditure rate	Achievement rate	Analysis
5: Socio-economic Innovation Partnerships	1 625 226	1 618 600	99.6%	20 of 22 (91%)	**Good performance.** High expenditure, which is aligned with a high rate of target achievement.
Overall	**9 441 144**	**9 072 706**	**96.1%**	**85% (58 of 68 targets achieved)**	

2.2.2. DSTI Identified Challenges and Future Outlook

Challenges:

- **Budget Constraints:** Limited financial resources directly affected the Department's ability to fund large-scale, long-term research infrastructure projects and limited the number of researchers and students supported, thereby constraining the growth of the NSI.
- **Administrative Delays:** Some governance processes and policy implementations experienced delays, affecting programme delivery.
- **Capacity Gaps:** Insufficient staffing, as a direct result of limited funding, leading to restricted operational efficiency.
- **Integration of Indigenous Knowledge:** Challenges persisted in documenting, validating and mainstreaming Indigenous Knowledge (IK) into formal systems.
- **Monitoring and Evaluation:** A need for more robust M&E frameworks was identified.
- **Inter-departmental Coordination and Implementation Delays:** the Annual Report highlighted multiple instances where progress was stalled due to dependencies on external actors, including other government departments and international partners. For example: the annual IMC on STI was not hosted, which is a key mechanism for cross-government coordination. The installation of critical SKA-Mid infrastructure was delayed

due to visa application challenges for foreign technicians, pointing to a lack of synergy with the Department of Home Affairs. The finalization of the revised Palaeosciences Strategy was stalled because it required engagement with a forum under the Department of Sports, Arts and Culture.

- Impact: These coordination issues create significant delays in flagship scientific and policy initiatives, undermining strategic objectives and potentially leading to inefficient use of allocated funds.

Future Strategic Priorities:

- Securing additional resources and expanding collaboration with industry and international partners.
- Leveraging digital technologies for research and data sharing.
- Ensuring STI benefits reach marginalized communities.
- Strengthening internal governance and oversight mechanisms.
- Accelerating the commercialization of research into market-ready products.
- Continuing to invest in skills development and capacity building.

2.3. DSTI 2025/26 First Quarter Performance and Expenditure

For the first quarter of 2025/26, the Department spent R1.6 billion of its R9.06 billion budget, underspending by R139 million. The slower than projected spending was due to the correction of a transactional system error and the payment of the HSRC's parliamentary grant under the wrong programme. The Department had 36 targets for the quarter and achieved 81% (29 targets) and did not achieve 19% (7 targets). The performance across its five programmes was as follows:

- Programme 1: Administration: 75% (3 of 4) of targets achieved.
- Programme 2: Technology Innovation: 100% (1 target) of targets achieved.
- Programme 3: International Cooperation and Resources: 63% (5 of 8) of targets achieved.
- Programme 4: Research, Development and Support: 92% (11 of 12) of targets achieved.
- Programme 5: Socio-economic Innovation Partnerships: 82% (9 of 11) of targets achieved.

Notable performance for the first quarter included:

- As part of implementing the STI Public Budget Coordination Project Plan, the Department facilitated the incorporation of STI priorities into the Gauteng and Western Cape Provincial Government planning instruments.
- Support was provided to several small and medium bio-enterprises, including Recobre (Pty) Ltd for developing biocatalysis technology, Stilhoek Boerdery (Pty) Ltd for enhancing fruit growth, and Boom Organix (Pty) Ltd for biogas and biofertilizer co-production.
- The DSTI-Nelson Mandela University Nanomedicine Platform acquired a new Maestro Z impedance instrument to enhance research capabilities.
- Key international engagements included a visit to China to strengthen STI cooperation, hosting the G20 Research and Innovation Working Group and participating in BRICS STI meetings.
- **S**ignificantly overachieved on its human capital development targets, supporting 1 333 PhD students (target: 900), 2 877 pipeline postgraduate students (target: 1 800) and 733 graduates in work preparation programmes (target 300).
- The National Astro-Tourism Strategy was officially gazetted on 23 May 2025, and an implementation workshop was held.
- South Africa's MeerKAT radio telescope successfully participated in its first observation with the European Very Long Baseline Interferometry Network (EVN), enhancing global radio astronomy collaboration.

Key strategic targets that were missed included:

- The incorporation of the STI Decadal Plan priorities into national planning and budgeting frameworks was not fully implemented. The delay was attributed to the DPME’s processes.
- The target for providing technological support to SMMEs was missed by over 40% (eight supported versus a target of 14).
- Under Programme 3, anticipated international initiatives were not realised and a policy adoption was delayed due to the need for expanded approval and consultations.

3. ENTITIES OF THE DEPARTMENT OF SCIENCE, TECHNOLOGY AND INNOVATION

The Department's entities are funded through an annual baseline allocation also known as the parliamentary grant; specific project and/or contract funds; income that is generated from research and commissioned projects; or from income that is generated from royalty, publishing, membership, registration and/or facility fees. The parliamentary grant is the guaranteed, annual allocation from the Department to its entities. The exceptions to this are the National Advisory Council on Innovation (NACI), which is administered under the Department's Programme 1, and SACNASP, which is funded from the annual membership fees it collects from registered natural scientists. The Department does award SACNASP project funds to help implement its mentoring and professional development programmes.

Table 2 provides an overview of the entities' income, performance and financial management for the 2024/25 financial year. Except for TIA, all the entities were awarded clean audit opinions. The AGSA stated that the DSTI, ASSAf, CSIR, HSRC, NRF and SANSA were able to maintain a sound control environment that positively impacted their ability to continue producing good quality financial statements and performance reports. The AGSA stated that for TIA, material misstatements were identified in the financial statements, which constituted non-compliance with section 55(1)(b) of the Public Finance Management Act (PFMA). In addition, the AGSA could not obtain sufficient appropriate audit evidence that disciplinary steps were taken against officials who had incurred irregular expenditure as required by section 51(1)(e)(iii) of the PFMA. Therefore, material adjustments were needed during the audit process, which was an indication of internal control deficiencies in the processing and review of financial information. There was also a lack of monitoring of the entity's compliance with laws and regulations in relation to the irregular expenditure that was incurred. The AGSA recommended that TIA's management should implement a thorough review process for the financial statements to improve the credibility of the entity's financial reporting. Furthermore, TIA's management should review and monitor compliance with regulations and ensure that the entity complies with all the relevant regulations and that proper consequence management is implemented against those who incur irregular expenditure.

Although not material, for the entities that incurred irregular and/or fruitless and wasteful expenditure, the AGSA found that the most common areas of non-compliance was under procurement and contact management, and effecting consequences.

The liquidity ratio of all the entities remains satisfactory, despite continued financial constraints and the significantly inadequate, and declining in real terms, parliamentary grant. The CSIR recorded a net profit of R40.6 million, outperforming a projected loss of R67.6 million, which was achieved through improved financial management and robust income generation from contracts, despite a reduction in the parliamentary grant. The CSIR also maintained its Level 1 Broad-Based Black Economic Empowerment (B-BBEE) rating and is the only state-owned-entity (SOE) to do so.

Key strategic achievements for selected entities included:

- ASSAf published two consensus studies (Achieving Good Governance and Management in the South African Health System, and The State of Laboratory Biosafety and Biosecurity in the SADC Region) and several proceedings and reports geared to informing policy.
- CSIR contributed to South Africa's re-industrialisation goals with a 17% increase in joint technology development agreements with industry and an 11% increase in localised technologies. Key projects involved developing advanced laser systems for De Beers, creating novel biocomposite materials for local manufacturers and supporting SMMEs in the cannabis sector to develop commercial products. The CSIR enhanced its collaboration with the public sector, achieving a 22% increase in projects implemented for government and SOEs. Notable contributions include accurately forecasting the 2024 National Elections, providing critical durability testing for Eskom's Koeberg Nuclear Power Station, developing advanced surveillance radar for national security and creating tools to advance the green hydrogen economy.
- HSRC produced over 100 publications and led strategic research projects on R&D funding models for reindustrialisation; Social cohesion, democracy, and governance; Education and early childhood development; Health and wellbeing systems; and Technology and innovation indicators.

- NRF exceeded its targets for the number of funded postgraduate students and researchers, funding 5 936 students (target: 5 579) and 3 212 researchers (target: 2 594). Most national research platforms demonstrated high operational availability. The MeerKAT telescope achieved 96.9% availability (target: 90%), and the Southern African Large Telescope (SALT) achieved its target of 94%.
- SACNASP exceeded its annual registration target, registering 3 141 new scientists against a goal of 2 800 and maintained an 84% retention rate of registered scientists, surpassing the 80% target.
- SANSA - The project to upgrade the Houwteq Satellite Assembly, Integration and Testing (AIT) Facility achieved 54% completion, exceeding its annual target of 50% and positioning it as a critical asset for the national satellite build programme. A landmark agreement was also signed with the United States of America (USA) National Aeronautics and Space Administration (NASA) to use the future Matjiesfontein Deep Space Facility.
- TIA exceeded its five-year target for commercialized innovations, achieving 308 against a target of 175. In 2024/25, 90 technologies were commercialized. Revenue from these innovations reached R31.2 million, surpassing the R15 million target. TIA provided science, engineering and technology (SET) support to 3 775 SMMEs and cooperatives, exceeding its target of 3 100.

Table 2: 2024/25 Revenue, Performance and Audit Outcomes of the Science, Technology and Innovation Entities

Entity	Parliament grant (R'000)	Total revenue (R'000)	Performance	Audit outcome	Irregular expenditure (R'000)	Fruitless and wasteful expenditure (R'000)
ASSAf	31 946	43 130	15 of 17 (88%)	Clean audit	Zero	Zero
CSIR	938 394	3 543 500	29 of 31 (94%)	Clean audit	5 661 (Procurement without obtaining	Zero

Entity	Parliament grant (R'000)	Total revenue (R'000)	Performance	Audit outcome	Irregular expenditure (R'000)	Fruitless and wasteful expenditure (R'000)
					prior supply chain and management approval)	
HSRC	300 635	562 959	21 of 21 (100%)	Clean audit	Zero	46 (Staff traffic fine administration fees. Recovered from staff concerned)
NRF	942 446	5 435 050	16 of 20 (80%)	Clean audit	7 415 (Evaluation criteria used to assess the bid differed from those specified in the tender documents)	Zero

Entity	Parliament grant (R'000)	Total revenue (R'000)	Performance	Audit outcome	Irregular expenditure (R'000)	Fruitless and wasteful expenditure (R'000)
SACNASP	**10 791†**	33 132	8 of 10 (80%)	Clean audit	Zero	Zero
SANSA	153 347	436 465	16 of 19 (84%)	Clean audit	Zero	Zero
TIA	432 715	735 789	15 of 19 (79%)	Unqualified with material findings. Findings: the financial statements were not fully prepared in accordance with the prescribed financial reporting framework. There were material misstatements of current assets, revenue and disclosure items. The	207 (Disaster recovery services were procured on a single source deviation. However, the External Auditor concluded that a competitive quotation process should have been followed)	Zero

Entity	Parliament grant (R'000)	Total revenue (R'000)	Performance	Audit outcome	Irregular expenditure (R'000)	Fruitless and wasteful expenditure (R'000)
				submitted financial statements needed to be corrected. The External Auditor could also not obtain sufficient and appropriate evidence that disciplinary steps were taken against officials who had incurred irregular expenditure		

†: **DSTI Project Income** for the Continuing Professional Development Programme, Development of Candidate Mentoring Phase, Information Technology Platform and SACNASP Regulations.

The key challenges affecting the performance, operations and sustainability of the entities included:

Within the current constrained economic environment, the main challenge for all the entities is the stagnant and/or declining value, in real terms, of the parliamentary grant. This grant supports the core legislated mandate of the entities and the development and maintenance of national capability in STI, which includes both skills and infrastructure. In the current, rapidly evolving technologically-enabled world, world class STI capability is of paramount importance if a country wants to transform and grow its economy, safeguard its sovereignty, elevate the lived reality of its citizens, deliver services to its citizens, protect its citizenry and resources, and access new opportunities stemming from the digital era. A stark reality is that the parliamentary grant does not even cover the salary bill of SANSA and the HSRC. In addition, the escalating cost of doing business is exacerbating the financial sustainability of the entities and reduces the money available for STI.

Secondly, the declining parliamentary grant makes the entities more reliant on sourcing contract funds, be it from national, regional and international sources/partners. This may erode the mandate of the entities, as focus is be diverted to answering questions, using the STI capability built through the parliamentary grant, for which the contract funds were allocated. Hence, if this STI capability is not maintained and advanced, the entities' ability to attract contract income is also adversely affected. The entities also use their available funds to leverage additional funds from partners. All the entities have demonstrated considerable effort to diversify their income streams. When budgets are cut, the ability to leverage additional funds is further reduced. In addition, current geopolitical tensions have keenly emphasised the need for nations to be self-sufficient/sustainable to ensure that sovereign capabilities are not adversely affected by changes in foreign policy.

Another factor affecting the ability of the entities to source contract funding is the requirement of the PFMA for the state to source needed services / expertise via open tender processes. This requires that the entities who are funded from the fiscus to develop capability that serves the national interest, compete with the private sector to render services to the state. Attempts to get the National Treasury to exempt entities, in instances that speak to their specific capability/expertise, from the requirement to tender have not been granted.

The challenge around the continued development, maintenance and improvement of STI capability in the form of research, development and innovation (RDI) infrastructure is another concern exacerbated by inadequate STI investment. These infrastructures serve many purposes. The infrastructures enable world class R&D, attract needed STI skills, facilitate foreign investment, support the training of the next generation of STI skills and capabilities, and are used to engage the public to foster interest in and understanding of science. It also supports the commercialisation of the intellectual property (IP) generated through publicly funded R&D. However, these benefits are only realised if these infrastructures are adequately and sustainably financed, over the long-term, and implemented at the required scale. A key concern for the entities, is that, when possible, capital funding is made available for the establishment of new infrastructures. However, once these infrastructures are established, continued and optimal operational funding becomes the concern.

The entities invest in the development of professional and high-level STI skills and offer development opportunities to address the systemic challenges around scarce STI skills and the transformation of the STI workforce. However, because the STI system is small and the funding is inadequate, the researcher cohort cannot be expanded as and when needed, the pace of transformation remains slow, and not all who benefit from the development opportunities can be employed. Furthermore, due to the scarcity of and demand for high-level skills in the country, the science system must compete with industry for these skills and cannot often match the remuneration and employee benefits offered by industry, both nationally and internationally.

Another key concern remains the limited uptake of the STI evidence produced by the NSI, and the weak integration and coordination of STI across the policies and actionable plans of government. It is hoped that the STI governance and coordination structures proposed by the 2019 White Paper on STI will enable South Africa's policy choice of investing 1.5% of GDP in R&D and secure the intended impact from its investment in STI as envisioned by the NDP.

4. COMMITTEE OBSERVATIONS AND RECOMMENDATIONS

Science, technology and innovation is the foundation on which nations develop and progress, and countries that realise the importance of R&D, invest in it appropriately. Hence, the NDP positions STI at the centre of South Africa's development agenda, especially in the current

digital era that is changing the way we live and work. To ensure that STI supports the socioeconomic goals outlined in the NDP, South Africa took a policy decision to ramp up its investment in R&D so that by 2024, gross expenditure on R&D (GERD) as a percentage of GDP reached 1.1% and by 2030, reached 1.5%. Before the NDP, the target was to have 1% of GDP spent on R&D by 2008. The current estimate (2022/23) is 0.61%.

The Department, its entities and the NSI remain significantly underfunded. This has limited the scope and impact of many of the initiatives aimed at increasing the size, coherence and effectiveness of the NSI, as required by the NDP, as well as efforts to ensure greater inclusivity, representation and higher rates of transformation, since the scale of these initiatives are defined by the available budget and not by the need it seeks to address. The sub-optimal level of funding for all entities has also compromised the full implementation of mandates and created capacity challenges as high-level skills seek better/more secure employment elsewhere. The Committee remains keenly aware of the following key challenges / risks in relation to the STI portfolio (Table 3):

Table 3: Key challenges / risks for the STI Portfolio

DSTI	ASSAf	CSIR	HSRC	NRF	SACNASP	SANSA	TIA
Budget constraints: Limited financial resources directly affect the Department's ability to fund large-scale, long-	Financial sustainability: Limits programme expansion.	Declining parliamentary grant: This directly impacts the CSIR's ability to invest in critical infrastructure,	Financial sustainability: Declining baseline funding and the overreliance on foreign grants (especially	Financial sustainability: The NRF faces significant financial pressure from reduced public	Inefficient registration processes and long turnaround times: Manual processes are leading to	Financial sustainability: The current parliamentary grant does not even cover SANSA's salary bill.	Executive leadership instability: TIA has had, over the last eight years, four CEOs, five Board Chairpersons and incomplete Board membersh

DSTI	ASSAf	CSIR	HSRC	NRF	SACN ASP	SANSA	TIA
term research infrastructure projects and limits the number of researchers and students it can support, thereby constraining the growth of the NSI.		adopt new technologies, advance certain R&D initiatives and mitigate other operational risks.	USA-based).	funding and a diminishing international development funding outlook.	backlogs and dissatisfaction among applicants.	SANSA is only surviving due to the revenue generated by its divisions.	ip, and three institutional reviews.
Capacity constraints: Insufficient staffing, as a direct result of limited funding,	Transformation and representation.	Scarcity of critical SET skills: The CSIR faces difficulty in attracting	Human recourses constraints: Budget limitations hinder ability to attract	Attracting and retaining skilled professionals: The NRF struggles to	Financial sustainability and bad debts: Outstanding debt poses a signific	High vacancy rates in critical technical programmes: SANSA is facing critical	Operational inefficiencies: TIA struggles with the efficiency of its investment processes, consistentl

DSTI	ASSAf	CSIR	HSRC	NRF	SACN ASP	SANSA	TIA
leading to limited operational efficiency.		and retaining key scientific, engineering and technology skill sets. This scarcity hampers the execution of contract work and limits the CSIR's capacity to deliver on certain capabilities.	top researchers and technical experts.	compete with the private sector for skilled professionals in critical fields such as software development, data science, nuclear science, and engineering. The inability to offer competitive remuneration remains a	ant financial risk, with a total of R24.8 million outstanding, of which R9.1 million is overdue for more than 120 days. In 2024/25, bad debts amounting to R2.3 million were written off.	skills shortages in key areas. The Space Engineering programme has a 74% vacancy rate, and the Earth Observation programme has a 45% vacancy rate. These severe staff shortages directly impact SANSA's	y failing to meet its own turnaround time targets for funding applications.

DSTI	ASSAf	CSIR	HSRC	NRF	SACNASP	SANSA	TIA
				persistent barrier to attracting and retaining top talent, with many staff leaving for better career opportunities and pay.		capacity to execute complex engineering projects like EOSat-1 and develop the data products required by government.	
Monitoring and evaluation: More robust frameworks are needed.	Policy uptake: Limited translation of consensus studies into actionable policy.	Public sector procurement constraints: The reluctance of some state institutions to	Infrastructure and operational costs: Cost pressures from office leases and	Ageing and unreliable research infrastructure: Ageing infrastructure, particularly the	Human resources and organisational structure: SACNASP faces critical capacity constrai	Ineffective procurement and project management for infrastructure: The consiste	Financial constraints and programme impact: Budgetary constraints have negatively affected key programm

DSTI	ASSAf	CSIR	HSRC	NRF	SACN ASP	SANSA	TIA
		implement National Treasury guidelines on procurement creates delays in contracting and collaboration, affecting the timely commencement of projects.	digital transformation needs. Cybersecurity is a strategic risk	200 MeV Separated Sector Cyclotron (SSC) at iThemba LABS, suffers from frequent unplanned breakdowns due to a maintenance backlog, exacerbated by loadshedding. This directly resulted	nts, including an organisational structure that is not "fit-for-purpose", high staff turnover and difficulty attracting and retaining skilled personnel due to uncompetitive remuneration.	nt delays and capital underspending point to a systemic weakness in managing large, complex procurement and construction projects. These issues impede SANSA from building the core infrastructure needed to fulfil	es, most notably the Technology Stations Programme (TSP).
Inter-departmental coordina	Membership diversity: Overrepresentation of	External economic and geopoliti	Ethics and research governa		Legislative delays with the		Licensing / Assignment of

DSTI	ASSAf	CSIR	HSRC	NRF	SACNASP	SANSA	TIA
tion and impleme ntation delays: There are multiple instances where progress was stalled due to depende ncies on external actors.	historically advantaged universitie s and disciplines.	cal factors: Limited private sector investme nt in R&D, low national economi c growth and potential US funding cuts present risks to the CSIR's ability to grow non-public sector income.	nce: Need for continuo us training and compli ance with global ethics standard s.	in the failure to meet the producti on target for life-saving medical radioiso topes, impacti ng healthca re delivery .	Natural Scientifi c Professi ons (NSP) Amend ment Bill: The current Natural Scientifi c Professi ons Act of 2003 requires updatin g to strength en SACNA SP's regulato ry mandate and align it with the contem	its mandate and support the national space industry.	Intellectua l Property (IP): A major challenge remains TIA's performan ce against its target for technologi es licensed or assigned. This has been a challengin g target to meet over the years, since the decision to license, assign or sell IP is beyond the TIA's control.
	Awareness of ASSAf						Vacancies: TIA

DSTI	ASSAf	CSIR	HSRC	NRF	SACN ASP	SANSA	TIA
	research: Underutilisation of evidence-based reports by policymakers.				porary legislative environment.		struggles with a high vacancy rate, especially at top management level, with 4 of the 7 posts vacant, including that of the CEO, and in its commercialisation division, with 10 of the 24 posts being vacant.

Notwithstanding the challenges and the reported areas of underperformance, the Committee was impressed with and inspired by the volume and quality of work undertaken by the Department and the entities and commended their efforts. The Committee expressed that the work undertaken clearly and substantively sought to address the country's challenges, and that the Department and its entities embodied world-class STI capability. Furthermore, the Department and the entities ensured that the portfolio of programmes and initiatives were inclusive and representative, especially of marginalised groups.

The Committee also stated that the current record of good corporate governance and financial management must be maintained, and where necessary, improved. The AGSA's overall assessment of the STI portfolio states that:

- Internal audit within the portfolio played a key role in providing assurance on the effectiveness of internal controls, particularly in financial and performance reporting and compliance, including supply chain management. In line with auditing standards, we leveraged internal audit's work for external audit purposes, using their findings to inform risk identification and to adjust the nature, timing, and extent of our audit procedures, thereby enhancing audit efficiency and effectiveness.
- Audit committees within the portfolio exercised effective oversight over the internal control environment, including financial and performance reporting, as well as compliance with legislation. The committees' active engagement and guidance positively reinforced accountability and strengthened the integrity of the overall governance framework.
- The STI portfolio has a strong institutional capability, supported by skilled personnel, robust governance, and effective internal controls. Functional audit committees and internal audit units reinforce oversight and accountability.

The Committee extends its appreciation to the Department, entities and the AGSA for their unwavering commitment to excellence and to ensuring that South Africa derives the best possible outcomes from its investment in STI. It also acknowledged that despite the Director-General post being vacant during 2024/25, with the Deputy Directors-General taking turns to assume the responsibilities of the role, the Department maintained its record of good governance and financial management.

Having considered the performance of the Department and the entities and the significant issues that were raised, the Committee's observations and recommendations focus on the key areas that require further attention.

4.1. Department of Science, Technology and Innovation

Observations	Recommendations
The Committee: 4.1.1. Reiterated its concern that GERD continues to remain low at 0.61% of GDP and that the delays in the implementation of the STI Budget Coordination Framework exacerbate an already dire situation.	The Committee recommends that: a) The Minister and the Department should continue their efforts with National Treasury and the DPME to encourage government to provide an enabling environment for R&D investment and prioritise the implementation of the STI Budget Coordination Mechanism. b) The Department should continue to implement the R&D Tax Incentive Programme and pursue increased investment from and collaboration with the private sector for STI.
4.1.2. Acknowledged that the Department had achieved 85% of their 2024/25 targets, spent 96% of the total budget and achieved another clean audit, which was commendable. However, the Committee expressed concern around the apparent mismatch between the Department's expenditure rate and performance, especially in Programme 1: Administration and Programme 4: Research, Development and Support.	a) The Department should scrutinise the mismatch between expenditure and performance and institute measures to prevent this from happening in the future. b) The Department should strengthen its monitoring and oversight of Programme 4 and institute consequence management if needed.
4.1.3. Noted the reasons provided for the performance targets that were not achieved and why the full budget could not be spent, as well as the	

Observations		Recommendations
	Department's plans to remedy the shortcomings. However, the Committee concurred with the AGSA, especially in relation to Programme 4: Research, Development and Support, that the targets that were not achieved negatively affect the Department's contribution to human capital and economic development.	
4.1.4.	Noted that the key reason for the underspending of transfers and subsidies in relation to the Space Infrastructure Hub budget facility was due to SANSA not being able to spend the previous funds because of procurement delays. The Committee noted that the Department had applied for a roll-over of these funds from the National Treasury.	
4.1.5.	Reiterated its concern around the public procurement regulations that hamper the entities from contracting with the state. This is a long-standing issue that must be discussed and dealt with.	a) The Minister and the Department should engage with National Treasury to find a solution that serves the best interests of all role players.
4.1.6.	Noted that inter-governmental collaboration around the cross-cutting nature of STI continues to be a challenge.	a) The Committee will continue to engage and collaborate jointly with parliamentary committees on issues of common interest and importance.

Observations	Recommendations
	b) The Committee will schedule a joint meeting with the Portfolio Committee on Cooperative Governance and Traditional Affairs to promote the research and technology solutions offered by the Department under the District Development Model that can contribute to effective service delivery.
4.1.7. Expressed its dissatisfaction that the target for women and black researchers in South Africa's research workforce was not achieved and that the rate of transformation remains slow.	
4.1.8. Noted the high vacancy rate and that identified posts could not be filled due to the moratorium on the salary budget. The Committee expressed concern as to the impact of the vacancies on the strategic operations of the Department.	
4.1.9. Noted the revision of the Palaeosciences Strategy to align it with the STI Decadal Plan priorities.	a) The Committee will schedule a briefing on the revised Palaeosciences Strategy once it has been finalised.
4.1.10. Noted that the close-out report on the implementation of the Waste RDI Roadmap was not finalised as per the intended target date.	a) The Committee will schedule a briefing on the close-out report on the implementation of the Waste RDI Roadmap once it has been finalised.

4.2. Entities

Observations	Recommendations
Academy of Science of South Africa	
4.2.1. Commended ASSAf on its performance and clean audit.	a) ASSAf should maintain its audit status and ensure that all necessary measures are implemented to maintain its internal control environment.
4.2.2. Noted the budget constraints and that ASSAf raised 26% of its 2024/25 revenue.	a) ASSAf should continue its efforts to further diversify its revenue streams.
4.2.3. Noted the challenge of the limited translation of consensus studies into actionable policy and the underutilisation of evidence-based reports by policymakers.	a) ASSAf should enhance its collaboration and science engagement programmes, particularly with government, to increase the awareness of its studies.
4.2.4. Noted the slow pace of transformation of ASSAf's membership, especially the overrepresentation of historically advantaged universities and disciplines.	a) ASSAf should enhance its programmes that seek to transform its membership, increase the participation of historically disadvantaged institutions and diversify the disciplines represented.
Council for Scientific and Industrial Research	
4.2.5. Commended the CSIR on its performance and clean audit. However, the Committee noted that the CSIR had incurred irregular expenditure.	a) The CSIR should maintain its audit status and ensure that all necessary measures are implemented to improve its internal control environment and prevent future irregular expenditure.
4.2.6. Noted that the President has asked that the CSIR brief Cabinet on its STI capability and infrastructure.	
4.2.7. Noted the continued challenges around contracting with the public	a) The Minister and the Department should engage with National Treasury to find a

Observations	Recommendations
sector due to the prescripts around public procurement.	solution that serves the best interests of all role players.
4.2.8. Noted the decline of the parliamentary grant as a major risk and the impact this has on the CSIR's ability to invest in critical infrastructure, adopt new technologies, advance certain R&D initiatives and mitigate other operational risks.	a) The CSIR should continue its efforts to further diversify its revenue streams.
4.2.9. Noted the CSIR's challenges relating to skills and capability requirements that are in short supply in the market, and how this negatively impacts the business.	
Human Sciences Research Council	
4.2.10. Commended the HSRC for their clean audit and that all their performance targets were achieved.	a) The HSRC should maintain its audit status and ensure that all necessary measures are implemented to maintain its internal control environment.
4.2.11. Noted that the HSRC's revenue has remained stagnant.	a) The HSRC should continue its efforts to further diversify its revenue streams.
4.2.12. Cautioned the HSRC about its fruitless and wasteful expenditure.	a) The HSRC should implement all necessary steps to ensure that all monies are recovered from the staff responsible.
4.2.13. Expressed concern around the HSRC's vacancies and, given the financial challenges, the retention of the HSRC's current employees.	
4.2.14. Expressed concern around the level of uptake, by government, of the	a) The HSRC should enhance its collaboration and science engagement programmes, particularly with

Observations	Recommendations
HSRC's research to inform policy and programme development.	government, to increase the awareness of its research.
National Research Foundation	
4.2.15. Commended the NRF on its performance and clean audit. However, the Committee noted that the NRF had incurred irregular expenditure.	a) The NRF should maintain its audit status and ensure that all necessary measures are implemented to improve its internal control environment and prevent future irregular expenditure.
4.2.16. Noted the constrained funding environment and budget cuts and the impact of this on the NRF's ability to adequately support the human capacity development and infrastructure needs of the NSI.	a) The NRF should continue its efforts to further diversify its revenue streams. b) The Minister, the Department and the NRF should investigate whether the NRF could be funded from the Skills Development Levy to address the NRF's need for an annual budget that should be around R10 billion.
4.2.17. Noted the NRF's ageing research infrastructure and the reported maintenance backlog due to the entity's limited budget.	a) The Committee will schedule an oversight visit to iThemba Laboratory for Accelerator Based Sciences (LABS).
4.2.18. Noted that the number of NRF-funded postgraduate students and researchers was declining due to the entity's limited budget.	
South African Council for Natural Scientific Professions	
4.2.19. Commended SACNASP on its performance and clean audit.	a) SACNASP should maintain its audit status and ensure that all necessary measures are implemented to maintain its internal control environment.
4.2.20. Noted the increase in bad debt due to the non-payment of annual fees by registered scientists and the	a) SACNASP should enhance its bad debt recovery plan.

Observations	Recommendations
impact of this on SACNASP's financial sustainability.	
4.2.21. Noted the backlog in the processing of registration applications due to SACNASP's systems still being manual.	a) SACNASP should improve and digitise their application process to not only address the backlog but also to shorten the application and registration process.
4.2.22. Noted the vacancies and the challenges around retaining skilled staff due to limited funding, as well as the process to redesign SACNASP's organisation structure to address some of these concerns.	a) The Committee will schedule a briefing on SACNASP's organisational redesign once it has been finalised.
4.2.23. Noted that the Department has approved the Natural Scientific Professions Amendment Bill.	a) The Minister and the Department should inform the Committee when the Natural Scientific Professions Amendment Bill will be tabled in Parliament for its consideration and processing.
South African National Space Agency	
4.2.24. Commended SANSA on its performance and clean audit.	a) SANSA should maintain its audit status and ensure that all necessary measures are implemented to maintain its internal control environment.
4.2.25. Noted SANSA's significant budget limitations and the impact of this on SANSA's continued financial sustainability.	a) SANSA should continue its efforts to further diversify its revenue streams. b) The Minister, the Department and SANSA should continue to engage with National Treasury to find a lasting funding solution for the entity.
4.2.26. Noted the procurement and project management challenges that led to the underspending on the SIH budget facility.	a) SANSA should enhance its capacity to address the identified shortcomings around project management.

Observations	Recommendations
4.2.27. Noted the high number of vacancies in the Space Engineering and Earth Observation programmes due to limited funding and the scarcity of these skills in the market.	a) The Department should assist SANSA to address its capacity challenges.
4.2.28. Noted SANSA's ongoing partnership with Denel around the development of the EOSat-1 satellite. 4.2.29. Expressed concern around the potential financial and reputational risk this poses to SANSA.	a) SANSA should ensure proper due diligence is undertaken in all its dealings with Denel. b) The Committee will closely monitor the work undertaken through this partnership and will schedule regular briefings on this.
Technology Innovation Agency	
4.2.30. Commended TIA's performance but expressed concern that TIA was the only entity in the STI portfolio to not obtain a clean audit. 4.2.31. Noted that TIA had repeat audit findings on material non-compliance related to material adjustments to the submitted annual financial statements, as well as a new finding in that the Auditor could not obtain sufficient audit evidence that consequence management had been instituted against those responsible for incurring irregular expenditure.	a) TIA should take urgent steps to address all the findings of the Auditor and strengthen its internal control environment. b) TIA should take urgent steps to ensure that those responsible for incurring irregular expenditure are subjected to the necessary consequence management and that the required evidence to support this is made available to the Auditor. c) The Minister and the Department should strengthen its monitoring and oversight of TIA to ensure that all identified shortcomings are addressed.

Observations	Recommendations
4.2.32. Noted with concern TIA's executive leadership instability: TIA has had, over the last eight years, four CEOs (three in acting positions), five Board Chairpersons and incomplete Board membership, and three institutional reviews. 4.2.33. The CEO position has been vacant since June 2019.	a) The Minister and the Department should urgently capacitate the executive management structure of TIA.
4.2.34. Noted the new TIA 2.0 Strategy to addresses the challenges in the entity.	a) The Committee will schedule a briefing to monitor progress made in this regard, as well as with plans to address the identified shortcomings within the internal control environment.
4.2.35. Noted impact of the budget cut on the underperformance of the Technology Stations Programme that provides technological support to SMMEs.	
4.2.36. Noted the continued challenges around IP leakage and the reluctance of innovators to licence, assign or sell their IP. 4.2.37. Noted the establishment of the multi-institutional committee (TIA, DSTI and NIPMO) to better understand the issues, the extent of IP leakage and where the leakage is located.	a) The Committee will schedule a briefing on this issue.
General	
4.2.38. Noted with concern the performance targets that were not	a) The Minister and the Department should strengthen their monitoring and oversight

Observations	Recommendations
achieved, especially those related to skills development, transformation and inclusion, and the provision of technology services. Underperformance in these areas diminish the STI portfolio's contribution to human capital and economic development.	of the entities to ensure that all budgets are appropriately spent, performance targets are met and that accurate financial statements and performance reports are submitted to the Auditors.
4.2.39. Expressed concern around the financial constraints of the entities, the declining parliamentary grant, the increased cost of doing business, the impact of geopolitical tensions on STI funding, and the continuing difficulties around contracting with the public sector due to the prescripts around public procurement.	a) The Minister and the Department should continue their efforts with National Treasury to ensure government provides an enabling environment for R&D investment.
4.2.40. Enquired as to the impact of Artificial Intelligence on the entire research enterprise. In addition, the Committee asked what measures were being implemented to mitigate against data breaches and enhance the entities' cybersecurity infrastructure.	

The Economic Freedom Fighters and Umkhonto weSizwe have reserved their opinion on the Budgetary Review and Recommendation Report.

Report to be considered.

4. Report of the Portfolio Committee on Trade, Industry and Competition on the Agreement for the Establishment of the African Export-Import *Bank*, dated 7 October 2025

The Portfolio Committee on Trade, Industry and Competition, having considered the request for approval by Parliament on the *Agreement for the Establishment of the African Export-Import Bank*, recommends that the House, in terms of section 231 (2) of the Constitution, approve the said Agreement.

Report to be considered.

5. Budgetary Review and Recommendation Report of the Portfolio Committee on Trade, Industry and Competition, dated 4 November 2025

The Portfolio Committee on Trade, Industry and Competition, having assessed the service delivery performance of the Department of Trade, Industry and Competition (DTIC), against its mandate and allocated resources, namely the financial and non-financial resources for the period 1 April 2024 to 30 June 2025, reports as follows:

1. INTRODUCTION

The DTIC's mandate is to facilitate inclusive economic growth in the pursuit of job creation, poverty reduction, and economic and spatial equality, while ensuring a fair and balanced marketplace for consumers and businesses. Therefore, it remained focused on attracting and retaining investment; facilitating increased localisation; and increasing exports through the expansion of markets and diversification of South Africa's export basket, as well as supporting regional integration, particularly capitalising on opportunities offered by the African Continental Free Trade Area (AfCFTA) for the financial period under review.

The DTIC's allocated budget remained under pressure due to fiscal constraints and the slow economic recovery. Its allocated budget has decreased from R10,7 billion in the 2023/24 financial year to R9,67 billion in the 2024/25 financial year. This decrease was mainly due to ongoing austerity measures. For the 2024/25 financial year, the DTIC had achieved 67,9 per cent of its non-financial performance targets, had spent 98,9 per cent of its budget and had achieved a clean audit outcome.

In the 2025/26 financial year, the budget allocation has increased to R11,1 billion with quarterly expenditure of R2,5 billion by end of June 2025. This was 81,5 per cent of its projected quarterly expenditure. The DTIC had also achieved 80 per cent of its first quarter targets.

1.1. Mandate of the Committee

Section 5 of the Money Bills Amendment Procedure and Related Matters Act (Act No. 9 of 2009) requires the National Assembly, through its committees, to annually assess the performance of each national department over an 18-month period. A committee must submit a report of this assessment known as a Budgetary Review and Recommendation (BRR)

Report. The overarching purpose of the BRR Report is for the committee to make recommendations on the forward use of resources to address the implementation of policy priorities and services, as the relevant department may require additional, reduced or re-configured resources to achieve these priorities and services. This Act gives effect to Parliament's constitutional power to amend the budget in line with the fiscal framework. The BRR Report process enables the Committee to exercise its legislative responsibility to ensure that the DTIC, as well as its entities, are adequately funded to fulfil their respective mandates.

1.2. Purpose of the BRR Report

The purpose of this report is to analyse the annual financial and non-financial performance of the DTIC for the 2024/25 financial year, and for the first quarter of the 2025/26 financial year for the DTIC, against predetermined objectives to inform recommendations for its forward-looking budget. This report, therefore, assesses performance for the 2024/25 financial year, as well as the first three months of the 2025/26 financial year, namely from 1 April 2024 to 30 June 2025, within the context of the three-year Medium-Term Expenditure Framework.

1.3. Method

The Committee met with the Auditor-General of South Africa (AGSA) on 21 October 2025 to discuss the audit outcomes of the DTIC and the six entities it audited for the 2024/25 financial year. This was followed by a briefing from the DTIC on its 2024/25 annual report and on its financial and non-financial performance for the first quarter of the 2025/26 financial year.

1.4. Limitation of the report

The BRR Report is intended to cover an 18-month period including the previous financial year's annual report and the first six months (April to September) of the current financial year. Due to the timing of the BRR Report, the second quarter financial and non-financial information were not available. The key challenge was that the DTIC and its entities were still in the process of compiling the preliminary performance information, which must be submitted to the Department of Planning, Monitoring and Evaluation and the National Treasury by the end of October. The verified information would only be available in January of the following year. Therefore, the report has only captured performance up to the end of the first quarter of the 2025/26 financial year.

1.5. Outline of the contents of the report

This BRR Report consists of the introduction (Section 1) and eight sections. Section 1 briefly provides an overview of the mandate of the Committee, the purpose of this report, the method followed in preparing this report and the limitation of the report.

Section 2 provides a summary of the key financial and non-financial performance recommendations of the Committee as captured in its previous BRR Report. Section 3 sets out the key policy focus areas for the DTIC. This includes an overview of its strategic objectives and mandate. Section 4 provides an assessment of the DTIC's financial and non-financial performance against its budget allocation from 1 April 2024 to 31 March 2025, as well as its audit findings and human resource management, for the period ending 31 March 2025.

Section 5 considers the financial and non-financial performance of the DTIC for the period ending 30 June 2025. Then, section 6 outlines key issues raised by the Committee during its deliberations with the Department.

Section 7 provides the Committee's concluding remarks followed by a note of appreciation in Section 8.

2. SUMMARY OF PREVIOUS KEY FINANCIAL AND PERFORMANCE RECOMMENDATIONS OF THE COMMITTEE

2.1. 2024 BRR Report recommendation

The Committee recommended that the House requests that the Minister of Trade, Industry and Competition should consider:

- "*Engaging the Presidency to consider establishing an inter-Ministerial task team to address constraints faced by the manufacturing sector in relation to beneficiation and the exportation of value-added goods, particularly administered prices and inefficient transport logistics.*

- *Engaging with other relevant departments to develop a policy to promote and support the development of start-up businesses, particularly in relation to access to venture capital funding, intellectual property protection and visas for highly skilled workers.*"[1]

2.2. 2025 Budget Vote Report recommendation

The Committee recommended that the Minister of Trade, Industry and Competition should consider:

- "*Developing a mechanism to monitor the level of beneficiation in the country, in consultation with the Minister of Mineral and Petroleum Resources, and to report within six months of adoption of this report.*
- *Engaging the relevant Ministries, public entities and the private sector to develop mechanisms to bridge the gap to commercialise particularly state-funded innovations in support of industrialisation and to report on progress within six months of adoption of this report.*
- *Expediting the finalisation of amendments to the framework for Industrial Parks to improve their governance and economic viability and to report on progress within six months of adoption of this report.*
- *Expediting the finalisation of the implementation plan, financing mechanisms, governance structures and performance indicators of the Transformation Fund and report on progress within three months of adoption of this report.*"[2]

3. OVERVIEW OF THE KEY RELEVANT POLICY FOCUS AREAS

3.1. Strategic overview

The DTIC reported that while the Medium-Term Development Plan (MTDP) had not been finalised at the time of tabling its revised 2024/25 Annual Performance Plan (APP), it had amended its APP based on the three key strategic priorities for the Seventh Administration, the five pillars for the success of the MTDP and the Committee's concerns raised. The three key national strategic priorities being: (i) inclusive growth and job creation; (ii) reducing poverty and tackling the high cost of living; and (iii) building a capable, ethical and developmental state. The MTDP pillars for success are:

[1] Portfolio Committee on Trade, Industry and Competition (2024)

[2] Portfolio Committee on Trade, Industry and Competition (2025)

- **Structural Reforms**: (i) Stable Electricity Supply, (ii) Freight and Logistics Reforms, and (iii) Strengthen Local Government;
- **Induced Demand**: (i) Exports, (ii) Localisation, (iii) Stronger import controls, and (iv) Science, technology and innovation;
- **Transformation**: (i) small, medium and micro enterprise (SMME) growth, (ii) Black Industrialists, (iii) Youth Fund, and (iv) Skills Revolution;
- **Investment Stimulus**: (i) Ease of Doing Business, (ii) New mines, (iii) Incentives, and (iv) AfCFTA export opportunities; and
- **Catalytic Sectors**: (i) Agriculture, (ii) Mining, (iii) Manufacturing, (iv) Tourism, (v) Digital Services, and (vi) Green Industries.

While the DTIC retained the three outcomes introduced in the 2022/23 financial year, namely: (i) industrialisation to promote jobs and improve incomes; (ii) transformation, to build an inclusive economy; and (iii) a capable state to ensure improved impact of public policies, it removed the outcomes-approach that it had been piloting. However, it indicated that its economic strategy would consist of (i) diversification, (ii) digitalisation, and (iii) decarbonisation.

As part of the Economic Cluster, the DTIC Group would be contributing to the following in the 2024/25 financial year:

Table 1: DTIC Group Contributions to the Economic Cluster 2024/25 Goals

Core Outputs	Cluster 2024/25 APP Base Targets	DTIC Contribution	Entity Contribution	DTIC Group Contribution	DTIC Group Share of Cluster Targets
Jobs Created	800 000	34 000	201 328	235 328	29%
Investment	R600 billion	R355 billion	R53 billion	R408 billion	68%
SMMEs Supported	51 000	1 100	5 585	6 685	13%
Int. Tourist Arrival	3 million	0	206 779	206 779	7%
Work Experience	420 000	50 000	60 331	110 331	26%
Subsistence Farmers	88 200	0	2 358	2 358	2,6%
Transformation	50 Industrial Parks	12	R6,4 billion	12 Industrial Parks	24%
Exports	R200 billion	R9 billion	R22 billion	R31 billion	15%
Red Tape Reduction	N/A	117	23	140	N/A

Source: DTIC (2024b: 8)

The DTIC, as the lead department on economic development in South Africa, is the custodian of economic development policy formulation and planning.[3] The DTIC's mission is to work

[3] National Treasury (2024: 869)

with its entities to achieve inclusive economic growth by coordinating and enabling government-wide interventions to [4]:

- Promote structural transformation;
- Achieve stronger Industrialisation;
- Transformation in terms of skills for the economy and enterprise development;
- Increase trade, investment and exports; and
- Promote the ease of doing business.

The DTIC is responsible for administering 55 pieces of legislation; and overseeing 18 entities (see Figure 1 below) (excluding the Broad-Based Black Economic Empowerment Commission, which is an entity under the administration of the DTIC) that contribute towards fulfilling its mandate (see Figure 1 below). In addition to overseeing the DTIC, the Committee oversees these entities, as a number of its strategic objectives are implemented by them.

Figure 1: List of entities reporting to the DTIC

Development Finance Institutions	Regulatory Entities	Technical Infrastructure Institutions
• Export Credit Insurance Corporation of South Africa • National Empowerment Fund • Industrial Development Corporation	• Company and Intellectual Property Commission • Companies Tribunal • Competition Commission • Competition Tribunal • International Trade Administration Commission of South Africa • National Consumer Commission • National Credit Regulator • National Consumer Tribunal • National Gambling Board of South Africa • National Lotteries Commission • Takeover Regulation Panel	• National Metrology Institute of South Africa • National Regulator for Compulsory Specifications • South African Bureau of Standards • South African National Accreditation System

4. OVERVIEW AND ASSESSMENT OF THE FINANCIAL AND NON-FINANCIAL PERFORMANCE FOR THE PERIOD 1 APRIL 2024 TO 31 MARCH 2025

This section provides a comparison between what the DTIC targeted in its APP against its performance set out in the Annual Report for the 2024/25 financial year. It then provides an overview of the AGSA's audit outcomes and human resources as at 31 March 2025.

[4] DTIC (2025b:18)

4.1. Non-financial performance

The section below details the DTIC's performance by programme for the 2024/25 financial year against its targets as set out in its revised APP.

For the 2024/25 financial year, the DTIC had a total of 56 key performance indicators (KPIs) based on its revised 2024/25 APP tabled in November 2024[5]. Initially, the DTIC had 118 KPIs planned for the 2024/25 financial year[6]. The DTIC indicated that these amendments intended to pave the way for its new Strategic Plan and to set the DTIC's work on a new trajectory. In addition, it had reported that while a number of outcome targets had been removed or adjusted downwards, these were reallocated to the relevant entities as appropriate. Of the 56 targets, 38 had been achieved; hence, the DTIC had achieved 67,9 per cent of its targets compared to 83,9 per cent in the previous financial year.[7]

Table 2: Summary of 2024/25 KPIs per Programme

Programme		Performance targets	Achieved
1	Administration	6	1
2	Trade	7	6
3	Investment and Spatial Industrial Development	6	4
4	Sectors	11	10
5	Regulation	6	5
6	Incentives	5	4
7	Exports	4	2
8	Transformation and Competition	7	2
9	Research	4	4
	Total	**56**	**38**

Source: DTIC (2025b)

4.1.1 Programme 1: Administration[8]

The purpose of the Administration Programme is to provide strategic leadership, management and support services to the DTIC.[9] Under Programme 1, the DTIC had reported on six performance targets and its achievement in respect of these. It had only achieved one

[5] DTIC (2024b)

[6] DTIC (2024a)

[7] DTIC (2025b) and DTIC (2024b)

[8] DTIC (2025b:59-63)

[9] DTIC (2024b:36)

of these targets, namely: 40 per cent of the DTIC's procurement spend to be on women-owned business.

It had not achieved five of its targets, namely:

- The target for filling all of the advertised vacancies had not been achieved; however, by the end of the financial year, the DTIC had started the screening of potential candidates. It reported that the target had not been achieved because "*(t)here was a high volume of applications received, and the selection process took longer than anticipated*"[10].
- The target for 56 per cent of entities to obtain Clean Audit Outcomes had not been achieved. For the 2024/25 financial year, 50 per cent of the entities had received Clean Audit Outcomes. According to the DTIC, several reasons attributed to this, including: (i) ineffective controls in certain areas to ensure compliance with applicable legislation; (ii) financial statements submitted for auditing had not been fully prepared in accordance with the prescribed financial reporting framework; (iii) effective and appropriate steps had not been taken to prevent irregular expenditure; and (iv) inadequate oversight over the internal controls that ensure that the annual financial statements (AFS) submitted for audit had been prepared free from material misstatements as related parties.
- The target for entities to achieve 85 per cent (or more) of their planned targets had not been achieved. For the financial year, 47 per cent of the entities had achieved 85 per cent or more of their planned targets. This had been attributed to an overly ambitious upward revision of targets in the Revised APP targets, investigations that took longer than anticipated, and deals that look longer to close than anticipated.
- The procurement spent on youth-owned businesses had been at 24 per cent against a target of 30 per cent. It reported that this had been due to the low uptake by youth-owned businesses.
- The procurement spent on businesses owned by people with disabilities (PWDs) was at 1 per cent against a target of 2 per cent. It reported that this had been due to the low uptake of businesses owned by PWDs.

4.1.2 Programme 2: Trade[11]

Through Programme 2, the DTIC aims to "*build an equitable global trading system that facilitates development by strengthening trade and investment links with key economies and*

[10] DTIC (2025b:59)

[11] DTIC (2025b:75-78)

fostering African development, including regional and continental integration and development cooperation in line with the African Union Agenda 2063"[12].

Programme 2 had seven targets, and six of the targets had been achieved. The targets were as follows:

- Eleven countries have started trading under the AfCFTA.
- Two AfCFTA Protocols submitted for ratification approved, namely the Protocol on Competition Policy and the Protocol on Women and Youth. These have since been approved for ratification by Parliament.
- Approval of South Africa's offer on Trade in Services under the AfCFTA. According to the DTIC, South Africa's schedule of specific commitments on Trade in Services on the five priority sectors (namely Tourism, Communications, Financial, Transport and business services) had been submitted to and approved by Cabinet.
- The Draft International Trade Administration Amendment Bill had been submitted to the Executive Authority for consideration.
- Five Economic Interest Strategies and implementation plans had been developed for key trading partners.
- Two amendments to regulations to reduce red tape in the International Trade Administration Commission application process had been submitted to the Executive Authority for consideration. These had been the Antidumping Regulations and the Safeguards Regulations.

The target that had not been achieved was the publication of draft amendments to the Patents Act (No. 57 of 1978) and the Designs Act (No. 195 of 1993) for public comments. According to the DTIC, the Minister had requested further internal consultation before the Bills were published for comment.

4.1.3 Programme 3: Investment and Spatial Industrial Development[13]

This Programme supports foreign direct investment flows and promotes domestic investment by providing a one-stop shop for investment promotion, investor facilitation and aftercare support for investors as well as increased participation in industrialisation[14].

[12] DTIC (2024b:45)

[13] DTIC (2025b:89-90)

[14] DTIC (2024b:54)

Under this programme, there had been six planned targets for attracting investment, developing Special Economic Zones (SEZs) and Industrial Parks, implementing the Energy One-Stop Shop, and commercialising innovation projects. Of these, four targets had been achieved, and two had not been achieved. The following targets had been achieved:

- A new model for spatial transformation had been developed as planned.
- The target for three projects to be processed through the Energy One Stop Shop had been exceeded as the DTIC had processed nine projects.
- A total of 14 red tape reductions had been processed through the Energy One Stop Shop against a target of ten.
- A prototype for the commercialisation of innovation projects had been achieved as planned.

Targets that had not been achieved were:

- Only R310,1 billion of domestic and foreign direct investment had been attracted through greenfield and brownfield investments against a target of R330 billion.
- A total of 54 investor facilitation and red tape reduction interventions had been provided against a target of 100 interventions. The DTIC reported that the reason that this target had not been met was because of "*an increase in new applications being received due to perceived opportunities in the services sector and ZEP*[15] *holders applying for Business Visas*"[16].

4.1.4 Programme 4: Sectors[17]

The Sectors Programme is responsible for "*designing and implementing policies, strategies and programmes to strengthen the ability of manufacturing and other sectors of the economy, to create decent jobs, promote inclusion, and increase value addition and competitiveness, in both domestic and export markets*"[18].

Under this programme, there had been 11 performance targets relating to securing investment, job creation, manufacturing exports, and policy development. Of the

[15] Zimbabwean Exemption Permits

[16] DTIC (2025b:90)

[17] DTIC (2025b:108-113)

[18] DTIC (2024b:63)

performance targets, 10 targets had been achieved or exceeded, while one target had not been achieved. The key achievements had been:

- Investments to the value of R8 billion had been secured against a target of R5 billion. The DTIC had exceeded this target by R3 billion in secured investment.
- Localisation had been increased by the 20 per cent target for both public and private sectors through key sectoral interventions. The DTIC noted that its annual target had been achieved, but the actual percentage by which localisation increased had not been stated. This achievement had been attributed to "*(l)arge localisation value (approximately R5,2 billion) obtained through tenders awarded and verified by SABS (South African Bureau of Standards)*"[19].
- A total of 296 SMMEs had been provided with market access instruments against a target of 200 SMMEs.
- Manufacturing exports had exceeded the R3 billion target and had reached R7 billion by the end of the financial year. The DTIC noted that this had been due to "*larger than expected manufacturing export value obtained from boat building & sugar*"[20].

Other targets that had been achieved were the:

- Review of the Automotive Masterplan;
- Development of a draft National Industrial Policy;
- Approval of the Hemp and Cannabis Commercialisation Policy;
- Development of a draft Regional Critical Minerals Strategy and funding proposal in partnership with the Department of Mineral and Petroleum Resources;
- Finalisation of a decarbonisation strategy for the industry by Cabinet; and
- Establishment of a Decarbonisation Project Coordination Office.

However, the following target for the creation of 3 000 new jobs had not been achieved, only 1 047 new jobs had been created through the sectoral interventions.

4.1.5 Programme 5: Regulation[21]

[19] DTIC (2025b:109)

[20] DTIC (2025b:110)

[21] DTIC (2025b:120-122)

The purpose of the programme is to "*develop and implement coherent, predictable, and transparent regulatory solutions that facilitate easy access to redress and efficient regulation for economic citizens*"[22].

Of the six performance indicators under this programme, five had been achieved and one had not been achieved. The following targets had been achieved:

- The submission of two legal and technical reports into the amendment of the Companies Act (No. 71 of 2008) had been finalised.
- Two documents or notices for the Proclamation of the 2024 Companies Amendments Acts had been developed and submitted to the Executive Authority.
- Two codes on Consumer Goods and Services, and the Motor Industry had been developed and submitted to the Executive Authority for publication in the government gazette.
- Two action plans and actions taken on measures related to business rescue and reports had been developed and submitted to the Executive Authority for approval.
- The E-commerce strategy and action plan had been developed and submitted to the Executive Authority for approval.

The DTIC had planned to develop and submit two Draft Regulations to the Executive Authority for publication in the Government Gazette. However, only one Draft Regulations had been developed and submitted, as the draft Consumer Protection Amendment Regulations had yet to be finalised for gazetting.

4.1.6 Programme 6: Incentives[23]

Programme 6 is responsible for stimulating and facilitating the development of sustainable and competitive enterprises, through the efficient provision of effective and accessible incentive measures that support national priorities[24]. It is one of the key programmes with six performance indicators including the value of industrial financing, disbursement, services exports, and job creation.

The DTIC had achieved or exceeded its main targets under this programme, in particular:

[22] DTIC (2024b: 75)

[23] DTIC (2025b: 130-131)

[24] DTIC (2024b: 84)

- Almost R13,2 billion in investments had been facilitated through industrial financing against a target of R13 billion.
- More than R11,0 billion of export revenue of Global Business Services had been leveraged against a target of R5 billion, more than double the target.
- Almost R4,1 billion in incentives had been disbursed to projects/enterprises against a target of R4,0 billion.
- A total of 11 656 new jobs had been created against a target of 6 000 new jobs.

However, in terms of the implementation of an integrated Industrial Financing single-access, only phase 1 had been implemented. There had been insufficient time for implementation since the targets had been introduced in November 2024 through the revisions to the APP.

4.1.7 Programme 7: Exports[25]

The purpose of this Programme is to "*increase export capacity and support direct investment flows, through targeted strategies, and an effectively managed network of foreign trade and investment offices*" [26].

Under this programme, there had been four performance targets, two of which had been achieved. Targets that had been achieved were:

- There had been South African outward investment of R31,2 billion in the rest of Africa against a target of R25 billion.
- Exports to the rest of the world to the value of R905,5 million had been funded through the Export Marketing and Investment Assistance (EMIA) Scheme against a target of R850 million.

Targets that had not been achieved were:

- The approval of an additional Trade Finance Mechanism by Cabinet had not been approved. The Cabinet Memo outlining the additional trade finance mechanism, namely the African Export-Import Bank had been submitted to Cabinet but had not been considered within the financial year. Further consultations with National Treasury had been undertaken before re-submission to Cabinet processes.

[25] DTIC (2025b:141-142)

[26] DTIC (2024b:92)

- The Global Export Strategy had been developed but had not been submitted for approval by Cabinet as had been planned. According to the DTIC, the "*Global Export Strategy needed to respond to and implement the new Industrial Policy*"[27] and therefore the target had since been revised.

4.1.8 Programme 8: Transformation and Competition[28]

Through this Programme, the DTIC aims to develop and roll out policy interventions that promote transformation and competition issues through effective economic planning, aligned investment, and development policy tools[29].

Under this programme, there had been seven planned targets. Only one target had been achieved. The target that had been achieved was the Black ownership in critical sectors which had been reported as 32 per cent against a target of 30 per cent.

Targets that had not been achieved were:

- A total of 1 215 job opportunities had been created through transformation and competition interventions against a target of 200 000 opportunities.
- A total of 3 030 additional workers with shares in their companies had been facilitated by the DTIC Group's interventions including but not limited to competition initiatives against a target of 10 000 workers.
- Approximately R1,9 billion in investment had been leveraged from competition and transformation interventions against a target of R15 billion.
- No transformation funds had been fundraised while the DTIC had planned to raise R10 billion. According to the DTIC, "*(t)he Fund could not be raised because it is dependent on the finalisation of the concept document, which is still published for public comments. Institutions stated that they are waiting for the Concept to be finalised*"[30].
- No commitments had been made for the Transformation Fund for the same reasons as stated above against a target for 10 commitments.

4.1.9 Programme 9: Research[31]

[27] DTIC (2025b:141)

[28] DTIC (2025b:161-163)

[29] DTIC (2024b:100)

[30] DTIC (2025b:161)

[31] DTIC (2025b:171)

The purpose of this programme is to undertake economic research; contribute to the development of trade and industrial policies and guide policy, legislative and strategy processes to facilitate inclusive growth[32].

Programme 9 had four planned targets, all of which had been achieved.

- Five discussion papers had been produced to influence economic policy debates.
- A programme to increase training for unemployed youth had been designed.
- Two bi-monthly barometer publications had been produced covering manufacturing employment, trade, Gross Domestic Product (GDP), investment and economic modelling forecasts.
- Six market intelligence and trade opportunities reports had been commissioned and had been made accessible to exporters.

4.2. Financial performance

4.2.1 Allocated Budget for the 2024/25 Financial Year

The DTIC was appropriated approximately R9,67 billion for the 2024/25 financial year (after adjustments), down from the R10,7 billion budget in the 2023/24 financial year. A significant share of its appropriated budget goes to transfers to its entities, businesses (as incentives), external programmes, public entities, and other organisations. Of the R9,67 billion, its operational expenditure was R1,7 billion or 17,9 per cent of the total allocation.

The budget allocation was divided according to the nine programmes, namely, the Administration Programme (R952,6 million), Trade Programme (R240,8 million), Investment and Spatial Industrial Development Programme (R140,3 million), Sectors Programme (R1,3 billion), Regulation Programme (R346,2 million), Incentives Programme (R4,2 billion), Export Programme (R358,4 million), Transformation and Competition Programme (R2,0 billion), and Research Programme (R57,8 million). During the Adjusted Estimates of National Expenditure process, the total allocated budget had increased from R9,6 billion to R9,67 billion. In addition, there had been adjustments and virements within programmes during the financial year. These are discussed below.

[32] DTIC (2024b:112)

4.2.1.1. Virements[33]

There had been virements within eight of the nine programmes, namely from three programmes (the Administration, Sectors, and Research Programmes) to five programmes (the Trade, Investment and Spatial Industrial Development, Regulation, Incentives, and the Transformation and Competition Programmes). A detailed account of the virements is shown in the table below.

Table 3: Virements by Programme (R'000)

Programme	Adjusted Appropriation	Virements	Reason for Virement	Final Budget
Administration	R952 657	-R76 212	Procurement bottlenecks on certain information and communication technology initiatives through the State Information Technology Agency (SITA), use of virtual platforms for training and development initiatives.	R876 445
Trade	R240 820	R2 012	To cover the Trade work programme	R242 832
Investment and Spatial Industrial Development	R140 281	R9 807	Realignment of the personnel budget	R150 088
Sectors	R1 328 954	-R8 119	Delays in the filling of funded senior-level (key) positions, as the process involves complex hiring criteria and extended requirements were introduced under the Department of Public Service and Administration (DPSA) Directive on the Implementation of Control Measures, aimed at supporting Executive Authorities in managing the public service wage bill.	R1 320 835
Regulation	R346 233	R4 980	Realignment of the personnel budget and to cover urgent operational and enforcement needs in response to the food poisoning crisis	R351 213
Incentives	R4 200 678	R63 204	High uptake of some of the incentive programmes and realignment of the personnel budget	R4 263 882
Export	R358 360	-	-	R358 360
Transformation and Competition	R2 041 864	R8 683	To cover legal representation costs	R2 050 547
Research	R57 797	-R4 355	Realignment of the personnel budget	R53 442

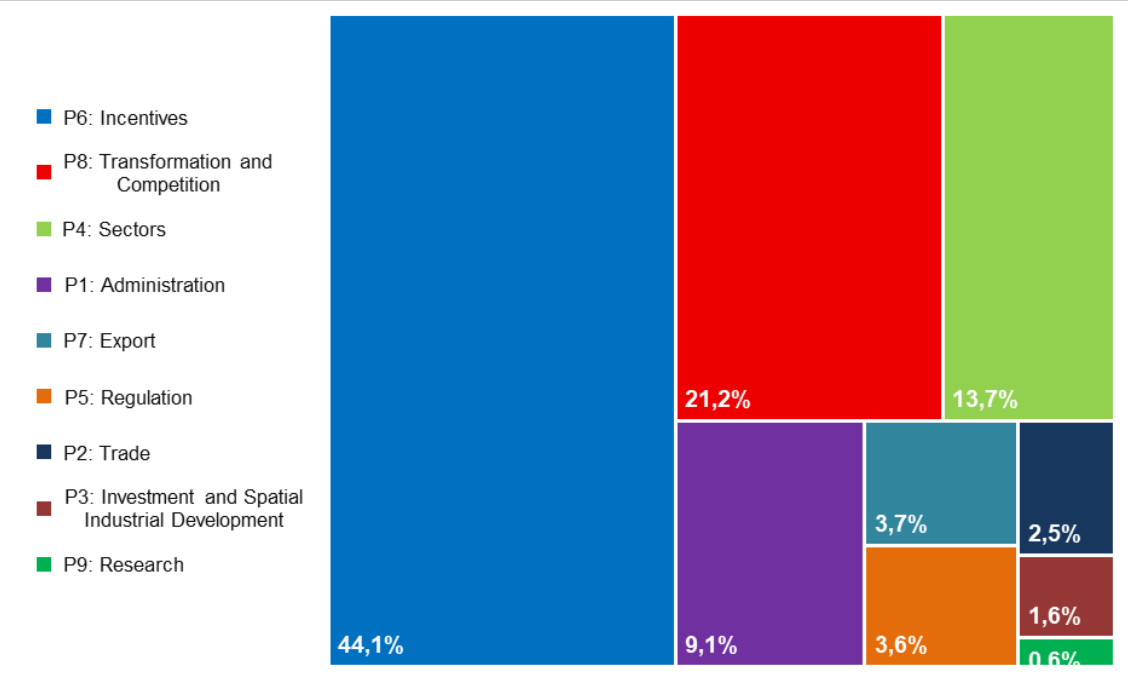
Source: DTIC (2025b:15-16 and 267)

As previously mentioned, the DTIC has nine programmes through which its budget is allocated. The allocations vary by programme and what it seeks to do. In its revised APP, the DTIC had identified its key outcomes as industrialisation, transformation, and building a capable state. Therefore, it had committed to implementing activities that would facilitate the achievement of these outcomes. Evidently, the allocation of the budget also shows this, with 79 per cent of the budget allocated to three programmes, namely, the Incentives Programme, the Transformation and Competition Programme, and the Sectors Programme. These are the largest programmes accounting for 44,1 per cent, 21,2 per cent, and 13,7 per cent of the total

[33] DTIC (2025b:15-16)

budget respectively. These programmes capture the core of the DTIC's mandate as it relates to industrialisation and transformation. The breakdown of each programme's share of the total budget is shown in Figure 2 below.

Figure 2: Budget Allocation by Programme



Source: DTIC data, author's calculations and graph

4.2.2 Financial Performance by Programme[34]

The DTIC was appropriated a budget of R9,67 billion. Of this budget, 98,9 per cent or R9,56 billion was spent. This translates to under-spending of just 1,1 per cent of the budget.

Within most of the programmes, expenditure had been well above 90 per cent, except in the Research Programme, where expenditure had been 69,5 per cent. It was important to note that the budget of the Research Programme had been reduced by approximately R4,4 million during the financial year through a virement. In addition, there had been an underspending of R16,3 million in this programme.

In terms of rand value, the key drivers of under-spending in terms of programmes had been the Administration Programme with under-expenditure of R27,7 million, followed by the Export Programme (R18,7 million), Research Programme (R16,3 million), Incentives

[34] DTIC (2025b: 267, 278-280)

Programme (R12,6 million), and Transformation and Competition Programme (R10,9 million). A detailed explanation of the under-spending in each programme is provided below.

Table 4: Expenditure against Budget by Programme (R'000)

Programme	Final Budget	Actual Expenditure	Actual Expenditure (%)	Under Expenditure
Administration	876 445	848 713	96,8%	27 732
Trade	242 832	237 079	97,6%	5 753
Investment and Spatial Industrial Development	150 088	147 111	98,0%	2 977
Sectors	1 320 835	1 312 230	99,3%	8 605
Regulation	351 213	345 911	98,5%	5 302
Incentives	4 263 882	4 251 220	99,7%	12 662
Export	358 360	339 688	94,8%	18 672
Transformation and Competition	2 050 547	2 039 659	99,5%	10 888
Research	53 442	37 118	69,5%	16 324
TOTAL	**9 667 644**	**9 558 729**	**98,9%**	**108 915**

Source: DTIC (2025b)

There had been underspending in all programmes; some of the reasons cut across different programmes and are shown in Table 5 below. The reason for underspending that applies to each programme is marked with an X.

LEGEND		
P1: Administration	P4: Sectors	P7: Export
P2: Trade	P5: Regulation	P8: Transformation and Competition
P3: Investment and Spatial Industrial Development	P6: Incentives	P9: Research

Table 5: Reasons for Underspending by Programme

Reason	P1	P2	P3	P4	P5	P6	P7	P8	P9
Lower than the budgeted compensation of employees because of service terminations, delays in the filling of funded senior-level positions, and a directive on the filling of vacancies	X	X		X			X	X	X
Administrative processes on the procurement of certain ICT initiatives could not be finalised as planned because of delays by SITA	X								
Goods and services that the DTIC had received or been supplied with but had not yet been invoiced for by the suppliers/service providers	X		X		X	X			
Compliance documents that were required for funds to be disbursed towards the Black Business Council were not submitted to the department; therefore, the funds could not be paid out								X	
Compliance documents that were required for funds to some of the Provincial One Stop Shops had not submitted to the DTIC; therefore, the funds could not be paid out			X						
Some of the initially planned activities were deferred to ensure alignment with the revised APP and operational plan					X				
Currency exchange rate fluctuations on foreign payments to the World Intellectual Property Organisation and the International Financial Reporting Standards Foundation					X				
Timing difference in recognising expenditure for the advance payment made towards the revitalisation of industrial parks						X			
Timing difference in recognising expenditure for EMIA related goods and services that have been received or supplied but were not yet invoiced by the suppliers/service providers						X			

Reason	P1	P2	P3	P4	P5	P6	P7	P8	P9
Some EMIA anticipated flagship projects that could not take place during the financial year, and early bird discounts and other savings that were realised						X			
Vacant foreign economic representative (FER) posts at various trade offices							X		
Reduced costs for the utilisation of information technology, information systems and related services at the foreign offices							X		
Work on certain commissioned studies, which were yet to be finalised and are payable on achievement of the set milestones									X
Continued use of the virtual platforms for the meetings and engagements									X

4.2.3 Expenditure by economic classification[35]

In terms of expenditure by economic classification, the largest expenditure item of the DTIC from its R9,66 billion budget had been transfers and subsidies of R7,88 billion (this included transfers to entities, foreign governments and international organisations, public corporations and private enterprises, non-profit institutions, and households).

Table 6: Expenditure against Budget by Economic Classification (R'000)

Economic Classification	Final Budget	Actual Expenditure	Actual Expenditure (%)	Variance
Current payments	**1 734 507**	**1 641 090**	**94,6%**	**93 417**
Compensation of employees	1 041 180	1 004 243	96,5%	36 937
Goods and services	693 045	636 566	91,9%	56 479
Interest and rent on land	282	281	99,6%	1
Transfers and subsidies	**7 897 363**	**7 881 981**	**99,8%**	**15 382**
Departmental agencies and accounts	1 212 746	1 212 746	100,0%	-
Foreign governments and international organisations	40 511	40 135	99,1%	376
Public corporations and private enterprises	6 477 146	6 463 818	99,8%	13 328
Non-profit institutions	161 150	159 542	99,0%	1 608
Households	5 810	5 740	98,8%	70
Payments for capital assets	**18 520**	**18 405**	**99,4%**	**115**
Machinery and equipment	16 028	15 949	99,5%	79
Software and other intangible assets	2 492	2 456	98,6%	36
Payment for financial assets	**17 254**	**17 253**	**99,9%**	**1**
TOTAL	**9 667 644**	**9 558 729**	**98,9%**	**108 915**

Source: DTIC (2025b)

Transfers and subsidies had accounted for 82,5 per cent of total expenditure. This had been followed by the compensation of employees at R1,0 billion or 10,5 per cent of total expenditure. Expenditure on goods and services had accounted for 6,7 per cent of total expenditure or R636,6 million.

In terms of under-expenditure, less than budgeted expenditure in goods and services, as well as in the compensation of employees, had been significant contributors. In the goods and

[35] DTIC (2025b:268)

services budget, there had been an under-expenditure of approximately R56,5 million. The reported reasons for this are captured in Table 5 above.

While in terms of the compensation of employees, there had been an under-expenditure of R36,9 million. It reported that this had been due to:

- Service terminations;
- Delays in filling the funded key positions; and
- A directive regarding the filling of vacancies to manage the wage bill.

There had been underspending in transfers and subsidies, approximately R15,3 million. Transfers to public corporations and private enterprises had contributed R13,3 million to this. Factors that contributed to this underspending included:

- Outstanding compliance documents that had been required for funds to be disbursed towards the Black Business Council and some of the Provincial One Stop Shops; therefore, the funds could not be paid out.
- Currency exchange rate fluctuations on foreign payments to the World Intellectual Property Organisation and the International Financial Reporting Standards Foundation.
- Timing difference in recognising expenditure for the advance payment made towards the revitalisation of industrial parks.
- Timing difference in recognising expenditure for EMIA related goods and services that had been received or supplied but had not yet been invoiced by the suppliers/service providers.
- Some EMIA anticipated flagship projects that could not take place during the financial year, and early bird discounts and other savings that had been realised.[36]

4.2.3.1 Transfers to Entities[37]

The DTIC has 18 entities; of these entities, five are self-funded, while 13 receive an appropriation through the DTIC annually. The self-funded entities are the Companies and Intellectual Property Commission (CIPC), Industrial Development Corporation (IDC), National Empowerment Fund, National Lotteries Commission (NLC) and the Takeover Regulation Panel (TRP). Of the R9,56 billion expenditure by the DTIC, approximately R1,7 billion had been transferred to its entities.

[36] DTIC (2025b:281)

[37] DTIC (2025b: 319-321)

As shown in the table below, transfers to entities had been R3,2 million more than budgeted. This had been due to additional transfers of R2,1 million to the National Consumer Commission for market monitoring inspections in response to the crisis of foodborne illnesses, as well as a R1,1 million transfer to the National Regulator for Compulsory Specifications.

Table 7: Transfers to entities (R'000)

	Entity	Approved Transfer	Adjustments	Actual Transfer
1	Companies and Intellectual Property Commission	**Self-Funded**		
2	Companies Tribunal	29 497	-	29 497
3	Competition Commission	426 193	-	426 193
4	Competition Tribunal	40 159	-	40 159
5	Export Credit Insurance Corporation	162 488	-	162 488
6	Industrial Development Corporation	**Self-Funded**		
7	International Trade Administration Commission	113 430	-	113 430
8	National Consumer Commission	69 120	2 100	71 220
9	National Consumer Tribunal	52 000	-	52 000
10	National Credit Regulator	79 051	-	79 051
11	National Empowerment Fund	**Self-Funded**		
12	National Gambling Board	34 641	-	34 641
13	National Lotteries Commission	**Self-Funded**		
14	National Metrology Institute of South Africa	177 312	-	177 312
15	National Regulator for Compulsory Specifications	144 634	1 100	145 734
16	South African National Accreditation System	32 118	-	32 118
17	South African Bureau of Standards	354 782	-	354 781
18	Takeover Regulation Panel	**Self-Funded**		
Total		**1 715 425**	**3 200**	**1 718 624**

Source: DTIC (2025b:319-321)

4.2.3.2 Transfers for Incentive Programmes and Private Enterprises

In the 2024/25 financial year, the DTIC transferred approximately R3,7 billion of its budget for incentives and R3,9 billion to private enterprises. These transfers had mainly been incentives under its various incentive programmes. Transfers to these incentive programmes had accounted for 39 per cent of the total expenditure. Transfers are detailed in the table below.

Table 8: Transfers to Incentive Programmes and Private Enterprises (R'000)

Incentive Programmes	Adjusted Budget	Roll Overs	Adjustments	Total Available	Actual Transfer
Automotive Production and Development Programme: Production Allowance	1 432 099	28 355	-	1 460 454	1 460 454
Supplier Cluster Development	8 722	-8 722	-	-	-
Technology and Human Resources for Industrial Programme	57 730	-	-	57 730	57 197
Business Process Service Incentive	555 811	470	253 353	809 634	809 633
Enterprise Investment Programme	62 354	-930	-34 000	27 424	27 424
Film and Television Production Incentive	546 423	-470	181 855	727 808	727 807

Manufacturing Competitiveness Enhancement Programme	658 050	-18 703	-16 000	623 347	623 347
Private enterprises	**3 612 270**	**-**	**346 881**	**3 959 151**	**3 955 316**
Total	**6 417 146**	**-**	**60 000**	**6 477 146**	**6 463 816**

Source: DTIC (2025b:323)

4.3. Audit outcomes

The AGSA audited the DTIC and seven of its entities[38] in line with section 4(1) of the Public Audit Act (Act No. 25 of 2004), which states that "*the Auditor-General must audit and report on the accounts, financial statements and financial management of- (a) all national and provincial state departments and administrations*". Private auditors audited the other entities in line with section 4(3) of the Act, which states that "*the Auditor-General may audit and report on the accounts, financial statements and financial management of-*

(a) any public entity listed in the public finance management act; and

(b) any other institution not mentioned in subsection (1) and which is-

(i) funded from the national revenue fund or a provincial revenue fund or by a municipality; or

(ii) authorised in terms of any legislation to receive money for a public purpose".

In the case of these entities, the AGSA is not required to but may audit these entities. Hence, these entities are audited by private auditors.

Table 9: AGSA's Audit Outcome Categories

Unqualified with no findings	The financial statements are free from material misstatements and there are no material findings on reporting on performance objectives (PDO) or non-compliance with legislation.
Unqualified with findings	The financial statements contain no material have been raised on either reporting on PDO or non-compliance with legislation, or both misstatements findings
Qualified	The financial statements contain material misstatements in specific amounts, or there is insufficient evidence for us to conclude that specific amounts included in the financial statements are not materially misstated
Disclaimer	The auditee provided insufficient evidence in the form of documentation on which to base an audit opinion. The lack of sufficient evidence is not confined to specific amounts or represents a substantial portion of the information contained in the financial statements.

The DTIC received an unqualified audit opinion with no findings for the observed financial year.

[38] AGSA (2025)

In terms of its annual performance report, Programme 4, Sectors, and Programme 6, Incentives, had been assessed to determine whether the reported performance information was useful and reliable. The outcome of this assessment had been that the AGSA "*did not identify any material findings on the reported performance information of the selected programmes*"[39].

Furthermore, 13 of the 18 entities received clean audit outcomes, and four received unqualified audit opinions with material findings, namely the National Credit Regulator (NCR), the NLC, the TRP and the IDC. However, the SABS' audit outcome had still been outstanding at the time due to delays in finalising its financial statements after a ransomware attack experienced in November 2024.

4.4. Human resources[40]

The DTIC has an organisational structure of 1 182 posts. By the end of the financial year, 998 posts had been filled, and 184 had been vacant. Of the vacant posts, 179 posts had been subject to the directive on the filling of vacancies to manage the wage bill. This translated to a vacancy rate of 15,5 per cent, which was more than the 10,7 per cent vacancy rate in the previous financial year.

Table 10: DTIC's Employment Statistics

Organisational Structure	1 182
Number of employees additional to the approved structure	35
Filled Posts	998
Vacant Posts	184 (of which 179 have a moratorium on the filling of vacancies)
% Vacancy Rate	15,6%
% of Persons with Disabilities	4,5%
% of Women in Senior Management	55%

Source: DTIC (2025b)

According to the DTIC, because of the moratorium on the filling of vacancies, only five vacancies could be filled during the financial year. These included the position of the Director-General, which had since been filled, and for Deputy Director-General (DDG) positions, namely, DDG: Exports, DDG: Investment and Spatial Industrial Development, DDG: Sectors, and DDG: Transformation and Competition. These vacancies had been

[39] DTIC (2025b: 260)

[40] DTIC (2025b:202-245)

advertised during the financial year; however, it had been reported that due to the "*high volume of applications received and the selection process took longer than anticipated*"[41]. Therefore, these positions had not been filled by the end of the financial year. The table below shows employees per programme against the approved structure, as well as the vacancy rate per programme.

Table 11: Employment and vacancies per programme as of 31 March 2025

Programme	Number of Approved Posts	Number of Filled Posts	Vacancy Rate
Administration	414	355	14,3%
Trade	84	75	10,7%
Investment and Spatial Industrial Development	92	69	25,0%
Sectors	125	106	15,2%
Regulation	65	59	9,2%
Incentives	179	162	9,5%
Exports	116	92	20,7%
Transformation and Competition	66	48	27,3%
Research	41	32	22,0%
Total	**1 182**	**998**	**15,6%**

Source: DTIC (2025b:205)

The employee race profile for the year had been 84,2 percent African, 4,8 percent coloured, 5,1 percent Indian, and 5,8 per cent white. Female representation had been at 61,3 per cent. Female representation at top management had been 70 per cent, 54,5 per cent in senior management, 53,9 per cent at the professional and specialist level, and 73,3 per cent at the skilled and technical levels.[42] The representation of PWDs had been 4,5 per cent of the total headcount.[43]

Table 12: Employment equity breakdown as at 31 March 2025

Racial Breakdown	Male	Female	Total
African	345	525	**870**
Coloured	28	22	**50**
Indian	16	37	**53**
White	11	49	**60**
Total	**400**	**633**	**1 033**

Source: DTIC (2025b:221)

In addition, the significant number of vacancies in economic offices in various countries remained. The AGSA indicated that there were 65 vacancies across the 45 foreign offices in

[41] DTIC (2025b:59)

[42] DTIC (2025b:221-222)

[43] DTIC (2025b:221)

the current DTIC structure[44]. The DTIC recorded 29 vacant foreign economic representatives and 22 vacant marketing offices with only 4 FERs employed as at 31 March 2025[45]. This is concerning given the DTIC's drive to create market access for South African products and services as well as to profile South Africa as an investment destination of choice in foreign markets. South Africa's international representation is therefore important. The DTIC indicated that it has identified strategic and priority foreign offices to be capacitated. These included (i) New York in the United States, (ii) the United Arab Emirates; (iii) Ghana; (iv) Ethopia; (v) three posts in Geneva; (vi) Nigeria; (vii) Brazil; (viii) France; and (ix) Japan.[46]

There had been 88 disciplinary actions taken during the 2024/25 financial year. The majority of cases had related to the provision of false, incomplete or inaccurate disclosure (51 cases) and failure to fully disclose financial interest (nine cases). The outcomes of the disciplinary actions had been four employees had undergone correctional counselling, 39 verbal warnings, 13 written warnings, five final written warnings, and one dismissal. Furthermore, 20 disciplinary cases had been withdrawn and the outcomes of six disciplinary cases had still been pending. There had also been 30 grievances lodged, of which 27 grievances had been resolved.[47]

5. OVERVIEW AND ASSESSMENT OF THE FINANCIAL AND NON-FINANCIAL PERFORMANCE FOR THE PERIOD 1 APRIL TO 30 JUNE 2025

This section provides a comparison between what the DTIC targeted in its APP against its performance set out in its first quarter report for the 2025/26 financial year.

5.1. Non-financial performance[48]

In the first quarter, 80 per cent of the 25 planned quarterly targets (or 20 targets) had been achieved while 20 per cent of the planned quarterly targets (or five targets) had not been achieved. This had been an improvement in performance from the previous financial year's first quarter. In the first quarter of the 2024/25 financial year, the DTIC had achieved 57,8 per

[44] AGSA (2025)

[45] DTIC (2025b:363)

[46] DTIC (2025d:12)

[47] DTIC (2025b:236-237)

[48] DTIC (2025a), (2025c) and (2025d)

cent of its 64 quarterly performance targets. The table below shows the performance for the first quarter of the 2025/26 financial year by programme.

Table 13: Summary of Performance by Programme

Programme	Targets	Achieved	% Achieved
Administration	2	1	50%
Trade	1	1	100%
Investment and Spatial Industrial Development	5	3	60%
Sectors	9	9	100%
Regulation	1	1	100%
Incentives	2	2	100%
Exports	0	0	N/A
Transformation and Competition	4	2	50%
Research	1	1	100%
Total	**25**	**20**	**80%**

Source: DTIC (2025a and 2025d)

Targets that had not been achieved were under:

- **Programme 1: Administration** – The target had been for 100 per cent of entities achieving a minimum of 80 per cent performance on its non-financial targets. Only 58 per cent of entities (or 11 of 19 entities) had achieved the minimum of 80 per cent.
- **Programme 3: Investment Spatial Industrial Development** –
  - The first target had been to develop an implementation plan for two high priority sector demand-led skills plan related to the Masterplans. Achievement of the target had been delayed due to consultations with internal and external stakeholders. However, work on the implementation plan has commenced.
  - The second target had been to attract R20 billion in investment through greenfield and brownfield investments in targeted sectors including in SEZs and industrial Parks. Only R9,3 billion of investment had been attracted. This had been attributed to several investments still being in the pipeline and pending verification or awaiting formal confirmation of the investment commitment.
- **Programme 8: Transformation and Competition –**
  - The first unachieved target had been to aggregate and disburse R3 billion from the Transformation Fund. Due to the finalisation of stakeholders' specific agreements and the implementation model, there had been delays in the aggregation of funds for the

Transformation Fund. To address this, stakeholder engagements have been prioritised and partnership agreements for the aggregation of funds were being finalised.

- The second unachieved target had been to train 20 000 unemployed youth under the Youth Employment Service (YES). There had been a low recruitment season for YES and only 4 793 youth had been trained. To address this, the DTIC in collaboration with stakeholders would have a more intensive recruitment process in the subsequent quarters.

In terms of the eight entities that had not achieved the minimum of 80 per cent performance, the DTIC reported the following:

Table 14: Entity Non-financial Performance Against Planned Targets

Entity	Performance	Reason(s) for deviation	Corrective action
Companies Tribunal	63%	Target on percentage of decisions and orders issued on opposed application within 30 working days was not achieved due to the complexity of one matter. Target on percentage of decisions and orders issued on unopposed applications within 20 working days was not achieved due to the complexity of matters. Target on percentage increase in workplace-based internship was not achieved due to resignation of one intern.	Performance monitoring will be strengthened for Tribunal members and escalated to the Chairperson for corrective measures. Recruitment process is under way to appoint interns and will be finalised during Q2.
Export Credit Insurance Corporation	50%	Target on Only Gross Written Premium of R1 million was achieved against the R100 million target for the quarter because there were no new policies incepting during the quarter. ECIC does not receive monthly premiums on a straight-line basis. Premiums are received either annually or upfront at the start of the transaction. The medium- to long-term transactions take multiple years to reach financial close which is not in the control of ECIC.	ECIC is working on a pipeline of medium-to long-term transactions which would bring in Gross Written Premium and SA Content over the strategic period. It is expected that the TotalMozLNG and Yellow Equipment premiums will be received this year. This would be more than $80 million and would see the R400 million target achieved for the year.
National Credit Regulator	65%	Target on conduct 1 consumer education, awareness campaigns and activities on the NCA targets was not achieved because the indicator requires the activity to be at a scale of an indaba/imbizo. The activity conducted was a business breakfast session with no attendance register, minutes nor presentation by the NCR. Target on appointment of a service provider to conduct the impact study because at the time of the internal budget allocation (April) a shortfall of funding was noted for the planned procurement in relation to delivery of the indicator.	A catch-up plan is in place with one activity already conducted on 26 July 2025 and another planned for 09 Aug 2025. The NCR Department responsible for this activity has reviewed the terms of reference for the procurement activity and aligned budget allocated to ensure that targets are achieved. The procurement process commenced in Q2.

Entity	Performance	Reason(s) for deviation	Corrective action
		Target on the finalization of the diagnostic study report and submission of the final report to the DTIC was partially achieved because the initial diagnostic report prepared by the service provider did not meet the requirements. The draft report under review by International Finance Corporation (IFC) of the World Bank and the NCR.	The IFC has appointed a new service provider, who is in the process of finalising the report. The report is anticipated to be completed by the end of July 2025.
		Target on the review and finalisation of the feasibility study was partially achieved. Although the review has been conducted, the Round table discussions are underway.	The IFC has appointed a new service provider, who is in the process of finalizing the report. The report is anticipated to be completed by the end of July 2025.
		Target on the service provider to develop an education strategy and plan was not appointed because the project is not funded.	The NCR has revised its approach and initiated round table discussions scheduled for July 2025.
		Target on the appointment of the service provider to develop an education strategy and plan was not achieved due to project not been funded	The strategy will be developed internally.
		Target on Funding model documents approved and submitted to the DTIC was not achieved due to a slight delay experienced by the service provider appointed by IFC of the World Bank on obtaining interviews and contact details of stakeholders for the benchmarking process.	A final document was submitted in June. This will be tabled at EXCO for approval and submitted to DTIC for further assessment and approval.
National Empowerment Fund	43%	Target on Funding of 45 SMEs was not achieved because of the timing of disbursements, mainly owing to the lead time in regulatory compliance precedents (registrations of bonds, zoning, certifications relating to various industries) with various departments.	The disbursement pipeline is valued at R419 million, which is intended to be converted in the current quarter. There is an additional pipeline of transactions within the adjudication process valued at just under R500 million that is also expected to boost Q2 achievements.
		Target on 25% of investment made to investees operating in SEZ and Industrial Parks was not achieved due to the lag between business development initiatives and implementation.	The prospects are encouraging as the NEF participated in a seminar with all SEZs to identify investment opportunities.
		Target on 80% Collection ratio not achieved due to the incorporation of forward-looking information, which has been historically lacking from IAS39/GRAP104 coupled with poor performance of investees, low collections, and delays in legal recovery processes.	There are 2 large settlements expected during the current month that will increase the collections rate to 75%. Intensity of the implementation of the portfolio management strategy will also boost the collections ratio.
		Target on 35% of portfolio disbursed to businesses owned by women was not achieved.	The disbursement pipeline from transactions committed is indicative of an improvement in performance during the current quarter. The disbursement pipeline reflects 38.8% women ownership.
		Target on 15% of portfolio disbursed to businesses owned by youth and people living with disability target was not achieved	The NEF pipeline and business development efforts indicate a need for further capacity-building support ahead of investment readiness in this segment. The approval and

Entity	Performance	Reason(s) for deviation	Corrective action
			commitment pipeline is showing green shoots.
		Target on R450 million of investments was not achieved as indicated in the KPI relating to number of SMEs funded	As indicated on reasons for the previous target, the committed funds will be converted in Q2. The converted disbursement pipeline will be replaced by a pipeline from approvals of equivalent value.
		Target on 3 150 of maintained and new jobs created was not achieved. The achievement of this target is highly dependent of first disbursement as all jobs are counted with the first payment. A significant portion of the disbursement were subsequent.	As the NEF converts on its new approval pipeline, the jobs figures will also increase.
		Target on maximum of 30% impairment rate was not achieved.	This is mainly due to the incorporation of forward-looking information, which has been historically lacking from IAS39/GRAP104 coupled with soft credit assessment and inadequate monitoring.
South African Bureau of Standards	71%	Target on publishing of 95 Standards was not achieved because the cybersecurity incident at the SABS rendered Standards systems inactive i.e. (SABSTAN, Livelink and Network drives) including the loss of data for the period March 2023 to November 2024. Project information, Standards and NWIPs were lost and in cases irretrievable. This resulted in significant delays in progressing projects towards completion and publication.	Conclude the restoration of SABSTAN to effectively manage all projects on the programme of work. Review of the current status of the projects and implement prioritized actions to address delayed projects and also weekly tracking of the progress on the progress of standards published by the Standards Approval Committee.
		Target on 20% progress against the approved annual employee engagement action plan was not achieved because the Employee Engagement Plan was only approved at the end of June.	Although activities related to the employee engagement plan have already started, they could only be quantified against the plan after approval. Activities will be accelerated in Q2.
		Target on 6,1% year on year growth in revenue not yet measured due to system unavailability	ERP systems slowly coming back online and Business Intelligence (BI) rebuild in progress, to allow measurement and reporting.
		Target on Operating Margin of the SABS per annum = 5,6% not yet measured due to system unavailability	ERP systems slowly coming back online and Business Intelligence (BI) rebuild in progress, to allow measurement and reporting
		Target on vacancy rate of 5% on critical positions not achieved due to delay in profiling of critical vacancies. This process was only completed formally at the start of Q2.	Using a new methodology on identifying critical positions and obtaining approval from vacancy managers
National Lotteries Commission	71%	Target on 100% monitoring of eligible funded projects was not achieved due to inadequate M&E capacity within the provinces which has since been addressed	A plan developed to ensure that provincial monitoring and evaluation specialists execute visiting all projects. Additional measures include additional capacity in the Monitoring unit.
		Target on Review the digital transformation strategy and the plan (Obtain approval from the ICT Steering Committee EXCO) target	New CIO has already tabled a plan to EXCO to ensure that the target gains traction to be on track

Entity	Performance	Reason(s) for deviation	Corrective action
		was not achieved because the plan was not aligned to the strategy and not tabled to the ICT Steerco	
		Target on number of applications adjudicated in Q1. Module 4 (adjudication) was at a User Acceptance Testing phase, and 10 newly appointed DA members joined the NLC effective 01 July 2025. Adjudication commenced on 16 July 2025.	Applications are being processed as Module 4 is now online and the DAs are able to adjudicate on the new system
Industrial Development Corporation	15%	The quarterly targets on the value of on balance sheet funding disbursed, the value of off-balance sheet funding disbursed, and the value of funding crowded in from other funders were not achieved There are significant transactions in the current pipeline which are expected to disburse in the next two quarters of the financial year (DE-1). The disbursement of these follows different patterns based on the nature of the funds. For example, some funds disburse based on certain milestones which sometimes mean there are dependencies (DE-2).	The pipeline for relevant transactions remains robust, however complex transactions require additional time, resources and consultations resulting in longer turnaround times. Some of those are expected to be disbursed in the next two quarters of the financial year (DE-4).
		A few deals that are approved contribute significantly to the KPI, however finalising them is taking longer due to the complexity of the transactions requiring additional time, resources and consultations (DE-3). Business conditions over the next twelve months are not foreseen to improve, with manufacturing confidence declining during the first quarter of 2025 However, the Q 1 2025 BER Manufacturing Business Survey shows that investment in machinery and equipment over the next year is expected to increase, marking it as the second consecutive increase for two quarters in a row There are currently 5 approvals that will contribute to the exports KPI once closed	The jobs initiative that has been introduced is showing some traction as can be seen in the pipeline. Closing transactions will be prioritised in quarter 2 and 3 (DE-5&6). There are 2 transactions that have been approved which will contribute to the KPI and the pipeline also currently reflects Energy deals with contribution to megawatts(DE-7).
		Increased private sector participation in infrastructure development and operations could provide opportunities or relatively low risk long term funding in infrastructure for the IDC	Interventions on select Business Partners (BP) cool-off after some time 12 months) for BPs >R100 million. Strategies are being adjusted to decrease NPLs, and results will show in succeeding quarters
International Trade Administration Commission	77%	Target on R68,250 billion of manufactured exports facilitated under ITAC rebates 470.03 and 521 and Automotive Production and Development Programme (APDP) cannot be reported on because the APDP exports data for June is not available yet due to the time lag in releasing this trade data by SARS	Data available at the end of July
		Target on 126 new jobs committed to by recipients of implemented ordinary tariff increases and rebate provisions created, administered by ITAC was not achieved because the target is dependent on number of tariff amendments reports implemented by	Dependent on third party for information

Entity	Performance	Reason(s) for deviation	Corrective action
		SARS and the number of jobs committed by applicants Target on 70% of the final determinations made within 6 months on Custom Tariffs Increase Investigations was not achieved due to the need to undertake further analysis and to secure the participation of firms whose input was deemed critical to make an informed decision within the Rails sector Target on 70% of the final determinations made within 6 months on Custom Tariffs Rebate Investigation was not achieved due to the following delays **Cookerhoods**: The domestic manufacturer's reluctancy in participating in the investigation, resulted in the target not being achieved **Copper sulphate used for animal feed**: Protracted engagements with domestic manufacturer and animal feed sector in terms of confirming domestic and international compliance with set standards Target for 60% Final determination made within 10 months of initiation of Trade Remedy Investigation was not achieved due to the following: The investigation was completed by ITAC in 10 months. Approval and implementation took an additional 5 months, extending the turnaround time to 15 months. [Hot rolled steel products (Safeguard)]	Data available at the end of July

Source: DTIC (2025c)

5.2. Financial performance[49]

The sub-sections below show expenditure by programme and by economic classification as at 30 June 2025.

5.2.1 Financial Performance by Programme

The DTIC had been allocated a budget of R11,1 billion in the 2025/26 financial year, an increase of R1,4 billion (14,5 per cent) from the R9,7 billion adjusted budget in the 2024/25 financial year (previous financial year). Of the R3,1 billion budget set aside for expenditure in the first quarter, R2,5 billion had been spent. This resulted in an under-expenditure of R580,4 million or 18,5 per cent of the first quarter projected expenditure. The main contributors to underspending in terms of programmes had been Programme 8: Transformation and Competition with underspending of R557,7 million; Programme 5:

[49] National Treasury (2025)

Regulation with R30,1 million underspending; Programme 1: Administration with R18,6 million underspending; Programme 7: Export with R15,2 million underspending; and Programme 3: Investment and Spatial Industrial Development with under-expenditure of R6,9 million.

However, there had also been substantive over-expenditure mainly in Programme 6: Incentives of R43,5 million. In addition, Programme 9: Research, Programme 2: Trade and Programme 4: Sectors had overspent by R1,6 million, R1,5 million and R1,49 million respectively in the first quarter.

Table 15: First Quarter Expenditure by Programme (R'million)

Programme	Budget 2025/26	Projected Q1 Expenditure	Actual Q1 Expenditure	Variance (%)	Variance	Available Budget
Administration	972,3	222,9	204,4	8,3%	18,6	767,9
Trade	261,7	135,6	137,1	-1,1%	-1,5	124,6
Investment and Spatial Industrial Development	181,9	38,5	31,6	17,9%	6,9	150,3
Sectors	1 674,1	640,4	641,9	-0,2%	-1,5	1 032,2
Regulation	363,3	212,7	182,6	14,2%	30,1	180,7
Incentives	5 205,2	694,0	737,5	-6,3%	-43,5	4 467,7
Export	390,3	214,9	199,8	7,1%	15,2	190,5
Transformation and Competition	1 958,4	959,6	401,9	58,1%	557,7	1 556,5
Research	R64,6	10,7	12,3	-15,0%	-1,6	52,3
Total	**11 071,7**	**3 129,4**	**2 549,0**	**18,5%**	**580,4**	**8 522,7**

Source: DTIC (2025c)

Under-expenditure had incurred in the following programmes:

- **Programme 1: Administration**: There had been underspending of R18,6 million or 8,3 per cent of the projected quarterly spending. The lower-than-projected spending had been mainly due to the non-receipt of invoices for legal representations from the Department of Justice and Constitutional Development, ordered goods which were yet to be delivered by the service provider, and a timing difference in recognising expenditure for the advance payment made towards training and development interventions.
- **Programme 3: Investment and Spatial Industrial Development**: There had been underspending of R6,9 million or 17,9 per cent of the projected quarterly spending. This had been mainly due to vacant posts, which were at various stages of recruitment, while documentation required to effect the transfer for regional industrial development had still been outstanding by the end of the quarter.
- **Programme 5: Regulation**: The Programme had underspent by R30,1 million or 14,2 per cent of projected spending. The DTIC had attributed this to outstanding

documentation required to effect the transfer to the National Consumer Commission and the Companies Tribunal.

- **Programme 7: Export**: There had been underspending of R15,2 million or 7,1 per cent. This had been due to vacant FER posts at various trade offices.
- **Programme 8: Transformation and Competition**: Under this programme, there had been underspending of R557,7 million. This equated to a variance of 58,1 per cent of the Programme's projected budget for the quarter. The underspending had been a result of the pending finalisation of the Memorandum of Agreement for the Social Employment Fund, which is a prerequisite for disbursement; lower-than-projected spending due to disbursements to the Tirisano Construction Fund, as this was dependent on the actual amounts received from construction companies; and vacant posts that were currently at various stages of the recruitment process.

Over-expenditure had incurred in the following programmes:

- **Programme 2: Trade**: The over-expenditure had been R1,5 million or 1,1 per cent of the projected spending. The higher-than-projected spending had been mainly due to the G20 Trade and Investment Working Group meetings.
- **Programme 4: Sectors**: The overspending had been 0,2 per cent of projected spending or R1,5 million. The higher-than-projected spending had been attributed to legal representation costs incurred, which are unpredictable in nature.
- **Programme 6: Incentives**: There had been overspending of R43,5 million, or 6,3 per cent. This had been largely due to the nature of incentives and the disbursement schedule. While a high volume of claims had been processed, actual disbursements are contingent upon approved entities meeting specific performance outputs such as investment, job creation, and localisation targets. These projects typically span multiple years and are influenced by various external factors, including market conditions, natural disasters, labour disruptions, and supply chain challenges. Consequently, the timing and volume of claims remain variable and difficult to predict.
- **Programme 9: Research**: The Programme had overspent by R1,6 million or 15 per cent of projected spending. This had been attributed to a new study that had been commissioned during the reporting period earlier than expected.

5.2.2 Financial Performance by Economic Classification

In terms of expenditure by economic classification, transfers to entities had accounted for the largest share of expenditure at approximately R1,2 billion followed by incentive payments

(R698,6 million), compensation of employees (R247,2 million), goods and services (R152,8 million), transfers to external programmes (R108,6 million) and payment to non-profit organisations (R95,1 million).

The main variances between projected expenditure and actual expenditure for the quarter had been over-expenditure in incentive payments. Under-expenditure had mainly been in transfers to external programmes and transfers to entities. A detailed explanation of the reasons for these variances were provided in the sub-section above.

Table 16: First Quarter Expenditure by Economic Classification (R'million)

Economic Classification	Budget 2025/26	Projected Q1 Expenditure	Actual Q1 Expenditure	Variance (%)	Variance	Available Budget
Current payments	**1 942,6**	**433,9**	**399,9**	**7,8%**	**33,9**	**1 542,7**
Compensation of employees	1 138,3	264,3	247,2	6,5%	17,1	891,2
Goods and services	804,3	169,6	152,8	9,9%	16,8	651,5
Transfers and subsidies	**9 110,2**	**2 687,1**	**2 148,9**	**20,0%**	**538,2**	**6 961,3**
Incentive Payments	5 020,8	648,3	698,6	-7,8%	-50,3	4 322,1
Department entities	1 752,8	1 273,3	1 242,4	2,4%	31,0	510,4
External Programmes	2 117,1	667,4	108,6	83,7%	558,8	2 008,5
Non-profit organisations (Partnerships with business associations, NEDLAC)	170,7	95,5	95,1	0,4%	0,4	75,6
Membership Fees (International Organisations)	47,8	2,4	2,4	0,9%	0,0	45,3
Households	1,1	0,2	1,8	-1 027,6%	-1,7	-0,7
Payments for capital assets	**18,9**	**8,4**	**0,1**	**98,6%**	**8,2**	**18,8**
Total	**11 071,7**	**3 129,4**	**2 549,0**	**18,5%**	**580,4**	**8 522,7**

Source: DTIC (2025c)

6. ISSUES RAISED DURING THE DELIBERATIONS

The following concerns were raised in relation to the performance of the DTIC during the Committee's deliberations:

6.1 ***Failure to submit financial statements for audit*:** During the briefing by the AGSA, it was revealed that the SABS failed to submit its financial statements for audit. This delay was attributed to a cyber-attack that severely compromised the institution's ICT systems and disrupted critical operations. Nearly a year later, the SABS remained unable to finalise and submit its financial statements, which presents reputational and operational risks. Furthermore, the recurring cyber-attacks and subsequent delays may indicate deeper structural and governance weaknesses at the SABS. The Committee enquired what measures have been implemented to ensure that the SABS recovers its systems, submits its financial statements, and prevents future cyber-attacks. It also

enquired whether the DTIC has instituted any oversight or support mechanisms to expedite recovery and strengthen ICT governance at the SABS. The AGSA confirmed that the SABS had not yet submitted its financial statements for audit as a result of a cyber-attack that disrupted its ICT systems. It noted that the scope of its IT audit covers the adequacy of disaster recovery and ICT controls. Although the SABS had been previously flagged for weak ICT controls, the AGSA's office could not proceed with the audit until the institution recovered its systems and produced auditable financial statements. The Director-General informed the Committee that the SABS had restored most of its systems and continued to strengthen ICT security. Two older systems, critical for audit preparation, were yet to be replaced. He further stated that the DTIC had been working closely with SABS to expedite system recovery and that additional firewalls were in the process of being procured. The SABS has committed to submitting its financial statements by January 2026, and the DTIC would provide oversight to ensure compliance with this target.

Furthermore, the Committee questioned the reliability of the commitment for submission and sought clarity on the consequences or contingency measures should the SABS fail to meet the new deadline. The AGSA confirmed that the SABS and the DTIC were closely monitoring its ability to meet the January 2026 deadline. The AGSA informed the Committee that it has engaged directly with the SABS audit committee and the Minister to ensure that the entity was supported to recover its systems and deliver financial statements for audit. The Director-General reiterated the same commitment and confirmed that the DTIC has provided technical and governance oversight to the SABS.

6.2 ***Disaster recovery capabilities*:** The AGSA's presentation did not expand on the SABS's disaster recovery capabilities or its ability to restore critical systems following the major cyber incident. The Committee enquired whether the AGSA's audit scope included an assessment of entities' disaster recovery and business continuity systems. The AGSA confirmed that its audit scope includes an assessment of disaster recovery and business continuity planning. It was noted that the SABS had previously received recommendations to strengthen its disaster recovery systems, but implementation had been inconsistent. The Director-General informed the Committee that the SABS had restored most of its systems and continued to strengthen its ICT security. Two of fourteen modules of the older system, critical for audit preparation, were yet to be

integrated with other systems. He further stated that the DTIC had been working closely with SABS to expedite system recovery and that additional firewalls were in the process of being procured to segment the network. The SABS has committed to submitting its financial statements by January 2026, and the DTIC would provide oversight to ensure compliance with this target.

6.3 ***National Lotteries Commission (NLC) investigations*:** The NLC has been under investigation by the Special Investigating Unit (SIU) following a Presidential Proclamation, which was subsequently extended to include procurement-related irregularities. However, the AGSA's report reflected only a limited number of financial and irregular expenditure items, which appeared inconsistent with the scale of the alleged procurement malpractices. Given the SIU's expanded mandate, the Committee enquired why the AGSA's report reflected only a limited number of irregular expenditures. The AGSA informed the Committee that the scope of its 2024/25 audit was limited to current-year transactions and did not include historical cases already under investigation by the SIU. This approach avoided duplication of work. It further clarified that the discrepancies between the SIU's findings and those reflected in the AGSA's report arose because some matters were being handled under the Presidential Proclamation, which deals with previous procurement cycles. They also indicated that certain procurement findings had been escalated to the National Treasury for final determination. The NLC indicated that its historical irregular expenditure opening balances recorded, were reported in the annual report as R611 million. This related to historical supply chain management matters and would be covered through the extended SIU proclamation. The new irregular expenditure was R6,8 million.

6.4 ***Procurement irregularities:*** The AGSA reported procurement irregularities and non-compliance at the NLC, which could be indicators of corruption and ethical breaches or a lack of qualified finance personnel to ensure effective internal controls. The Committee enquired why procurement processes at the NLC were bypassed and what disciplinary or corrective actions were being taken to address this. The AGSA noted that while the NLC has shown improvement in its overall audit outcome, material weaknesses persisted in procurement and grant management. Some procurement disputes were currently being assessed in consultation with the National Treasury. The NLC clarified that the current irregular expenditure arose due to capacity constraints, failure to comply with the delegation of authority (DOA) and poor contract

management. However, there was no financial loss incurred by the NLC. Subsequently, it has implemented additional training, revised its policies to close any gaps identified, updated its DOA, and improved its contract management to address the root cause of the irregular expenditure. It has also enhanced its compliance before awards are made in the supply chain management space.

6.5 ***Delays in grant payments at the NLC*:** The AGSA reported prolonged delays in grant payments to service providers, noting that in some cases delays extended over multiple years despite work having been completed and verified. These failures negatively affected beneficiaries' cash flow, operations, and staff remuneration. The Committee enquired about the systemic causes of these delays and how they are being addressed. The AGSA acknowledged that although control improvements were underway at the NLC, weaknesses in the payment and verification processes persist. This has contributed to payment delays, especially in multi-year projects. The DTIC explained that delays have emanated due to: (i) additional compliance checks being introduced to manage the risk of fraud; and (ii) implementation of an automated grant management system. The NLC has developed and implemented a new grant management system, Thuthuka, that was now in use. Internal controls have been built into the system like the verification of non-profit organisations or companies and identity numbers to enable adherence to legislative timeframes.

6.6 ***Financial deficit at the CIPC*:** The AGSA noted that the CIPC's financial report showed a deficit where total expenditure exceeded revenue, reflecting a negative financial position. The Committee enquired how such a deficit could occur, what cost drivers or expenditure items were responsible, and whether the CIPC's annual performance and budget plans aligned with its financial commitments. The AGSA stressed the importance of in-year monitoring and effective budget oversight to prevent deficits. The DTIC clarified that the CIPC was a self-funded entity; thus, it did not receive transfer funding from National Treasury. In the past, the CIPC had surrendered surplus funds to the National Treasury via equity and not profit and loss, due to the amount not being a return of transfer funding. The AGSA had raised the accounting treatment as an issue requiring the CIPC to change its accounting treatment to reflect amounts paid to/provided as payment to National Treasury in terms of profit and loss. At 31 March 2025, the CIPC realised an operational surplus of R105 million. However, due to raising a provision for the cash surplus realised of

R132 million, and that amount now going to profit and loss, the financials reflected a deficit of R28 million. The CIPC emphasised that it strictly adhered to ensuring that expenditure does not exceed approved budget and in every financial year, since 2011, it had made a surplus and has to date surrendered over R1,6 billion to National Treasury of this surplus. Therefore, it remained solvent, with a positive cash flow position.

6.7 ***Non-compliance by the NCR*:** The NCR had recorded over R23 million in fruitless and wasteful expenditure, and the AGSA made findings of conflicts of interest in procurement processes and non-compliance in financial reporting and revenue management. The Committee enquired about the specific timeframe for completing the investigation into the fruitless and wasteful expenditure recorded at the NCR. The AGSA informed the Committee that an investigation into the NCR's R23 million fruitless and wasteful expenditure had been concluded, with the report pending submission to management. The findings revealed that the expenditure largely arose from system licensing changes and capacity gaps caused by prolonged acting positions (for example the chief financial officer (CFO) was acting in the chief executive officer (CEO) position and the supply chain management manager was acting in the CFO position). The DTIC confirmed that the independent investigators had finalised the investigations report. The NCR's Legal Department had reviewed the report, and plans were underway to present the recommendation(s) in a meeting to the NCR Executive Committee in November 2025 to deliberate on and provide a way forward.

In terms of revenue collection, the amounts in revenue not collected comprised mostly penalty fees charged to late-paying registrants. Section 51(1)(d) of the National Credit Act (Act No. 34 of 2005) states that a penalty must be imposed by the NCR on registrants who fail to pay their prescribed annual renewal fees within 30 days from the date on which such fees were payable. Over the past four years, the NCR had shown significant improvement in revenue collection through several internal control improvements. The NCR now applied a structured and proactive debt recovery process and has a defined strategy and processes for accounts receivable collection through the NCR Accounts Receivables (AR) Policy that was improved and amended in February 2023. According to this policy, these receivables could only be lapsed based on an intensive investigation and thereafter an approval of the write-off by the Accounting Authority. Timelines prescribed in this policy for these investigations were affected by

the requirement for intense manual reconciliation procedures. Unfortunately, the NCR has challenges in automating this function due to funding constraints.

The DTIC highlighted that the reconciliation process was mostly very successful, but some reconciliations between deposits paid and invoices billed provided challenges because of the intensive manual procedures involved in implementing the NCR Annual Return (AR) Policy. The process still took longer than expected and ran into a future period that seemed impractical. Consequently, the NCR had taken a decision to limit the time allowed for the follow-ups already being made on non-paying registrants and lapsing would be done on non-responsive registrants by December each year. This would be considered an improvement to the existing NCR AR Policy and ensured that the process envisaged in the NCR AR policy was concluded sooner.

In terms of compliance with key legislation on the financial statements, Generally Recognised Accounting Practice (GRAP) 1: Presentation of financial statements paragraph 17 states that "*(f)inancial statements shall present fairly the financial position, financial performance and cash flows of an entity. Fair presentation requires faithful representation of the effects of transactions, other events and conditions in accordance with the definitions and recognition criteria for assets, liabilities, revenue and expenses. The application of Standards of GRAP with additional disclosures, when necessary, is presumed to result in financial statements that achieve a fair presentation.*"

The NCR migrated a Caseware file that is used to prepare the AFS from an external consultant and brought the preparation of the AFS in-house to save costs and to skill its internal human resources. The NCR, however, faced challenges with the updating of the licence for this Caseware file which caused the Accounting Policies to the AFS to be misaligned to those used in the prior financial year. Due to time constraints experienced as a result of the delay caused with the installation of the licence, some of the more significant corrections had not made in time for submission to the AGSA on 31 May 2025. This ultimately resulted in non-compliance to GRAP 1.

The NCR had submitted unaudited AFS on 31 May 2025 to the AGSA for audit and these remaining updates were made to the AFS post the submission due date. As per audit requirements, the AGSA should report any post adjustments/updates made to the

AFS after submission. The unaudited financial statements submitted at the start of the audit were therefore not fully prepared in accordance with the prescribed financial reporting framework (GRAP 1), as required by section 55(1)(b) of the Public Finance Management Act (Act No. 1 of 1999). Therefore, the NCR obtained an unqualified audit opinion with findings.

6.8 ***Governance deficiencies*****:** The AGSA's report highlighted significant governance weaknesses across several entities within the DTIC's portfolio. The Committee emphasised the importance of addressing foundational governance challenges and enquired what systemic governance reforms the AGSA has recommended to the DTIC and its entities to address the root causes of these failures, beyond technical compliance issues. The Director-General recognised that persistent governance weaknesses were systemic and informed the Committee that the DTIC was developing standard operating procedures (SOPs) for all entities to establish consistent governance frameworks, reporting lines, and compliance standards. This includes strengthening audit committees, performance monitoring, and board induction processes.

6.9 ***Vacancies at the DTIC*****:** There were ongoing vacancies within the DTIC, particularly at DDG level, which may have material impacted on its performance in the 2024/25 financial year. These leadership and management capacity gaps could have further implications on the DTIC's ability to deliver on its mandate. The Committee enquired about the root causes behind the delays in filling these senior positions. The Director-General acknowledged that vacancies at the DDG level had materially affected departmental performance. He confirmed that recruitment processes were underway and that the DTIC was seeking to 'reset and normalise' operations by reducing long-term acting appointments and finalising permanent appointments.

6.10 ***Vacancies among FERs*****:** There was a high number of vacancies in foreign trade offices and this could impact on South Africa's economic and trade relations with foreign governments, organisations, and non-governmental bodies. The Committee enquired whether these vacancies arose from legislative, financial, or administrative constraints, and how the matter could be escalated for resolution at the highest level. The Director-General outlined that three senior FER posts have been submitted and await approval by the Department of International Relations and Cooperation (DIRCO), and 12 additional positions were in the process of being filled. Shortlisting was underway, with

the expectation that appointments would be finalised in the next financial year. He attributed delays to funding constraints and security clearance processes required by DIRCO.

6.11 ***Governance framework and acting appointment*s:** Continuous acting appointments compromised effective oversight and decision-making and could reflect weaknesses in leadership planning or political will to finalise appointments. It enquired what the governance framework (statutes, Treasury or DPSA directives, or departmental policies) stipulated regarding the permissible duration of acting appointments, and what mechanisms existed to enforce compliance. The AGSA informed the Committee that the governance framework, guided by the DPSA and Treasury regulations, generally limited acting appointments to six months, with possible extensions. Each entity was also required to maintain a clear succession and delegation policy. The Director-General indicated that the entities had their own policies in this regard but confirmed that the DTIC was working toward reducing the incidence of extended acting positions and to regularise leadership stability across entities.

6.12 ***Monitoring and oversight mechanisms*:** Weak oversight and recurring audit findings continued across several entities reporting to the DTIC. Notwithstanding the repeated audit findings and existing audit action plans, some entities remained consistently non-compliant, reflecting a lack of decisive corrective action. The Committee sought clarity on how the DTIC monitored and enforced the implementation of audit action plans, and whether a structured, measurable process existed to track corrective actions and intervene when entities fail to demonstrate progress toward compliance. The AGSA stated that while several entities under the DTIC have audit action plans, implementation thereof remained inconsistent, especially at the NLC and NCR. The Director-General indicated that a financial analysis and oversight recourse had recently been appointed in the Office of the CFO and would monitor the implementation of audit action plans by all entities. Monthly, quarterly reports and accountability meetings were also used to assist with the process.

6.13 ***Capacity and governance of financial oversight structures*:** The achievement of clean audits required not only compliance on paper but also institutional competence. Therefore, the capacity and functionality of audit committees and CFOs, and the overall effectiveness of internal audit mechanisms was important. The Committee enquired

whether entities have adequately skilled CFOs and functional internal audit mechanisms to progress from unqualified audits with findings to clean audits. The Director-General indicated that the entities have competent CFOs and functional internal audit mechanisms. He further indicated that the CFO Forum, chaired by the CFO of the DTIC would assist in ensuring the sharing of best practice between the DTIC and its entities.

6.14 ***Consequences for non-compliance*****:** Although overall compliance levels stand at approximately 89 per cent, the absence of meaningful consequences for entities that consistently (i) fail to submit financial statements timeously, (ii) receive qualified audits, or (iii) incur fruitless and wasteful expenditure was a concern. The Committee enquired what formal consequence management mechanisms exist for such entities, including penalties, sanctions, or administrative actions applied against accounting officers or boards. The AGSA informed the Committee that under the Public Audit Act, material irregularities were escalated progressively, from notification to remedial action, and finally to the issuance of a certificate of debt if remedial steps are not implemented. This mechanism ensures consequence management across accounting officers and boards.

6.15 ***Public Audit Act amendments*****:** The 2018 amendments to the Public Audit Act empowered the AGSA to act decisively on material irregularities, including referring matters for investigation, prosecution, and recovery of losses from responsible accounting officers. The Committee enquired whether the AGSA has exercised these powers effectively, particularly in relation to the NLC and other entities within the DTIC portfolio. It further enquired how many certificates of debt have been issued to recover financial losses. The AGSA informed the Committee that since the 2018 amendments to the Act, over 292 material irregularities have been identified across government institutions, with approximately R1,4 billion in financial recoveries achieved through referrals to the SIU, Hawks, and the Public Protector. They also confirmed that certificates of debt have been issued primarily in municipalities, but processes are underway to extend these to national entities where warranted. Within the DTIC portfolio, investigations have been referred for follow-up, though no certificates of debt have yet been finalised. The NLC informed the Committee that the three material irregularities raised by the AGSA had been as a result of the fraud and

corruption perpetuated by the previous Board and management team and was being investigated by the SIU. These matters were with the SIU for recovery of funds.

6.16 ***Performance bonuses and perverse incentives*:** Where performance bonuses are paid to accounting officers and senior management despite poor audit outcomes or failure to meet key performance indicators, this could create perverse incentives within public entities. In the absence of compliance-linked performance assessments, entities may continue to operate without accountability for poor performance. The Committee enquired whether, in instances where entities received qualified or adverse audit opinions, performance bonuses were paid to executives, and whether the DTIC requires that audit outcomes be factored into performance evaluations of accounting officers and senior managers. The DTIC indicated that its senior managers did not receive performance bonuses, as the DPSA has indefinitely suspended payment thereof. Furthermore, no performance bonuses have been paid to heads of entities reporting directly to the Minister. The information relating to entities with boards, would be requested.

6.17 ***Forensic investigation of the Capital Projects Feasibility Programme (CPFP)*:** In terms of the management of incentive funds, the AGSA identified fraud risk indicators within the CPFP, which triggered a forensic investigation. The Committee enquired about the status and progress of this forensic investigation. The AGSA confirmed that fraud risk indicators were detected within the CPFP, prompting a forensic investigation which has since been finalised. The report was pending formal tabling to management. The DTIC indicated that the CPFP Investigation had been outsourced to one of the Forensic Panel of Investigators. The investigation was in the final execution phase, and feedback thereon was to be given at the next pre-Audit Committee meeting set for 13 November 2025. The final execution phase meant the conclusion of the investigation and in the next phase the Report would be prepared. The draft report was expected to be ready by the end of November 2025.

6.18 ***Financial management and performance improvements*:** The AGSA's presentation indicated that between 57 per cent and 60 per cent of the DTIC's entities reflected good financial management performance. The Committee enquired whether the AGSA has provided specific recommendations to strengthen internal financial systems and whether any measurable improvements have been observed where such

recommendations were implemented. The AGSA confirmed that between 57 per cent and 60 per cent of entities under the DTIC's portfolio demonstrated good financial management performance, an improvement from previous years. In addition, it attributed this progress to the implementation of prior audit recommendations and improved internal controls at certain entities. However, entities such as the NLC and NCR continued to show weaknesses in supply chain and expenditure management.

6.19 ***Industrial parks site visits:*** The AGSA presented on its site visits to various SEZs and industrial parks. However, it appeared to focus on only positive images of certain SEZs or parks, which could obscure challenges affecting underperforming or neglected parks. The Committee enquired what criteria the AGSA used to select SEZs or industrial parks for site visits, and how it ensured that these visits provided a representative assessment of performance and infrastructure conditions across all sites. The AGSA informed the Committee that its assessments are guided by a risk-based methodology, focusing on sites with high disbursement levels or those that previously showed weaknesses. The selection was therefore not random but designed to test whether control environments function effectively where financial exposure was greatest. Furthermore, the AGSA acknowledged the concern that only well-maintained industrial parks had been presented and confirmed that the DTIC was aware of uneven performance across different parks. The DTIC has directed provincial counterparts to develop turnaround plans for underperforming SEZs and industrial parks and to strengthen maintenance and infrastructure development.

6.20 ***Impact of grey listing on investment:*** South Africa's inclusion on the Financial Action Task Force's (FATF) grey list constrained the country's investment climate, which likely amplified perceived investment risk, deterring potential investors and affecting capital flows. There has been recent progress toward South Africa's removal from the grey list, which should have a positive impact on investment. The Committee enquired to what extent did the FATF's grey listing impact on the DTIC's investment targets, and what measures were being considered to leverage the lifting of the grey list to revitalise investment flows and restore investor confidence. The Director-General informed the Committee that South Africa's inclusion on the FATF 'grey list' was particularly damaging in terms of the withdrawal of institutional investors such as foreign pension funds, which typically have investment covenants requiring immediate disinvestment if a country is placed on the grey list. South Africa's removal from the

grey list was likely to see these institutional investors returning to invest in domestic bonds and stocks. This would lower Government's cost of borrowing through the bond market and also diversify South Africa's borrowing beyond only domestic institutional investors.

In addition, investor confidence was likely to rise as foreign investors have greater certainty that their investments are safe, capital flows are appropriately regulated and the risk of the FATF imposing direct sanctions on South Africa were now extremely low. These factors were likely to have a significant and positive impact on South Africa's economic outlook but it must be stressed that structural reforms – for example in energy, freight and logistics and the cost of doing business – which fundamentally improve the domestic business environment were key to ensure sustained, long-term economic development.

6.21 ***Gross fixed capital formation:*** The DTIC indicated that South Africa's gross fixed capital formation remained on average at 14 per cent of GDP, well below the benchmark of over 20 per cent. Currently, private sector investment outpaced public sector investment, raising concerns around the state's ability to drive infrastructure led-growth. Furthermore, a goal of Infrastructure South Africa (ISA) was to close the country's infrastructure investment gap. The Committee enquired what specific inter-ministerial collaboration mechanism existed to align infrastructure investment efforts between the DTIC, the Department of Public Works and Infrastructure, ISA, and other economic departments, and whether these mechanisms were contributing to improving the country's gross fixed domestic capital ratio. According to the Director-General, there was currently limited structured collaboration between the DTIC through InvestSA and ISA on the joint promotion of large-scale infrastructure projects. However, in the renewable energy space, there was active coordination between the Energy One Stop Shop (EOSS) and ISA to address and unblock regulatory challenges affecting Independent Power Producers (IPPs). InvestSA also profiled infrastructure-related projects sourced from Transnet and provincial investment promotion agencies within the National Investment Project Booklet. The Presidency's Economic Advisor has identified the need to strengthen coordination mechanisms between InvestSA and ISA to ensure that investment-ready infrastructure projects were better integrated into the national investment pipeline.

In terms of the 2024 Transmission Development Plan and the Independent Transmission Project Programme, it outlined an ambitious plan for the country to expand the current infrastructure on electricity transmission with more than 14 000 km of new transmission lines and associated infrastructure over the next ten years. To this end, the DTIC has several targeted interventions under way, namely:

- Collaboration with the Department of Energy and Electricity, National Treasury, the IDC, the Independent Power Producers Office, the National Transmission Company of South Africa and Eskom to build domestic manufacturing capability for the transmission build programme; and
- Joint workstreams have been established to incubate and accredit local suppliers for critical transmission components e.g. (towers, conductors, insulators, transformers, pumps and hardware).

This initiative was to ensure that local firms can meet both quality and volume requirements for the programme.

6.22 ***Industrial Policy and Private Sector Investment:*** There was a contradiction between low capital investment levels and the private sector's R1,9 trillion cash reserves, particularly, in that private sector investment remained insignificant in the absence of a credible industrial policy. Delays in finalising and presenting the Industrial Policy to Cabinet, undermines investor confidence and delays activating private capital into productive sectors. The Committee enquired when the DTIC would be finalising and presenting the new Industrial Policy to Cabinet, and how it would address the private sector's hesitance to invest despite their substantial capital reserves. The Deputy Minister acknowledged the concern about stagnant private investment and informed the Committee that the Industrial Policy was still being refined. He further stated that certain elements of the policy were already being implemented, particularly those linked to industrial diversification, localisation, and green industrialisation initiatives. The Industrial Policy, however, had not yet been formally adopted by Cabinet, but he assured the Committee that the policy framework would soon be tabled for approval.

Furthermore, during the development phase of the National Industrial Policy, the Director-General informed the Committee that the engagements with key stakeholders demonstrated their willingness to collaborate and collectively develop solutions to grow the economy. The common threads that emerged revealed that as government, we

need to create a stable and predictable policy and regulatory environment; focus on network industries; improve access to finance to de-risk projects; develop a skilled workforce to respond to the needs of industry; and focus on environmental sustainability, among others.

Therefore, the industrial policy seeks to counteract a rapidly changing global and domestic economic environment that is uncertain by providing a clear and credible framework for long-term economic priorities—reducing uncertainty and creating a more predictable investment environment. Through targeted fiscal incentives, public-private partnerships which were key in industrialisation efforts, and strategic support for strategic industries, it is envisaged that the industrial policy would help cajole the private sector by removing regulatory barriers and thus de-risking large-scale investments. In doing so, it was hoped that industrial policy would not only mobilise private capital but would also align with national development objectives, improving competitiveness, and sustainable economic growth.

6.23 ***Transformation Fund:*** While the Transformation Fund concept document had been revised to improve the concept after public comments, the viability of a centralised funding model was questioned given the DTIC and the NEF's capacity to disburse such a quantum of financing, as it was substantially larger than the current annual disbursements of the DTIC and the NEF. The Committee enquired whether the DTIC should reconsider whether a centralised Transformation Fund should be established, and should rather prioritise the governance and data-driven monitoring of existing funding streams, as well as efficiency improvements to maximise the impact of these funds. The Deputy Minister acknowledged that the Transformation Fund concept has been refined and several design weaknesses identified in the original proposal were under review. The DTIC agreed that governance and oversight, particularly addressing information asymmetry between government and industry, were key focus areas. However, the Deputy Minister maintained that the Fund remained a strategic intervention within the transformative framework. The Director-General added that engagements with National Treasury were ongoing to explore sustainable funding options. However, no firm decision had yet been taken on abandoning or restructuring the centralised model.

6.24 ***Implementation Timeline for the Transformation Fund:*** Despite the policy progress, the Transformation Fund remained underfunded and unimplemented. The delay in operationalising the Transformation Fund raised questions about resource mobilisation, institutional readiness and inter-departmental coordination. Furthermore, it limited the DTIC's ability to advance inclusive participation in industrialisation and transformative initiatives. The Committee enquired what the DTIC's revised timeline and operational plan for finalising and implementing the Transformation Fund was. The Director-General informed the Committee that the Transformation Fund remained a key policy commitment, but financial constraints persisted. In addition, the Deputy Minister elaborated that policy proposals and the implementation model were still under review. However, the DTIC did not intend to abandon the Fund but aimed to ensure that it effectively addressed information asymmetry and access to finance challenges faced by black industrialists.

6.25 ***Trade facilitation frameworks:*** While there has been progress under the AfCFTA, several trade facilitation targets, including the Global Export Strategy was still awaiting Cabinet approval. This delayed South Africa's ability to fully leverage continental and global market opportunities. The Committee enquired about the main obstacles delaying Cabinet approval, and how the DTIC would ensure that South African exporters benefit effectively from the AfCFTA and other global trade frameworks. The Deputy Minister acknowledged delays in the approval process, noting that this was a scheduling issue rather than a policy regression. He informed the Committee that the Export Strategy work continued operationally, with certain elements already rolled out through the National Exporter Development Programme and market prioritisation initiatives. He confirmed that Cabinet approval would be pursued in subsequent cycles. Key amongst the areas already being implemented was the acceleration of the diversification of markets and products of South African exports through a 'butterfly approach' which prioritised the AfCFTA implementation as the 'body' and expanded export initiatives in the 'wings' representing established and emerging markets globally. In addition to priority markets in Africa, the Americas, Europe, Asia and the Middle East, there was also a renewed focus on markets such as ASEAN countries and Turkey. The aim was not only to expand export opportunities through diversification but also to support increased resilience of South African exports in dynamic global markets.

6.26 ***US Framework Package (Trade negotiations):*** The DTIC had recently submitted a proposal for the US Framework Package, and had emphasised the importance of bilateral trade diplomacy in sustaining market access and export competitiveness. The Committee enquired when the US Framework Package would be finalised and if it would achieve the targeted reduction of 30 per cent on tariffs for South African exports, and what progress has been made in concluding the negotiations. The Deputy Minister informed the Committee that negotiations were ongoing, and the DTIC continued to engage with the US Trade Representatives to ensure mutually beneficial outcomes. However, he cautioned that tariff reductions were dependent on reciprocal concessions and broader diplomatic negotiations. The Director-General added that the DTIC remained optimistic that partial tariff relief would be secured but could not confirm quantitative outcomes at this stage.

6.27 ***European Union (EU) Steel Tariffs:*** The EU has recently imposed a 50 per cent tariff on South African steel, which has crippled the domestic steel manufacturing industry. During the Committee's recent oversight visit to Saldanha, it had noted the underutilised production lines and low operational capacity of a steel processor, signalling a sector in distress. This raised questions about the DTIC's strategy to mitigate trade barriers and provide support for affected industries through policy or trade remedy interventions. The Committee enquired what interventions the DTIC was pursuing to address the impact of the EU's 50 per cent tariffs on South African steel exports and to revitalise the domestic steel manufacturing sector. The Deputy Minister acknowledged the steel industry's distress and noted that the DTIC was working with the EU and National Treasury to negotiate fair trade conditions and consider domestic relief measures. He further emphasised that South Africa's stance would continue to prioritise local industry protection and export diversification.

In relation to the proposed 50 per cent duty on steel by the EU, it should be noted that the proposal was for this duty to come into effect once the safeguard duty on steel imposed by the EU in 2018 comes to an end in June 2026 and the tariff was, thus, not yet in force. South Africa has raised its concerns with the EU during the G20 Trade and Investment Ministers meeting. The EU aimed to limit tariff-free import volumes to 18,3 million tons a year (a reduction of 47 per cent compared to 2024 steel quotas), double the level of out-of-quota duty to 50 per cent (compared to the 25 per cent under the safeguard) and strengthen the traceability of steel markets by introducing a Melt

and Pour requirement to prevent circumvention. South Africa was concerned with the impact of these measures on the domestic steel industry. The EU has indicated that they would consult on the proposed measures through the World Trade Organization (WTO) process. South Africa would continue to raise its concerns bilaterally and would also engage with the EU through the WTO process.

In addition, the current ITAC Steel Tariff Review which was underway, provided a policy instrument aimed at re-balancing the domestic market and protecting the local steel industry from global protectionist measures, like the EU tariff. The review sought to:

- Reassess existing tariff lines across the steel value chain to ensure appropriate levels of protection against unfair import competition;
- Enable downstream competitiveness by revising duties that constrain fabricators and engineering firms; and
- Integrate localisation and export readiness into the tariff framework.

Furthermore, industrial and localisation support was offered to the industry to:

- Fast-track local demand creation interventions, particularly in infrastructure programmes such as the Transmission Development Plan and Independent Transmission Project to absorb local excess steel capacity through public procurement;
- Enforce local content designations for steel, towers, fasteners, and substation structures to increase internal demand (the DTIC was currently reviewing previously designated sectors in anticipation of the Public Procurement Act (Act No. 28 of 2024) regulations); and
- Using the National Industrial Participation Programme and specific goals as levers for industrial development.

6.28 ***Nkomazi SEZ:*** The Nkomazi SEZ remained non-operational despite significant public funds invested in the SEZ's preparatory stages and the assurances of progress. Under the previous Administration, progress was touted and it was indicated that the SEZ would soon be fully operational. Yet, challenges, including disputes involving traditional leaders over land negotiations, continued to stall development. The Committee enquired whether the feasibility study and business case for the Nkomazi SEZ had been completed and submitted as scheduled, and what was the updated

timeline and implementation plan, and whether the outstanding issues have been resolved. The Director-General confirmed that the operationalisation of the Nkomazi SEZ remained a challenge, though a new board had been appointed. He noted key challenges included infrastructure access and the need to redefine the SEZ within a regional corridor context linking Mpumalanga, Eswatini, and Mozambique. He stated that national government's new SEZ approach aimed to strengthen coordination with provinces. In this regard, the IDC was finalising an evaluation report, and a joint meeting with the province was scheduled in November 2025 to address the identified bottlenecks.

6.29 ***Musina-Makhado SEZ (MMSEZ) Viability:*** The termination of the Shenzhen Hoi Mo Resources contract, designating it as the operator of the MMSEZ, raised concerns around the continued viability of the MMSEZ. There were significant environmental challenges, particularly water scarcity and carbon emissions, which reflected broader questions around policy coherence between industrial development and climate commitments. The Committee enquired, that given the environmental and operational concerns at the MMSEZ, whether the DTIC intended to review the SEZ's viability and alignment with South Africa's decarbonisation and sustainability objectives. The Director-General acknowledged the challenges at the MMSEZ and confirmed that the DTIC was reviewing the SEZ's feasibility and sustainability. He informed the Committee that negotiations were ongoing with the Limpopo Provincial Government and the IDC to reassess project design and compliance with environmental and water-use regulations. He further emphasised that the DTIC supported SEZs that were sustainable and aligned with green industrialisation. He also expressed his support for the SEZ model, noting that while some SEZs were underperforming, others such as the Tshwane Automotive SEZ, demonstrated significant success. He stated that the projects, co-funded by the state and private sector, mobilised over R21 billion in investment and created 3 000 permanent jobs in the Mamelodi area. Furthermore, he informed the Committee that the DTIC was collaborating with National Treasury and the World Bank to conduct an impact study on SEZ performance, focusing on strengthening governance, investment attraction, and value-chain integration.

6.30 ***Cannabis commercialisation:*** There have been ongoing delays in amending the Drugs and Drug Trafficking Act (Act No. 140 of 1992), which continued to criminalise cannabis despite ongoing government initiatives to develop a commercialisation

strategy for the sector. The contradiction between legislation and policy intent hindered investment and formalisation in the cannabis industry. The Committee enquired about the current status of interdepartmental engagements on amending the Drugs and Drug Trafficking Act, and how the delay affected the implementation of the cannabis commercialisation strategy. The Director-General informed the Committee that the Cannabis for Private Purposes Act (Act No. 7 of 2024) (CfPPA) amended the Drugs and Drug Trafficking Act by deleting references to cannabis and THC from that Act. The CfPPA was unfortunately not yet in effect, as its implementation was contingent upon the publication of regulations by the Minister of Justice and Constitutional Development, which would prescribe the permissible quantities of cannabis that may be possessed, transported and cultivated for private purposes. The Deputy Minister confirmed that interdepartmental discussions were underway with the Department of Justice and Constitutional Development to finalise this outcome and the South African Police Service to harmonise the regulatory framework. In the meantime, the DTIC was proceeding with the development of a hemp and cannabis commercialisation policy, which would inform the regulation of the commercialisation of cannabis.

A draft has been subjected to internal government consultation and consultation with key stakeholders and amendments were being made to the draft policy to take these inputs into account. It would then be submitted to the Minister for approval to publish for public comment. The delays stem from legal complexities, as no less than ten pieces of legislation would have to be amended to effectively implement the strategy and align industrial use with public health and safety laws. the DTIC reaffirmed its commitment to promoting the hemp and cannabis industry while resolving the regulatory matters.

6.31 ***Spaza Shop Support Fund implementation:*** There appeared to have been no disbursement from the Spaza Shop Support Fund due to administrative delays in registering spaza shops. Furthermore, the Spaza Shop Support Fund excludes foreign-owned spaza shops, which raises the question of the inclusivity and practicality of the programme. The Committee enquired why the Spaza Shop Fund had not yet disbursed any funds, and how the DTIC sought to address the exclusion of foreign-owned spaza shops from the programme. The Director-General acknowledged the slow rollout, citing verification and compliance delays as the primary cause. The Deputy Minister reiterated that the Fund's design was intended to empower South African citizens under the government's transformation and localisation objectives. However, the Deputy

Minster conceded that the implementation challenges were under review, with the DTIC considering more simplified registration processes to expedite disbursements. The Director-General explained that the delays in disbursement were largely due to registration and licensing challenges, particularly where foreign nationals were involved. The DTIC was exploring whether the COVID-era municipal licensing provisions could be reactivated or if a conditional waiver system could be introduced, allowing conditional operation pending compliance within a specified time period.

6.32 ***Economic Impact of flagship programmes:*** The Committee sought clarity on the economic impact of the DTIC's flagship programmes, namely the Black Industrialist and the SEZ Programmes. These programmes represent the DTIC's most significant instruments for industrial and economic transformation, and enterprise development. However, metrics and impact evaluation frameworks that demonstrate the actual economic returns on investment appeared to be absent. The Committee enquired what measurable economic impacts have the DTIC's flagship programmes, such as the Black Industrialist and the SEZ Programmes, delivered in terms of sustainable jobs created and private sector investment. The DTIC indicated that both programmes continued to contribute to industrialisation, localisation, and employment creation, with over 200 black industrialists supported and investments exceeding R60 billion attracted across multiple sectors. The SEZ Programme has mobilised private investment of more than R20 billion, generating several thousand direct and indirect jobs.

6.33 ***Internal Financial Controls:*** The AGSA's presentation highlighted the recurring irregularities around expenditure, and weaknesses in financial governance across the DTIC and its entities. This demonstrates a systemic issue of non-compliance with supply chain management, inadequate internal controls, and exposure to irregular and fruitless and wasteful expenditure. The Committee enquired what measures the DTIC was implementing to strengthen internal financial controls and procurement processes to prevent recurrence of irregular expenditure and to enhance financial governance across its entities. The CFO informed the Committee that the DTIC was monitoring entities' audit action plans to ensure that all control deficiencies as identified by the AGSA were addressed and all recommendations were implemented.

6.34 ***Assessing the Real-World Effects of Departmental Targets:*** There was a need for the DTIC to move beyond numerical target achievement toward understanding the real-

world socioeconomic effects of those targets. While the performance reports demonstrate the percentage of targets achieved, there was limited evidence on how such achievements translate into tangible economic outcomes, such as GDP growth, job creation, industrial productivity, and investor confidence. The Committee enquired how the DTIC assessed the real-world impact of achieving its performance targets on key national outcomes. The Director-General informed the Committee that South Africa's economy was deeply integrated into global markets and was influenced by a complex mix of both global and domestic factors, many of which fell outside its direct control. Therefore, assessing the DTIC's impact required a careful evaluation of the direct and indirect impact of its policy interventions across various economic sectors.

For example, trade policy interventions such as the negotiations to establish the AfCFTA have created a substantial and lucrative export market for South African manufactured goods, agriculture and services. The benefits of the AfCFTA would, however, only directly impact jobs and economic growth when South African exporters were able to move their goods efficiently and cost-effectively through South Africa's freight and logistics infrastructure. Consequently, the DTIC was working closely with the Department of Transport to reform South Africa's ports and rail markets, so as to unlock the opportunities offered by the AfCFTA.

In the manufacturing sector, the DTIC has provided significant investment and production support to sectors such as automotives, clothing and textiles, global business services, and furniture, among others. These support measures have enabled sectors to withstand global competition and to weather domestic challenges as they arose, such as electricity supply interruptions. This has contributed to the retention of key industrial capabilities and production capacity and has positioned these sectors for a new period of growth. However, sustained growth depended on much stronger investment across South Africa and faster-growing domestic demand to absorb the products produced by the South African manufacturing sector. This, in turns, required a robust suite of investment incentives and structural reforms, and a supportive environment for domestic consumers, who continue to face relatively high real interest rates while inflation remained well within Government's inflation target.

6.35 ***Weak Governance:*** Thirteen out of 17 audited entities obtained clean audits, while only five out of 17 audited entities had achieved 85 per cent of their performance targets.

This trend reflected ongoing governance and accountability limitations within the entities. The Committee enquired what mechanisms the DTIC would introduce to strengthen governance and accountability across its entities to ensure improved audit outcomes and higher levels of target achievement. The Director-General informed the Committee that the DTIC had intensified oversight over its entities through monthly reporting, the review of governance structures, and performance alignment between CEOs and departmental targets. He further confirmed that CEO performance agreements were now incorporating DTIC-approved indicators, allowing the DTIC to hold entity leadership accountable for missed targets. Additionally, appointments to boards and CEO positions were being expedited to address leadership instability.

6.36 ***Under-expenditure in the Research Programme:*** The Research Programme had an underspending of 30,5 per cent of its allocated budget. This under-spending may reflect weaknesses in planning and supply-chain management where reliance on external training or research partners causes bottlenecks/delays. The Committee enquired what reforms the DTIC was considering to address administrative inefficiencies and improve planning, procurement, and implementation processes in the Research Programme. The DTIC informed the Committee that the research under-expenditure was largely due to milestone-based payments. Certain deliverables were completed only after year-end, leading to delays in expenditure recognition. Despite this, the DTIC was of the view that the performance achievement under the Programme was high (around 90 per cent). Additionally, the Director-General noted that the DTIC was centralising the research budget to consolidate oversight and streamline coordination across branches.

6.37 ***Under-expenditure in Quarter 1 of 2025/26 financial year:*** In the first quarter of the 2025/25 financial year, the DTIC's expenditure was R580,4 million, with underspending mainly in the Transformation and Competition Programme. This raised concerns about potential slippage in meeting annual targets, especially within programmes central to transformation and competition policy enforcement. The Committee enquired how the DTIC would ensure that underspending in the first quarter of 2025/26 financial year, particularly in the Transformation and Competition Programme, did not compromise the achievement of its annual performance targets. The DTIC clarified that the under-expenditure related to delayed disbursement under the Transformation and Competition Programme due to pending tripartite approval between the DTIC, the IDC and the Presidency for the Social Employment Fund.

However, funds were subsequently disbursed in the second quarter. The DTIC assured the Committee that annual targets would not be affected.

6.38 ***Weak Performance in Transformation and Administration Programmes:*** Despite reporting an 84 per cent of overall targets achieved, performance in the Administration and Transformation and Competition Programmes remained weak, undermining the broader policy credibility and consistency. The Committee enquired how the DTIC would ensure consistent quarterly performance and address the persistent weaknesses in these Programmes. The DTIC acknowledged capacity constraints linked to vacant posts and delayed appointments but expressed confidence that its 80 per cent performance rate in the first quarter provided momentum for improvement. The Deputy Minister further added that transformation interventions, including the Transformation Fund and targeted industrial financing, were being refined to enhance impact and delivery consistency. With regard to the performance of its entities, it indicated that the 80 per cent achievement of targets was included in the Shareholder Compacts and letters had also been written to all entities regarding the need to ensure the achievement of the targets. Monthly and quarterly governance meetings were also held to monitor their performance.

6.39 ***Performance versus expenditures***: The DTIC reported that it had only achieved 68 per cent of its planned targets, yet reported an expenditure rate of 99 per cent of its budgeted allocation. This mismatch between expenditure and performance raises questions about efficiency, planning and fiscal discipline, as it could suggest fiscal dumping. The Committee enquired how the DTIC accounted for its poor performance against its APP targets while spending 99 percent of its budget. Furthermore, what internal mechanisms are in place to prevent fiscal dumping across the DTIC and its entities. The CFO informed the Committee that the DTIC's budget comprised, on average, 80 per cent transfers. The performance from transferred funds were reported from other structures, such as entities. All payments for the incentives were only processed once all deliverables had been finalised. The incentives were reimbursable in nature and therefore no dumping was possible. All other transferred funds were monitored, and the corresponding deliverables were tracked.

6.40 ***Job creation and quality of employment:*** Under the Incentives Programme, the DTIC had set a target of 6 000 jobs created and reported actual performance of 11 656 jobs

created in the 2024/25 financial year. However, similar targets for the creation and retention of 200 000 jobs or job opportunities under the Transformation and Competition Programme led to only 15 282 jobs/job opportunities being created and retained, indicating substantial under-performance. The Committee was of the view that, given South Africa's unemployment crisis, short-term job opportunities may not significantly contribute to meaningful economic transformation or long-term poverty alleviation. Therefore, a more strategic focus on sustainable, long-term employment is required. The Committee enquired whether the DTIC has specific targets for creating long-term, decent jobs beyond temporary job opportunities. If so, what progress has been made toward achieving these, and how does it measure the sustainability and quality of the employment created through its programmes. The Director-General informed the Committee that the creation of jobs was dependent on companies' ability to generate employment through economic growth. The DTIC would continue to negotiate with companies to encourage the creation of additional jobs. Greater emphasis would also be placed on 'no retrenchment' conditions during the merger filings.

The 11 656 jobs created by beneficiaries of the DTIC's incentives in the 2024/25 financial year consisted of permanent jobs and did not include temporary employment opportunities. In addition to this, all manufacturing incentives require beneficiaries to maintain existing jobs. During the 2024/25 financial year, incentive beneficiaries maintained over 63 000 existing jobs, even though this was not targeted through the APP. This, therefore, contributed to long-term employment and poverty alleviation.

6.41 ***Economic Policy Debate:*** The DTIC achieved a 100 per cent performance rate within its Research Programme. While the Annual Report highlighted ongoing policy research and dialogue, there appeared to be limited visibility regarding the content, structure and participants in the debate. This was a potential concern as policy research must translate into participatory discourse capable of influencing industrial, trade, and investment strategies across government and the private sector. Furthermore, other strategies, such as the Industrial Policy and the 'Butterfly Strategy' were incomplete while some of their elements were reportedly being implemented. The Committee enquired whether the DTIC could provide detailed information on the form, content, and stakeholder composition of the 'economic policy debate' referred to in its Annual Report and clarify the current status and implementation frameworks for the Industrial Policy. The Deputy

Minister reinforced the DTIC's commitment to transparency, evidence-based policy, and public accountability, particularly regarding transformation narratives. He expressed his concern about misinformation in the public domain and underscored the need for data-driven research to counter distorted claims about BEE fund allocations. He further discussed industrial policy implementation delays, noting that while some programmes missed scheduling cycles, certain components thereof (like the Export Strategy) were already being rolled out. He further stated that efforts to secure long-term industrial jobs, including engagements with the Department of Electricity and Energy to utilise 4 000 MegaWatts of surplus grid capacity to revive smelters, potentially restoring 100 00 long-term jobs, were ongoing.

6.42 ***Corrective Action on Missed Targets:*** A number of targets have been repeatedly missed over the last few financial years. The Committee enquired what corrective actions has the DTIC implemented to address performance deficiencies and prevent their reoccurrence in subsequent APP cycles, and how was progress in this area being monitored. The Department informed the Committee that the following corrective actions were implemented per target missed in the 2024/25 financial year:

- Five unachieved targets related to Competition and Transformation Programme:
  - *Transformation Fund*: R10 billion raised and ten commitments for Transformation Fund – The concept document has been prioritised to be finalised to enable the unlocking of commitments and fundraising.
  - *200 000 job opportunities created through transformation and competition interventions* – Greater emphasis will be on 'no retrenchment' conditions as part of merger and acquisition transactions.
  - *10 000 additional workers with shares in their companies as a result of the DTIC group's interventions including but not limited to competition initiatives* – No corrective measure were required, as commitments for additional workers with shares were influenced by the merging parties and applications received.
  - *R15 billion of investments leveraged from competition and transformation interventions* – The improved definition of the indicator would be implemented
- Five unachieved targets related to the Trade, Investment and Sectors Programmes:
  - *Draft amendments for Patents Act and Designs published for public comments* – The Patents Bill and the Designs Amendment Bill will be published for comment in 2025. This work has been included in the new APP of the Department.

- *R330 billion of domestic and foreign direct investment attracted through greenfield and brownfield investments* – To attract investors, a key component of its strategy was the Investment Project Book, a portfolio of bankable and feasible projects ready for investment.
- *100 investor facilitation and red tape reduction interventions provided* – Attention would now shift toward enhancing business visa requirements, improving the processing of applications, streamlining procedures, and strengthening coordination with the Department of Home Affairs.
- *30 per cent of procurement spent on youth-owned businesses and 2 per cent of procurement spent on businesses owned by persons with disability* – For procurement contracts awarded to businesses owned by youth and persons with disability, the DTIC aimed to increase awareness by promoting procurement opportunities to these designated groups through various channels.

- Three unachieved targets in relation to the Export, Incentives and Regulation Programmes:
  - *One Global Export Strategy approved by Cabinet* – The document was currently undergoing internal approval processes before submission to the relevant Cluster and Cabinet.
  - One Additional Trade Finance Mechanism approved by Cabinet – Cabinet memorandum would be updated and re-submitted for Cabinet approval.
  - Two Draft Regulations developed and submitted to the Executive Authority for publication in the Government Gazette - The approach and strategy would be reviewed, and ongoing engagements with relevant internal and external stakeholders would continue on the outstanding draft Regulations.

6.43 ***Standardised Accounting and Financial Management:*** A standardised accounting and financial management system is important to prevent anomalies across the DTIC's entities. The lack of standardisation undermines reporting as well as audit reliability across the entities thereby increasing the risk of irregular or fruitless and wasteful expenditure. The Committee enquired whether there was a uniform accounting and financial management framework prescribed by National Treasury being applied and monitored by the AGSA to ensure consistency and prevent anomalies across all entities reporting to the DTIC. The Director-General informed the Committee that there are legislated reporting standards for the public sector. The public sector is governed by the financial reporting standards developed by the Accounting Standards Board,

namely: the GRAP, the International Financial Reporting Standards for schedule 2 entities, and Modified Cash Standard to the department. National Treasury has already issued the Irregular and Fruitless and Wasteful Expenditure framework for the public sector. The AGSA audits were conducted against these standards.

6.44 ***Rationalisation of entities:*** There have been delays in releasing the report on the evaluation of the rationalisation of entities including technical institutions such as the SABS and related entities. The Committee enquired whether progress has been made regarding the potential consolidation of technical infrastructure institutions in South Africa. The Director-General indicated that the DTIC was considering the report on the rationalisation of entities including the technical infrastructure institutions, to reduce duplication and strengthen coordination. The process was currently at the evaluation and consultation phase, and no final decision has been made at this stage.

6.45 ***Forensic investigation at the SABS:*** There have also been delays in releasing the TSU Investigations report on the forensic investigation at the SABS. The Committee enquired when the TSU report would be made available. The Director-General confirmed that some of the forensic investigation reports have been completed and are currently undergoing an internal review before submission to the Minister.

7. CONCLUSIONS

Based on its deliberations, the Committee drew the following conclusions:

7.1 The Committee noted with concern that the DTIC's final appropriation declined by 10,3 per cent from R10,7 billion in the 2023/24 financial year to R9,6 billion in the 2024/25 financial year, due to National Treasury's fiscal consolidation and expenditure ceilings measures. This reduction directly hampered the DTIC's policy space to aggressively pursue industrialisation, localisation, and transformation programmes. While the Committee observed that this reduction partly explained much of the DTIC's underperformance, it was concerned that, even with a reduced final appropriation, the DTIC's underspending increased by 113 per cent from R51 million in the 2023/24 financial year to R108,9 million in the 2024/25 financial year. This highlighted its reduced efficiency in converting expenditure into outputs.

7.2 The Budget Review and Recommendation Report reflects commendable delivery in parts of the DTIC portfolio, including a clean audit for the DTIC and measurable performance in several sector and incentive programmes. The Committee also noted that only five of the 17 audited entities had achieved over 85 per cent of their performance targets and 13 of these entities had obtained clean audits. The poor performance was partially attributable to the revision of targets in November 2024; however, it may also highlight systemic governance and delivery risks that require urgent and assertive parliamentary oversight. While the positive audit outcomes at departmental level are acknowledged, there remain persistent institutional weaknesses across key entities and programmes that threaten the integrity, credibility, and developmental impact of public spending.

7.3 In this regard, the Committee welcomed the DTIC's intensified oversight efforts over its entities, including the introduction of monthly entity reporting, the review of governance structures, and performance alignment between Chief Executive Officers and departmental targets. These interventions are expected to improve accountability and enhance governance practices across the portfolio.

7.4 The Committee noted with concern that the DTIC's most strategic programmes, particularly Programme 4: Sectors and Programme 6: Incentives, achieved only 29 per cent of their planned targets, despite 99,3 per cent budget utilisation. This underperformance, flagged by the Auditor-General, reinforced a persistent 'near-full budget expenditure, poor outcomes' paradox which contradicted the DTIC's mandate as a catalyst for inclusive growth, reindustrialisation, and structural transformation.

7.5 While the Committee welcomed the alignment of the DTIC's revised 2024/25 Annual Performance Plan with the national priorities of the 2024-2029 Medium-Term Development Plan, it stressed that this alignment remained visible in language rather than operational in practice, implying that there was a disjuncture between the government's national priorities and the DTIC's performance.

7.6 The Committee noted with concern the recurring governance, compliance, and systems weaknesses across several entities under the DTIC portfolio. Key issues included delayed financial reporting at the SABS, procurement and grant

management irregularities at the NLC, and fruitless and wasteful expenditure coupled with system challenges at the NCR. These key issues, the Committee observed, eroded public trust and undermined the integrity of public finances.

7.7 The Committee is particularly concerned about the impact of the cyber-attack and subsequent systems failure at the SABS, which resulted in its inability to submit its financial statements for auditing by the legislated deadline. This represents a serious governance failure affecting the SABS' reputation, which undermines business confidence in South Africa's standards and quality-assurance infrastructure. The Committee urged the DTIC to ensure that the SABS develops a clearly defined, time-bound remediation plan and implements appropriate consequence management measures to ensure organisational preparedness and accountability. The Committee requires that the SABS should provide it with (i) firm deadlines to address the systems failure, and (ii) an assurance that an independent cyber-security assessment was conducted. In addition, that the DTIC and the SABS Board should undertake that explicit consequence measures would be implemented for any further non-compliance with auditing requirements.

7.8 Ongoing governance and procurement concerns at the NLC, together with unresolved historic irregularities subject to Special Investigating Unit investigations, point to continued weaknesses in oversight across the institution. The Auditor-General's limited scope regarding prior-year irregularities leaves accountability gaps that must be addressed. Parliament must insist on transparent reporting on all forensic and Special Investigating Unit matters, ensure consequence management where wrongdoing is established, and prioritise the recovery of public funds. Furthermore, the process for making the reparations payments to former and current staff has taken over a year and has still not been finalised, placing a heavy burden on the affected individuals whose lives have been badly affected. The Committee urged the Board to finalise this matter without delay.

7.9 Notwithstanding the existence of audit action plans, ineffective/inconsistent implementation and recurrence of findings at certain entities implied deficiencies in consequence management. The Committee remained concerned over the continuation of ineffective monitoring, oversight, and accountability mechanisms across several DTIC entities. It welcomed the establishment of enhanced oversight measures within

the DTIC, including the revitalisation of the Chief Financial Officer Forum to promote best practices.

7.10 The Committee further encouraged the DTIC and the identified entities to ensure full implementation of audit recommendations, prioritise accountability, and demonstrate measurable progress by the next reporting period.

7.11 Persistent vacancies, particularly at senior management and Foreign Economic Representative levels, together with the prolonged acting appointments, in the view of the Committee, continue to undermine leadership stability, institutional performance, and effective oversight within the DTIC portfolio.

7.12 While the DTIC has committed to finalising the various recruitment processes, the Committee emphasised the urgency of filling critical posts. Failure to do so would continue to compromise strategic continuity, weaken accountability, and delay the implementation of key policy programme priorities.

7.13 The Committee noted, that despite the progress in strengthening legislative instruments such as the Public Audit Amendment Act, the persistent absence of consequences for repeated non-compliance, audit qualifications, and irregular and fruitless and wasteful expenditure at certain entities remains a concern. It welcomed the Auditor-General's use of its powers under the amended Act, such as the issuance of certificates of debt, which was currently being considered for extension to national entities, where no corrective action has been taken.

7.14 Although no certificates of debt have been issued within the DTIC portfolio, the Committee urged the DTIC to ensure that consequence management is applied consistently, and that accountability for financial misconduct is both visible and effective across all entities within the portfolio. In addition, where entities consistently fail to show that appropriate remedial actions were taken, the Committee should consider implementing sanctions in terms of budget support.

7.15 The Committee welcomed the progress in finalising the forensic investigation into the Capital Projects Feasibility Programme. It urged the DTIC to implement remedial and

disciplinary measures, where necessary, and to strengthen internal controls to protect the integrity of this incentive programme.

7.16 The Committee noted the criteria used by the Auditor-General in selecting Special Economic Zones and Industrial Parks for site visits; however, it emphasised the need for a more balanced and representative selection that reflects both successes and challenges.

7.17 It welcomed the DTIC's directive for provincial counterparts to develop turnaround strategies for underperforming parks.

7.18 Furthermore, it was concerned by the slow progress in developing certain Special Economic Zones, such as the Nkomazi and Musina-Makhado Special Economic Zones, as well as whether the value propositions for these Zones were still feasible. It welcomed the work that the DTIC was undertaking to reevaluate certain Special Economic Zones, as well as the collaboration with National Treasury and the World Bank to conduct an impact study on SEZ performance.

7.19 The Committee welcomed the progress toward South Africa's removal from the Financial Action Task Force's grey list, as it would restore investor confidence and reduce government's cost of borrowing.

7.20 However, it noted the relatively low levels of gross fixed capital formation, which was on average at 14 per cent of gross domestic product, compared to the global benchmark of 20 per cent, which curtails economic growth, productivity and job creation. It welcomed the collaboration between the DTIC and Infrastructure South Africa in terms of energy infrastructure. However, it stressed the need for greater inter-ministerial collaboration and cooperation to advance investment in public infrastructure.

7.21 In terms of private sector investment, the Committee emphasised the importance of finalising the new Industrial Policy to create a stable, predictable and enabling policy environment that boosts investor confidence. The delay in finalising the policy is causing uncertainty across the economic ministerial cluster as well as the business community, which are seeking clear signals and direction in terms of the DTIC's

vision for how South Africa can revive its industrial base and stimulate new economic, high-growth sectors. Therefore, it urged the DTIC to conclude the development and approval of this policy timeously.

7.22 The Committee welcomed the improved revision of the Transformation Fund concept document. It encouraged the DTIC, in collaboration with National Treasury, to finalise the implementation model and sustainable funding options to operationalise the Fund, as it would play a critical role in industrial participation and advancing transformation objectives, particularly black management and ownership.

7.23 While the Committee supports the broad trade strategy expressed by the DTIC, it was concerned that the Global Export Strategy has not yet been formalised; therefore, constraining South Africa's ability to optimise trade opportunities. It also welcomed the DTIC's efforts to expand export opportunities through diversification and to support increased resilience of South African exports in dynamic global markets.

7.24 The Committee noted the ongoing negotiations regarding the United States Framework Package and underscored the importance of securing favourable tariff reductions to strengthen South Africa's export competitiveness. It encouraged the DTIC to pursue a balanced approach that safeguards the national interest while strengthening bilateral trade relations with the United States and advancing mutually beneficial market access outcomes.

7.25 The Committee noted the European Union's proposed 50 per cent duty on steel. It welcomed the DTIC's efforts to explore domestic relief measures to mitigate the impact of this duty on the domestic steel industry and to support the long-term sustainability and competitiveness of the industry.

7.26 The Committee remained concerned about the ongoing delays in amending the Drugs and Drug Trafficking Act and other related legislation, as provisions in these legislation impeded the implementation of the Hemp and Cannabis Commercialisation Strategy. The Committee welcomed the DTIC's commitment to advance a coherent regulatory and policy framework to unlock the industry's economic potential.

7.27 In terms of the Spaza Shop Support Fund, the Committee urged the DTIC, in collaboration with the relevant government departments and/or agencies, to resolve the registration and licensing challenges hindering the implementation of this Fund.

7.28 Given South Africa's unemployment crisis, the Committee emphasised that the DTIC's focus should shift from short-term job opportunities to decent, sustainable long-term jobs that can contribute to meaningful economic transformation or long-term poverty alleviation.

7.29 The Committee noted the delay in releasing the report on the evaluation of consolidating the DTIC entities. This work was critical to determine the extent to which the entities could be rationalised in order to maximise the utilisation of existing resources and strengthen coordination among the entities.

7.30 The Committee was also concerned by the delays in releasing the investigation report by TSU Investigations into governance failures at the SABS. The DTIC should submit the report to it as soon as possible.

7.31 The Committee urged the DTIC and its entities to consider measuring tangible economic outcomes, such as gross domestic product growth, job creation, industrial productivity, innovation, business creation and longitudinal growth, and investor confidence, as part of their performance reporting. There is a tendency in government to measure inputs and activities and to translate these into key performance indicators, but these on their own provide little information on their impact.

8. APPRECIATION

The Committee would like to thank the Minister of Trade, Industry and Competition, Mr P Tau, the Deputy Minister, Mr Z Godlimpi, and the Director-General, Mr S Hamilton, for their cooperation and transparency during this process. The Committee also wished to thank its support staff, in particular the Committee Secretary, Mr A Hermans, the Content Advisor, Ms M Sheldon, and the Researcher, Ms Z Madalane, for their professional support and assistance in drafting this report. In addition, the Committee thanked the Committee Assistant, Ms Y Manakaza, for assisting it during this process. The Chairperson wished to

thank all Members of the Committee for their active participation during the process of engagement and deliberations and their constructive recommendations reflected in this report.

Report to be considered.

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6. Report of the Portfolio Committee on Basic Education on a Visit to Milnerton High School, Western Cape for a Fact-Finding Session on the Bullying Incident of 16 October 2025, dated 4 November 2025.

A delegation of the Portfolio Committee on Basic Education, having undertaken a fact-finding visit to Milnerton High School in the Western Cape regarding the bullying incident of 16 October 2025, reports as follows:

1. Introduction and Background

1.1 The Portfolio Committee on Basic Education (hereafter referred to as "Committee") conducted a fact-finding visit to Milnerton High School, Western Cape on Thursday, 23 October 2025.

1.2 The visit entailed the following engagements:

- Courtesy engagement with the affected learner and parents at their family home (closed session)
- Meeting engagement with the School Management Team (SMT) and School Governing Body (SGB) of Milnerton High School as well as officials from the Western Cape Education Department (WCED) (including Circuit and District officials)

1.3 The primary purpose of the visit was to receive a detailed report from the affected parents and the SMT of Milnerton High School on the bullying assault incident that occurred on 16 October 2025. Disturbing videos flooded the media space and other platforms which graphically showed the assault of a learner from Milnerton High School by fellow learners of the same school. The Committee needed to ensure that the matter was receiving the necessary attention and urgency and that the victim and parents were being supported. It was also important to understand the steps against the errand learners in respect of consequence management and sanction by the school.

1.4 Having issued a media statement on the intended visit, the Committee was also joined by more parents who had encountered similar incidents at the hands of the same perpetrators. Also, the Committee was joined by officials from the Human Rights Commission – who happened to be doing their own monitoring visit at the school.

1.5 For the visit, the Committees corresponded with the Director-General of the Department of Basic Education (National), the MEC for Education in the Western Cape as well as the parents and school of the pending visit.

2. Delegations

2.1 Portfolio Committee on Basic Education: Hon K J Maimela MP (ANC), Hon N Sharif MP (DA), Hon D van der Walt MP (DA), Hon S Mkhize MP (MKP) and Hon L Komane MP (EFF). Parliamentary staff consisted of Mr L A Brown (Committee Secretary).

3. Visit to Affected Parents and Learner (Close Meeting)

Before visiting Milnerton High School, the delegation undertook a courtesy visit to the family home of the affected parents and learner for their first-hand account of the incident as well as the type of support being received from the school and the provincial education department. For this session, parents of other learners who experience similar bullying assaults joined the discussion. This was a closed session.

4. Visit to Milnerton High School

The Chairperson opened the proceedings with words of welcome and appreciation for allowing the meeting to proceed. After introductions the Chairperson gave broad overview of the reasons for the visit - which the Committee prioritised after the viral videos of bullying was doing the rounds on social media and print media. It was imperative that the Committee acted on this and had requested the WCED to submit a report to the Committee on the matter.

5. Input by the Western Cape Education Department (WCED)

The WCED presented on the incident that occurred on 16 October 2025 where a learner was assaulted by fellow learners of the school on the school premises. The Department alluded to the actions of the school after being informed of the incident – as well as the consequence management against the perpetrators and support to the victim and family. Currently the perpetrators had been placed on precautionary suspension and the victim being considered for an alternative school if he wishes not to attend the school any longer. After engagement with the SMT and SGB, the disciplinary hearing for the perpetrators has been set for Saturday, 1 November 2025. Subsequent to the development, the perpetrators had been arrested and appeared in court on Thursday, 23 October 2025. The judge had requested that the perpetrators not return to the school and WCED to make alternative arrangement for them writing year end examinations. According to the WCED, the victim and family were receiving psychosocial support. With the victim reluctant to return to school, the WCED was offering assistance

with an alternative school for the learner. The school had supplied the WCED with a detailed report on the incident after following the necessary protocols.

The WCED had started processing the Form 22 applications and submitted to the Department of Social Development to ensure all necessary support to the victim and family. The District psychologist and social worker arrived at the school on Thursday, 23 October 2025 to provide support services. The school counsellor had met with the learners on Monday, 20 October 2025 and offered the necessary support.

The District dealt with various bullying and had programs in place that was implemented in all districts – the District also implemented its "Positive Behavior Programme." The investigations were ongoing in preparation for the disciplinary hearing to be held on 1 November 2025. From the DC, the committee would make recommendations and decisions and agree on the level of sanctions against perpetrators. With expulsion, the matter would be referred to the HOD for a final decision. The victim has been offered assistance in placement at an alternative school if he so wished – as he has indicated that he was reluctant to return to the school. According to the WCED, the school had a code of conduct in place and training on bullying remained ongoing.

The school principal also made an input on the incident and had informed the District as soon as possible. The school also notified the perpetrators of an investigation which was started and meetings set up. The RCL also provided a report which formed part of the investigation. Having seen the video, the investigation processes were accelerated. The school had put the perpetrators on precautionary suspension pending the investigation and outcomes. The school counsellor was brought in to offer support to the victims, and the school had been in contact with the parents throughout the process. The school had been in contact with the parents throughout with follow-ups and resources assistance from WCED. The school also had contingencies in place for incidents of protest and was able to continue with learning and teaching. The school acknowledged the seriousness of the incident that would bear consequences and damage to the school's reputation. The Principal agreed there needed to be a review of its own processes and how this was allowed to happen. The school would ensure steps were in place for a review and would issue a statement on reaffirming safety and non-violence at the school.

6. Members Observations and Resolutions

Having engage the school and WCED, the delegation's observations and resolutions centre around the following:

- The school had a culture of violence, and this was allowed to continue unabated.
- The school submit copies of all SGB meeting minutes.

- The WCED to submit a detailed report on the incident, 5 working days after adoption of this report.
- The school in collaboration with WCED ensure a safe learning environment for all learners.
- The school submit its code of conduct and comprehensive anti-bullying policy/strategy. The school also establish clear procedures and reporting mechanism for such incidents.
- The Departmen submit copies of the Form 22 applications completed.
- The school submit evidence of its engagement with the victims and parents and support offered. Why was there a four-day delay in acting upon the incident? Why were perpetrators not immediately put on suspension?
- The school submit a report on previous incidents e.g. the March 2025 incident on the George Camp. What steps were taken after reporting the incident and what consequence management was implemented?
- Concern that learners were offered counselling without parents' consent.
- The Human Rights Commission view that the WCED statement on support to the parents and victims be withdrawn.
- The Human Rights Commission ensure they share their report with the Committee.
- All meetings pertaining to the incident be held at an alternative venue to limit teaching and learning disruptions.
- Recommend any further meetings be held at another venue and not Milnerton High school.
- The Department assisted the school with drafting its own anti-bullying policy and report on how the Department and school will address the culture of violence at the school with detailed turnaround strategy.
- The Department submit a report on the outcome of the disciplinary hearing and sanctions to be imposed.
- The Department to ensure the victim and parents receive immediate psychosocial support.
- The Human Rights Commission ensure they are able to initiate programmes and campaigns at schools to sensitize learners of their rights and responsibilities.

7. Appreciation

The delegations, led by the Hon K J Maimela, thanked the parents, stakeholders, WCED and the school for the engagement on the matter. The Committee would await details as per the requested reports and information.

Report to be considered.

7. Report of the Portfolio Committee on Basic Education on an invitation to attend the Fourth G20 Education Working Group Seminar: Senior Officials' Meeting, held at the Skukuza Safari Lodge, Mpumalanga Province from 20 – 22 October 2025, dated 4 November 2025.

The Portfolio Committee on Basic Education, having attended the Fourth G20 Education Working Group Seminar: Senior Officials' Meeting, held at the Skukuza Safari Lodge, Mpumalanga Province from 20 – 22 October 2025, reports as follows.

1. Introduction

1.1 A delegation of the Portfolio Committee on Basic Education attended the Fourth G20 Education Working Group Seminar: Senior Officials' Meeting, held at the Skukuza Safari Lodge, Mpumalanga Province from 20 – 22 October 2025.

1.2 The delegation was comprised of the following members of the Portfolio Committee on Basic Education: Hon S Mkhize. With flight disruptions to Nelspruit due to inclement weather, Hon K J Maimela MP (ANC) (Chairperson) and Hon N Sharif MP (DA) were unable to participate.

1.3 The members of staff who formed part of the delegation were Mr L Brown (Committee Secretary) and Ms P Mbude-Mutshekwane (Content Advisor).

1.4 The G20 member states - composed of the following countries:

Argentina	China	Indonesia	Russia	Türkiye
Australia	France	Italy	Saudi Arabia	United Kingdom
Brazil	Germany	Japan	South Africa	United States
Canada	India	Mexico	South Korea	European Union

2. Background

The 2025 G20 EdWG, through a rigorous process of elimination, and while reflecting on global issues already addressed by the EWG, as well as challenges and priorities in the African continent, identified the sub-theme Educational Professionals for Solidarity, Equality and Sustainability, to be dealt within the following priorities:

- Quality Foundational Learning: The Role of Early Childhood Care and Education (ECCE) to Improve the Quality of Foundational Learning

- Mutual Recognition of Qualifications and Skills in a Global Context
- Education Professional Development for a Changing World

By targeting these priority areas, G20 members and invited countries can create more inclusive and resilient education systems capable of preparing learners for the future. This strategic focus wil not only enhance educational outcomes but also contribute to the broader goal of reducing socio-economic disparities and promoting social equity. Members and invite countries and international organisations shared innovative, successful and scalable programmes, policies and systems implemented to address these priority areas during the 2025 South African Presidency.

3. **Seminar Programme: Fourth Education Working Group Senior Officials Meeting –** Highlights of the Seminar Programme included inputs as follows:

- **Day 1, Monday, 20 October 2025**
    - Opening and welcome by the co-Chairpersons Mr H M Mweli DG of Basic Education, and Dr S N P Sishi, DG of Higher Education.
    - Discussion and Finalisation of the Draft Declaration was Co-Chaired by Mr S G Padayachee from Department of Basic Education and Ms N Gasa from Department of Higher Education
    - After day 1 session, the delegation was taken through the Skukuza game-drive and welcome dinner at the Chrusha Bush Braai site, hosted by the DBE Ministry.

- **Day 2, Tuesday, 21 October 2025**
    - The EdWG Achievements during the South African G20 Presidency
        - 2025 EdWG Insights, Outcomes and Recommendations emerging from the three priority areas:
            - ✓ Priority 1: Quality Foundational Learning: The Role of Early Childhood Care and Education (ECCE) to Improve the Quality of Foundational Learning
            - ✓ Priority 2: Mutual Recognition of Qualifications and Skills in a Global Context
            - ✓ Priority 3: Education Professional Development for a Changing World
        - Advancing education through share knowledge – the 2025 Education Working Group's legacy to the G20
        - Site visits to educational institutions
        - Individual countries to brief Ministers

- Business 20 Employment and Education Task Force Ministerial Dialogue

- **Day 3, Wednesday, 22 October 2025**
    - Minister's Meeting (Education Ministers and Heads of International Organisations)
    - Skukuza Primary School and Skukuza ECD Centre)
    - The EdWG Achievements during the South African G20 Presidency
    - Minister's Declarations (Request DBE for copy of the full Declaration , so that it can be attached for all Members to see this Declaration, it has an impact on the Basic Education Sector Priorities)

4. Conclusion

The Seminar concluded with a closing session by the Minister of Basic Education, Ms S Gwarube and Minister of Higher Education and Training, Mr B Manamela. This was followed by a sunset safari game drive and dinner.

Report to be noted.

8. Report of the Portfolio Committee on Basic Education on an oversight visit to the Free State Provincial Education Departments, dated 4 November 2025

The Portfolio Committee on Basic Education having undertaken an oversight visit to the Free State Provincial Education Departments, reports as follows:

1. Introduction and Background

1.1 The Portfolio Committee on Basic Education (hereafter referred to as "Committee") conducted an oversight visit to the Free State Provincial Education Departments from 13 – 17 October 2025.

1.2 Education Districts visited included:

- Lejweleputswa Education Districts; and
- Fezile Dabi Education District.

1.3 The oversight visits forms part of the Portfolio Committee's 4th Term Parliamentary Programme for 2025; to monitor the state of school infrastructure as well as the state of readiness for the 2025 NSC Examinations. This included the following areas of focus, amongst others:

- School Infrastructure (water, electricity, sanitation, ICT, buildings etc.)
- School Infrastructure for ASIDI and SAFE Programmes - Progress on completion of infrastructure projects, Sanitation, SAFE + Eradication of Pit-Latrines
- State of System Readiness for the NSC Examinations 2025
- State of Learner Readiness for the NSC Examinations 2025
- Teacher/Learner Ratios + Staff Capacity
- Curriculum/Learner Support Focus Areas
- Candidate Registration
- Exam and Marking Centres + Management of Irregularities + Risk Management
- Risk Management
- Support for Rural Education and Special Schools - Provisioning of resources; User-friendly Infrastructure; Preparing learners for post-school education/entry to Workplace Based Learning (WBL) Programmes.
- District Support and role of Circuit Managers and Subject Advisors.
- SGB - Effectiveness, Capacity building in respect of roles and responsibilities.

The areas of focus form part of the key deliverables finding expression in the Medium-Term Strategic Framework (MSTF), 2019 – 2024 and the National Development Plan (NDP), 2030.

1.4 The primary purpose of the oversight visit was to monitor and oversee the overall state of school infrastructure in the Free State as well as the state-of-examination readiness for the 2025 NSC Examinations to ensure learner and system readiness. This includes ensuring that learners and educators are in school, in class, on time, learning and teaching seven hours a day, as pronounced by the President in previous State of the Nation Address. The Portfolio Committee further aimed to monitor the current state of school infrastructure and current and future infrastructure projects being planned. Further to this the oversight visit would also look at the system and learner readiness for the upcoming NSC Examinations 2025. The Portfolio Committee sought to understand any further challenges being faced by schools; the contingency plans in place and possible assistance that could be forthcoming.

1.5 For the oversight visit, the Committees also invited the Portfolio Committee on Education in the respective Provincial Legislatures, Traditional Leadership, Teacher Unions, School Governing Body (SGB) Associations and the South African Principals Association (SAPA). The delegation held meetings with all relevant stakeholders to gain first-hand information on issues pertaining to school infrastructure and exam readiness - and to discuss various challenges faced in the Free State Provincial Education Department and affected Districts.

1.6 This report provides a summary of the key issues that emerged from the interaction with stakeholders, officials of the national and provincial departments as well as the Committee's deliberations, observations and recommendations.

2. Delegation

2.1 Portfolio Committee on Basic Education: Hon K J Maimela MP (ANC), Hon S T D Louw MP (ANC), Hon Y Govana MP (ANC), Hon N Sharif MP (DA), Hon D van der Walt MP (DA), Hon S Mkhize MP (MKP), Hon P Mngadi MP (MKP), Hon M Shikwambana MP (EFF), Hon L Ngobeni MP (ActionSA) and Hon S Ngcobo. Parliamentary staff consisted of Mr L A Brown (Committee Secretary), Ms P Mbude-Mutshekwane (Content Advisor), Ms S Mkosana (Committee Assistant), Mr M Kekana (Research Unit) and Mr S Mokoena (Communications). Parliamentary Protection Services personnel included Mr R Hendricks and Mr M Matlawe.

3. Oversight and Monitoring Visit: Free State Department of Education (FSDOE)

The oversight visits to the Lejweleputswa an Fazile Dabi Education Districts in the Free State were held from 13 – 17 October 2025. Schools visited by the delegation included:

- Lejweleputswa Education District:
    - Welkom Secondary School.
    - Vet Rivier Farm Primary School.
    - Orion Special School.
    - Emund Rice Independent School
    - Seabo Primary School
    - Lenakeng Technical School.
    - Welkom Volkskool; and
    - Sandrivier Pre-Primary School.
- Fazile Dabi Education District:
    - H M Mthombeni Secondary School.
    - Thuto Ke Lesedi Technical School.
    - Fakkel Special School.
    - Weiveld Agricultural School.
    - Willow Archers Independent School; and
    - Mamohato ECD Centre.

3.1 School Visits in Lejweleputswa Education District

3.1.1 Welkom Secondary School

Welkom Secondary School, established in 1985/1987, was a Quintile 3 school situated in Lejweleputswa District in Welkom. The language of learning and teaching was English and Afrikaans. The school leadership and staff are comprised of a Principal, two Deputy Principals, seven Departmental Heads, 44 PL1 Educators, two Secretaries and two General Workers. There were two vacancies against DH promotion. The school learner population stood at 1 313 learners. and the school experienced overcrowding in the Grade 8 – 10 classrooms.

In respect of ICT, the school had Wi-Fi in the admin block and library with two wi-fi rooters. The fixed Internet connection in classrooms had been vandalised. The school had 26 CAT Lab Computers and eight computers fore the School Management Team (SMT). The school has also been supplied with ten Data Projectors and laptops and tablets for only Geography, CAT and Accounting. The school also utilised Siyavula (Mathematics, YouTube videos and WhatsApp groups.

The school shared its Grade 12 NSC results from 2015 – 2024. With examination readiness the school indicated that examinations were conducted at the school where three venues were created. For this, the school also procured additional furniture. The laboratory was ready for the CAT subject – with the backup generator available if required. All examination invigilators had received the necessary training. The school had applied for the use of private invigilators as the Grade 12 teachers also taught other grades. The school was currently underperforming.

Some of the challenges faced by the school included the following:

- Classroom overcrowding (especially the Grade 8 - 10 classrooms)
- Gangsterism within community + drug abuse
- Teenage pregnancies
- High drop-out rate
- High staff turnover
- Insufficient ablution facilities (vandalised
- Fencing stolen
- No school hall
- 6 x mobile classrooms not furnished.
- 10 classrooms shortage
- Shortage of SMT/Admin Offices
- Fire hoses vandalised
- No sporting facilities
- Sewage permanently blocked
- No water meter – exorbitant municipal bill for electricity and water
- Only 3 taps
- Public Wi-Fi not launched.
- Fixed line internet connection has been vandalized.
- No laptops or tablets

Portfolio Committee Observations and Questions

- What were the Departments plans to address the infrastructure challenges as reported by the school since submitting its infrastructure plans in January 2025?
- How was the Department collaborating with the local municipality in respect of sewerage overflow, blocked pipes, and absence of a water meter at the schools?

- How was the Department implementing the language policy and mother-tongue tuition?
- What measures were in place to accommodate pregnant learners in the schooling, including the type of support and training of educators on their roles in this regard?
- Was there an investigation into the theft of school tablets/laptops – ad what was the outcome of the investigation?
- With language learning and teaching, what was the dominant language of the surrounding community? Could the Department give a breakdown of the languages spoken in the surrounding community and feeder schools?

Portfolio Committee Recommendations

- The Department submits the following in writing:
    - A turnaround strategy with timelines for addressing the school's infrastructure challenges - with consequence management applied to errand officials responsible; a report on consequence management outcomes be presented to the committee before the end of November 2025.
    - A Safety and Security Plan for the school in collaboration with SAPS.
    - A report on the Department's advocacy and safety campaigns.
    - A report on the school's language learning and teaching policy.
    - A report on the collaboration with the local municipality on addressing challenges with blocked sewerage pipes, sewerage overflow, high billing, and the absence of a school municipal meter.
- The Department ensure the school was provided with additional professional staff, e.g., social workers.
- The Department reviews its current language policy for schools to ensure all learners were accommodated and not disadvantaged.
- The Department ensure the school was prioritised for infrastructure upgrades and refurbishments, including mitigation of challenges raised by the school.
- The Department ensure prioritising the following:
    - Infrastructure challenges/building upgrades and refurbishments of the school
    - Replacement of perimeter fencing
    - Additional temporary mobile classrooms
    - Converting mobiles classrooms into permanent structures
    - Additional taps and drinking fountains.

- Engagement with the municipality regarding the water meter and school billing challenges – including the sewerage overflow and blocked pipes.
- Collaborate with the surrounding community and Councillors to safeguard the school property and prevent school vandalism, burglary, and theft.

3.1.2 Vetrivier Intermediate Farm School

The school weas established in 1971 as a farm school. The principal was considering leave /resigning due to ongoing lack of support and hardships faced at the school – as well the Free State DOE's failure to meet expectations. The school had three full-time teachers, with one additional teacher for Grade 4 who was not classified as full-time. Each educator was responsible for multigrade teaching i.e. three Grades in a single classroom setting. The current student enrolment stood at 93 learners. With the nutrition programme, the school purchased food for meals preparation for all learners. The school did not have a conducive play area for the Grade R learners. The school lacked adequate learning resources to integrate play into the learning processes. Even though the school was fenced and had the basic ablution facilities, the school was in a poor condition. Learners stayed far from the school and used two taxis and one bus to commute. The learner transport was unreliable, and learners often missed school due to transport arriving late or not at all, especially in rainy weather. It was noted that, in one instance, learners could not access school for a full week due to transport challenges. The school had a multi-grade classroom setup for all grades. Some of the challenges highlighted included the following:

- Learner transport - The irregular and unreliable transport situation prevents teaching according to a standardized timetable which impacted learner attendance and overall school performance.
- Performance and Management - Despite challenges, school management was making efforts to address issues, although they face reluctance from the Department to provide necessary support.
- Staff Shortage - There was a need for additional personnel support staff, as educators were reluctant to work at farm schools due to inadequate incentives.
- Learner Enrolment: Learners from Letha Bong were initially supposed to attend Vetrivier but were moved to another school. Many parents had expressed interest in enrolling their children at Vetrivier, but transport was a concern.
- Ablution Facilities – The poor condition of ablution facilities had been reported to the Department since December 2024.

- Water and Electricity - Water supply was sourced from a borehole, and the school electricity supply was stable. However, internet connectivity suffered due to network challenges.
- Land Ownership – The school was situated on a farmer's land which complicated potential expansion or improvement efforts.

Portfolio Committee Observations and Questions

- Why was there a reluctance by the Department to support the school to address the challenges as reported?
- How was the Department aiming to address challenges with learner transport, poor ablutions facilities and connectivity to the schools?
- Had the Department not considered entering a contract or MOU with the farm owner to procure the land on which the school was built?

Portfolio Committee Recommendations

- The Department address the irregular and unreliability of the learner transport challenges reported, and submit the report to the Committee within 30 days after adoption of this report
- The Department consider supplying the school with additional personnel staff
- The Department prioritise addressing the school's infrastructure challenges e.g. ablution facilities , NSNP , internet connectivity
- The Department consider a contract/MOU with the owners of the farm in respect of the school premises.

3.1.3 Orion Special School

On 3 September 1956, the school was established as the first "auxiliary school" and on the 21 February 1959 officially opened. On the 21 June 1966, the school's name changed to Japie Smith Pre-Vocational school. On 31 September, the school's name was changed to Orion School. The school is currently 67 years old. The current staff establishment was one Principal, two Deputy Principals, six Departmental Heads and 25 PL1 educators. The Support staff comprised an Admin Clerk, a Social Worker, two General Assistants, a matron, three household aids and a linen master. The SGB appointments were one terrain manager, two cleaners and one clerk. The school had a total of 382 learners and the teacher to learner ratios was 1/11.

Current Infrastructure challenges include:

- Currently construction of two workshops and an office block is taking place.
- Construction of an ablution block that can also accommodate disabled people is in the pipeline.
- Sewerage system is a big challenge – municipality responsible.

The maintenance budget for 2025 was R 240 000. There were regular maintenance meetings to discuss where maintenance was needed. The school had three buses, lawnmowers and two tractors. The school required renovations. ICT equipment included 20 Computers in the ICT Centre, 20 reading tablets, 30 reading notebooks and 33 Proximas utilised in classrooms. In the admin block there were laptops for the Admin Clerk, Deputy Principals and Principal – staff also had laptops.

Water was sourced from the Municipal tap with additional JoJo tanks at the hostel being planned. The school utilizes flush systems at the toilet facilities and had 7 toilets for females, 14 for males and 12 for staff. The facilities are adequate, safe, and suitable for learners, they are clean and properly maintained. Due to problems on the municipalities side, there is constant overflowing sewerage. The school required toilets for disabled persons.

On the state-of-readiness for the NSC Examinations for 2025 assessments were done for three terms and captured on SA-SAMS, Exams for the school would commence on 10 November 2025 and end on 18 November 2025. The GEC for 2025 had been completed with only one exam outstanding. The management plans for the November exams had been completed. Other challenges faced included learner absenteeism and being referred to the school too late or at a slow rate.

Portfolio Committee Observations and Questions

- Members sought clarity on the learner demographics of the school.
- What were the reasons for the high absenteeism rate for learners?
- Were the services and support received from the District and PED adequate in respect of social services and therapists available to the school?
- What were the reasons for the drop in performance in the last three years?
- How were parents who could not afford fees accommodated with applications for concessions?
- What was the demographic of the Schol Management Team – what informed this?

- Were learners being taught in the home language as a language of teaching and learning? How were they accommodated?

Portfolio Committee Recommendations

- The Department to submit a report on the recruitment processes and procedures for the school – and how equity targets were being considered and a possible review of the employment equity policy implementation. Considering that the Recruitment of educators seems to be skewed, the report was requested to reach the Committee by last week of November 2025
- The Department submit a breakdown of the demographics of teachers and staff including salary scales.
- The Department submit a breakdown of all special schools in the Province and their language learning and teaching.
- The Department prioritise the school for additional ablution facilities for disabled persons as well as addressing the blocked sewerage pipes causing overflow.

3.1.4 Edmund Rice Independent School

The school was established in 1996 and ranked as a private school in Circuit 10 in Lejweleputswa Education District. The total staff complement was 43 with one Principal, one Deputy Principal, four Departmental Heads, 19 PL1 Educators, three Admin Staff and eight support staff (ground and kitchen staff). The total learner population was 510 learners.

Challenges faced included:

- English being the learner's 2nd or 3rd language.
- Many learners live with grandparents or extended family.
- The space to expand is extremely limited.
- The Department did not provide LTSM, and parents were responsible for purchasing workbooks, notebooks, and stationery.

With the preparations for the 2025 NSC Examinations, the Deputy Principal analyzed the Grade 12 file, teachers supplied the learners with study programmes and had extra classes in preparation for the upcoming exams. Learners and parents were called in throughout the year where necessary. SAPS also visited frequently and were on call in

case of emergencies. All teachers were available and eager to help all learners . Parents were responsible for purchasing workbooks, notebooks and stationery. The school has two combis transporting learners from Virginia area

Portfolio Committee Observations and Questions

- What was the type of collaboration with sister departments and stakeholder organizations which assist the school?
- What role did parents and the community play in supporting the school with issues of safety and security?
- Who was the primary engagement with the school in terms of learner matters?
- Was the school considering the offering of any African language e.g., Sesotho?
- Members raised concern over the language of teaching and learning - and remain concerned about the school not catering for African languages. What was the demographics of the learners in the school – and their home language?
- Did the school receive any subsidy from the Department?

Portfolio Committee Recommendations

- The Department consider assisting the school with LTSM as matter of urgency
- The Department submit the breakdown of the demographics of the teachers and learners – and their home language. Also, the dominant language of the surrounding community.
- The Department revisit its policies on language of tuition and mother-tongue tuition implementation.
- The Department provide a detailed breakdown of the salary scale for teachers and staff.

3.1.5 Seabo Primary School

The school was established in 1979. Currently, the staff compliment of the school comprises one Principal, one Deputy Principal, three Departmental Heads and 19 Educators. Other staff included one Admin Clerk, one Factotum and nine SGB appointees. The learner's enrolment figure was 994 learners from Grade R - Grade 7.

Some of the challenges faced by the school included:

- Academic Challenges:
    - Over-crowded classes
    - Learner attendance
    - Defective family relations
    - Child headed families
- Social Challenges:
    - Community- unauthorized usage of resources (playground) due to dilapidated fence
    - Burglary and theft
- Operational Challenges:
    - Water and Electricity shedding
    - Sewage blockage
    - Theft and trespassing
- Infrastructure Challenges
    - Building
        - Security – dilapidated fence (46 years)
        - Building foundation and expansions in the classrooms
        - Tiles are peeling off/ worn out.
        - No staff room and no library
        - No kitchen (NSNP) – Storeroom
        - Burglary and theft due to compromised security.
        - Limited number of toilets
    - Sanitation
        - Estimated tariffs of water and electricity.
    - Classroom Safety
        - Ceiling in the classrooms – peeling off.
        - Tiles are worn out
        - Floor expansion
    - Other Facilities
        - Mobile classes without electricity and air conditioners

- Paving
- Floor very weak

With examinations readiness, the school gave an update on their work-in-progress preparations. This included work on the invigilation timetable, exam papers, and actual exam dates. There were study programmes with mock-tests, drop-all and read, hostel study timetable and morning and afternoon classes. Intervention for learner support included various instructions, using supplementary past papers and extra-tuition, parental involvement, constructive feedback, and use of reading champions. All invigilation timetables were in place and the invigilation committee established – monitored and controlled by the SMT. All question papers to be written were stored in the principal's office and there were control sheets for collection and distribution of question papers according to the timetable and not in advance.

In respect of learner transport, the farm learners resided at the hostel, and the rest used the school bus or walked to school. With the NSNP, learners were fed breakfast daily and a brunch at 10:30am. All leftovers were shared with needy learners. The kitchen was a small, converted storeroom.

Portfolio Committee Observations and Questions

- Did the school have any vacant teacher posts?
- Were there any challenges experienced with scholar/learner transport?
- Most challenges were of an infrastructure nature and the school relied on prefab structures. Challenges are infrastructure. School relies on prefab structures. Why was the school still utilising mobile structures and when would the Department convert them to permanent structures?
- How was the Department addressing the fencing and security challenges highlighted – including additional toilets?
- What was the school's Language of Learning and Teaching policy?
- With child-headed households, what was the Department's collaboration with Social Development and other sister departments in supporting such households?
- What was collaboration with the local municipality to address water, sanitation, waste-dumps, and blocked sewerage as reported?
- Members observed that the school has insufficient toilets, to address the matter in the year 2027/28…this is too far…please relook at this timeframe and even have alternative temporary solution for the school…

Portfolio Committee Recommendations

- The Department prioritise the school for infrastructure upgrades and addressing dilapidated structures. The Department consider converting mobiles classrooms to permanent structures.
- The Department ensure the school was assisted with additional ablution facilities and perimeter fencing.
- The Department ensure the school is fitted with a kitchen and equipment for preparing meals
- The Department ensure the school is assisted with its own safety and security plan.
- The Department reconsider/review the allocation to schools for minor maintenance as the current amount was too low.

3.1.6 Lenakeng Technical School

The school was established in 1989, and current had a staff compliment of one Principal, one Deputy Principal, four Departmental Heads and 22 PL1 Educators – with an additional nine support staff. The learner enrolment figure stood at 532 learners.

The school faced the following challenges:

- Academic Challenges:
  - The school has a challenge on Physical sciences, Technical Sciences, Mathematics and Technical Mathematics by not reaching the target set, due to not selective on learner admissions and progressed learners not being able to pass for themselves.
- Social Challenges:
  - The school is surrounded by the community which is not knowledgeable, and parents are unable to check their children's books and assist them with homework.
  - The area has a high rate of unemployment of parents.
- Operational Challenges:
  - Limited classroom and school opting to use laboratories and theory rooms as classes.
  - Learner enrolment figures allow for one cleaner only.
  - Maximum security was a challenge due to financial constraints (the school is a technical with valuable assets).

  - Due to burglary and theft, the school is left with limited resources to maximise the quality of teaching and learning.

- Infrastructure Challenges:
  - In 2016 the process of roof painting started but without maintaining roof sheet and gutters.
  - Buildings are very old with leaking roof and falling of ceiling in specific block.
  - Blocked municipal sewerage pipelines.
  - Ablution facilities experience overflowing sewerage due to poor municipality drainage.
  - Old toilet system that needs refurbishment
  - Upstairs building or classes need real attention and posed a threat to teachers and learners.
  - Cracked laboratories walls.
  - Floors are not in bad condition causing safety concerns.
  - No sports facilities. No school Hall. No Library.
  - In 2016 the school required the unused land next to the school from the municipality with all the design and quantities calculated but the municipality refused and stated that the school must bid for the land.
  - No NSNP kitchen or Staffroom

With preparations for exam readiness, all educators attended invigilation training preparing them for external and internal examinations. The school also runs Saturday classes, extended hour program (EHP) after school, marathon, walk in classes and last push incubation camp preparing learners for examination. Other interventions included learner adoption by educators and learner academic support through monitoring at least once a week. For exam system readiness the school indicated the final exam invigilation timetable will be finalised by the 17 October 2025 and a total of 15 trained educators will form part of the examination process. Educators trained on the 27 August 2025 by the district exam section and 04 September 2025 the schools training. The exam paper was locked in a strong room, and the school was next to the police station for any disturbance during exams. The school had eight learners on concession and accommodations.

For E-Learning, all educators for Maths and Science were registered while learners were in a process of being registered. The textbook and laptop retrieval system was in place and applied even though not addressing retrieval at 100%. A new programme has

been developed for checking textbooks quarterly register educators. Workbooks were available and well used for Grade 8 and 9. EGD workbooks were made available for learners from Grade 10 – 12. Procurement and delivery were advertised and delivered on time.

For learner transport, private transport was commonly used with few learners using scholar transport. Most of the learners were within walking distance from the school. Regarding the NSNP, it was well managed, and learners were always fed nutritious meals for breakfast and lunch. A total of seven learners on the nutrition programme were given an extra meal to take home daily. Vulnerable learners were identified and give food parcels quarterly.

Portfolio Committee Observations and Questions

- How was the Department, in collaboration with the local municipality, addressing challenges with blocked sewerage pipes and sewerage overflow reported?
- Did the school experience any challenges with learner discipline?
- What were the reasons for the drop in learner performance in Grade 12?
- How were progressed learners being assisted and supported - and how did concessions assist learners?
- How was the Department ensuring adequate baseline figures and incorporate a theory of change within the Department in collaboration with relevant sister departments? There was a need for proper baselines to understand the needs in addressing infrastructure challenges.

Portfolio Committee Recommendations

- The Department, in collaboration with the local municipality, ensure challenges with sewerage blocking and overflow are addressed as a matter of urgency.
- The Department prioritise infrastructure refurbishments, maintenance upgrades and building to include a media center, library, and kitchen – as well as repair of leaking roofs and ceilings.
- The Department assisted the school with intervention strategies to ensure underperforming learners received focused attention and ensure improved performance.

- The Department submit a report on its assessment of the school infrastructure and mitigation plans before the end of 30 October 2025

3.1.7 Welkom Volkskool

The school was established during 1985/1987 as a Quintile 3 school in Circuit 2 in the Lejweleputswa Education District. The school language of learning and teaching was Afrikaans and English. The staff compliment of the school included one Principal, two Deputy Principals, seven Departmental Heads and 44 PL1 Educators. Non-teaching staff included two Secretaries and two General Workers. The school had two vacancies against DH promotion. The current learner population stood at 1 313 learners.

Some of the challenges highlighted included the following:

- A post lost in 2024 – increased workload
- Special education needs exceed resources.
- Parents do not pay fees and apply for exemptions.
- More learners require concessions and accommodation.
- Infrastructure Challenges:
    - Aging buildings (built 74 years ago)
    - Staff sport room needs rebuilding.
    - Perimeter walls need replacement.
    - Floors and ceilings require maintenance.
    - Water system needs maintenance.
- Other challenges included
    - under performing
    - gangsterism
    - drug abuse
    - teenage pregnancies
    - high dropout rate
    - poor infrastructure – no fence, 1 bathroom b/g
    - poor parental involvement
    - high staff turnover
- Infrastructure Challenges:
        - Ablution facilities not adequate, boys vandalised
        - No School Hall
        - 6 x Mobile classrooms not furnished
        - Shortage of 10 Classrooms

  - Shortage of SMT / Administration Offices [Only 3 x SMT, 1 x Admin]
  - Fire hoses vandalised
  - No sport facilities
- Water and Sanitation
  - Sewage line permanently blocked
  - No water meter
  - Only 3 taps

In respect of school ICT, the school had two Wi-Fi routers but the fixed line Internet connection to classrooms had been vandalised. There were 26 computers for the CAT Lab and eight for the SMT. The school had 10 Data Projectors, the use of Siyavula for Mathematics, YouTube videos, and WhatsApp groups.

For 2025 NSC examination readiness the school indicated that the exams were conducted at the school having created three venues. The school also procured additional furniture, and the CAT Lab was ready with an available generator. All invigilators had been trained and the school applied for the use of private invigilators.

Portfolio Committee Observations and Questions

- Concerns were raised over the school's admission and language policy. How were learners in the surrounding area whose mother tongue was not English or Afrikaans being accommodated. The school submit a breakdown of the learner population demographics – as well as for the feeder schools in the area.
- How were learners accessing the school without learner/scholar transport?
- What sources of funding did the school have for the procurement of foodstuff for meals preparation? How did the school ensure meals were prepared safely?
- How many Grade R practitioners were employed at the school?
- What was the current learner to teacher ratios of the school?
- How were parents, who could not afford fees, being assisted with applications for fees exemption?
- Which statistics were the school using for the feeder schools, race classifications, and languages for the specific District – which the school served? What informed the school's language policy – and how were black parents living close to the school being accommodated at the school?

Portfolio Committee Recommendations

- The Department submits a breakdown of the learner and teacher demographics at the school as well as the staff composition and salary scales of teachers and staff.
- The Head of Department to ensure the necessary regulations after completion of the school policy reviews.
- The Department to also submit a breakdown of the admission and language policies for the schools – which was exclusionary.
- The Department ensures the school was added to the priority list of schools for infrastructure refurbishment, building projects, upgrades, and maintenance.

3.1.8 Sandrivier Pre-Primary School

The school was established in 1974 and was now 51 years old. The ECD catered for learners from 3 – 6 years with their development according to age and prepare them for Grade 1. The school received one subsidised post from the Department. All the school had and planned came from parents' contributions and fundraising. The school offered Grade R, Pre-Grade R and Grade RR. Enrollment at the school involves the parents' submitting applications with the necessary documentation, proof of income and development history. Currently the learner numbers stood at 76 learners. There was a need for further expansion of the school due to increasing numbers – the school was in the process of raising funds to build an extra classroom. There were also extramural classes for learners as this helped their development including coding and robotics. The schools acquire two school buses during the covid period from their own funds and fund raising.

Some of the challenges faced by the school included:

- A need for the expansion of the school but finances do not allow (extra classroom)
- School has financial constraints.
- Experience intermittent water supply shortages.
- No funding allocation from the Department

Portfolio Committee Observations and Questions

- What were the plans/landscape for the ECD model as envisaged by the Department? What support was the Department giving to ECDs in the province?

- What training and development was in place for ECD practitioners where the budget allowed?
- Was registration done for all private and non-private ECDs – and what was the allocation for ECDs per learner?
- What was the percentage of learners not able to access ECD in the province? Could the Department give a detailed breakdown? What are the strategies to ensure all learners were able to access ECD?
- What was the strategy of the Department for the building of ECDs, and targeted areas identified for such buildings?
- The Department has considered engagements and collaboration with sister Departments for utilisation of open building space from the list of properties belonging to the departments. Another suggestion was to use underutilized schools.
- What was the census data on ECD centres in the province?

Portfolio Committee Recommendations

- The Department submits a report on its outline/vision for the ECD model for the province.
- The Department submits census statistics on the ECDs in the province and statistics on the learners not able to access ECD - and the strategy to ensure all learners have access.
- The Department to consider utilisation of Public Works building space and underutilized schools.

3.1.9 H M Mthombeni Secondary School

The school was established in 2012 and accommodated at the old Lhutso Primary School mobile classrooms. The school was established as an answer to the overcrowding at the local secondary schools. The school also accommodate learners from ex-Model C schools where parents were unable to afford their school fees. The staff compliment consisted of one Principal, two Deputy Principals, five Heads of Department and 24 PL1 Educators. Non-teaching staff comprised two Clerks and two Cleaners. The learner enrolment stood at 1 130 learners.

Some of the challenges highlighted included the following:

- Infrastructure Challenges:

- The school is still under construction.
- There was handover of 7 classrooms in 2023. In 2024 2nd handover of another 6 classes took place
- Electricity was partly installed in 2024.
- October 2024 handover of the administration block and the 2 multipurpose centres took place. The kitchen was handed over on 03 October 2025
- To date only one block of ablutions will be accessible to girls.

- Academic Challenges:
  - Due to incomplete building structure learners are not fully exposed practical tasks especially natural sciences.
  - Incomplete media centre has a negative when learners are to complete investigative tasks.
- Social Challenges:
  - Child-headed families
  - Drug abuse is rife.
  - Vandalism
  - High unemployment rate
- Infrastructure Challenges:
  - The school is still under construction.
  - There was handover of 7 classrooms in 2023. In 2024 2nd handover of another 6 classes took place
  - Electricity was partly installed in 2024.
  - October 2024 handover of the administration block and the 2 multipurpose centres took place. The kitchen was handed over on 03 October 2025
  - To date only one block of ablutions will be accessible to girls.

In respect of exam readiness, the school indicated that accommodation was ready and met all the requirements. Learners had a two-day programme before a subject was written with extended hours classes additional in all challenging subjects. There is adequate furniture, and the school implemented a last-push effort with Autumn, Winter, and Spring classes. All invigilators were trained with differentiated teaching – which also include Grade 12 camps. The SAPS and Department of Health were informed of activities pertaining to the examinations.

The school has not experienced any challenges in procurement and delivery of LTSM and Grade 9 workbooks are regularly delivered. Textbooks and stationery as per set

norms and no shortages experienced. Laptops are available for educators and admin staff and textbooks retrieval system in place but not 100% effective.

With the NSNP and leaner transport the school had a kitchen available with the prescribed utensils. The Food handlers have adequate PPE and attend all prescribed workshops. Only a few learners were using scholar transport as they stayed in the nearby town.

Portfolio Committee Observations and Questions

- How was the Department aiming to address the infrastructure challenges as highlighted by the school in respect of refurbishments, repairs, and renovations of buildings?
- What were the reasons for the delay in the completion of the building project by the contractors - what were the revised timelines for completion in respect of the school renovations and building. What was the original budget for the build project?
- What was the current retrieval percentage for textbooks and what seps were in place to improve the current retrieval percentages?
- What was the exact number of learners utilising scholar transport – and was this a barrier to learning?
- Why was the Department of Public works not invited to attend the meeting and brief the Committee on the build project delays?
- Why were learners and teachers allowed to occupy classrooms when the contractors were still on site?
- How could the Department agree that, according to the contractors, the school was already at 93% completion – when there was clearly so much that still needed to be done?
- Currently, how many classrooms were being used and was there experienced overcrowding?
- Areas still need to be completed included the library, hall, media center and two blocks of toilets – what was the timeframe for completions. Has the Department considered mobile toilets in the interim?
- Has the Department considered an advocacy campaign to deal with school vandalism?
- How were pregnant learners being accommodated at the school – and what support from sister departments?

Portfolio Committee Recommendations

- The Department submit a report on the building delays and revised timelines for completion and recovery plan.
- The Department submit a detailed breakdown on the costing for the building project from initiation in 2018. The report should also include challenges with the initial Joint Venture, names of the contractors and supply chain processes and procedures.
- The Department consider focussed advocacy campaign/programme on school vandalism.

3.1.10 Thuto Ke Lesedi Technical High School

The school staffing compliment included one Principal, two Deputy Principals, seven Departmental Heads, 45 PL1 Educators, one Admin Clerk and one Groundman. The school catered to a community facing economic challenges, including orphaned children and those from child-headed households. The total learner population stood at 1 124 learners. The learner's home language was Sesotho. The surrounding area was an informal settlement where unemployment and crime rates were high. Many community members rely on government grants.

The school highlighted the following challenges:

- Prefabricated mobile classrooms.
- Lack of paving between classes, no sports fields
- No smart boards
- Overcrowding
- No workshops for specialized subjects
- Lack of funds
- Learner Facing challenges:
    - Orphans
    - Learners Heading their homes.
    - Pregnant Learners
    - Learners using substances.
    - Neglected learners.
- School needs include the following:
    - Brick mortar school.
    - Office furniture: Tables, chairs, cupboards, generator

- Carports and shades for learners during break
- Laptops for staff
- Extra ablution facilities
- Photocopies and printers (urgent)
- Science Lab for experiments in physical and technical science
- Sports facilities and equipment
- Sickroom equipment for emergencies for health situations
- Library for students.
- Mobile kitchen for feeding scheme (current is small)
- Kitchen Equipment/Utensils

With LTSM procurement, the school was a Section 20 school, and the Department did the textbook procurement for the school.

Portfolio Committee Observations and Questions

- How long has the been having the temporary structures when the lifespan of mobiles was five years?
- Why was the school not being assisted with school security guards to mitigate theft, vandalism, and burglaries?
- How was the school tracking and keeping record of learners who completed their matric at the school?
- How did the Department ensure the technical school was adequately equipped for its specialisation – and meets the safety standards?
- What were the plans to upgrade existing school infrastructure, including permanent classrooms and ablution facilities?
- Has the Department identified this school for the infrastructure upgrade priority list of schools?
- How was the Department ensuring the building project for the school not to face contractor delays in the school construction?

Portfolio Committee Recommendations

- The Department ensures the school is identified to be added to the infrastructure and upgrade priority list of schools.
- The Department ensures additional toilets and kitchen for the school in mid-November 2025.

- The Department ensures it addresses furniture shortages before school closure in December 2025.
- The Department ensure paving challenges are addressed in mid-November 2025 after appointing a contractor.
- The Department ensure the schools are supplied with additional mobiles.

3.1.11 Fakkel Special School

The school was a special school of skills that accommodates MID learners with six (6) SID classes. The school was in the Fezile Dabi district, located in Sasolburg and has been functioning as a resource centre since 2014. The total learner population was 418 learners enrolled. The current teacher to learner ratios was 1:12. The school had a staff complement of one Principal, two Deputy Principals, seven Departmental Heads and 28 PL1 Educators (one Foreign Educator). Non-teaching staff included three Admin Staff, five Support Staff and seven Hostel Staff.

The school had a maintenance budget of R 423 700.00 for furniture, sound equipment, computers, CCTV, alarms, and compressors. For building and vehicles, the maintenance budget was R 393 750 for buildings, bathrooms, gardens, sports grounds, vehicles, lawnmowers tec. The school was in the process of building two netball/tennis courts and had recently completed building the new garage. There was regular maintenance of the grounds and buildings e.g., installing and upgrading equipment (gate motors etc.).

The hostel capacity was for 80 learners (28 girls/52 boys). Learners arrived on a Monday and departed Friday afternoon. They received 13 3 meals a week (breakfast, lunch, and supper) and rooms accommodated four learners per room. There were five teachers who did hostel duties (1 per day). The school had upgraded their CCTV system in the hostel during Term 3. With ICT the school year-four learners had ICT as a subject and the school had an ICT Computer lab with outdated computers, but it was still functioning. For the year-three learners ICT was integrated in their other subjects. The school had no challenges with water and sanitation, and the bathrooms were upgraded during the July holiday. With exam readiness, the school was writing the GEC for the first time. The timetables had been set, and the rest of the school would be writing internal exams – planning had been completed.

Portfolio Committee Observations and Questions

- Were the school infrastructure challenges receiving attention from the Department?
- Did the school offer learner transport, if not, what were the reasons?
- What was the school funding modality for school maintenance?
- What was the school fee structure?
- How was teacher recruitment done at the school? Did the school comply with employment equity targets?
- What was the allocation per learn received from the Department – and was this different to ordinary public schools?
- What were the processes and procedures for referral of learners at the school?

Portfolio Committee Recommendations

- The Department is considering assisting the school with an additional scholar transport vehicle.
- The Department submits a detailed breakdown on the norms and standards budget/allocation for learners at special school's vs ordinary public schools.

3.1.12 Weiveld Agricultural School

The school was situated on the farm and was classified as public school on a private property. The school was founded by former owners of the farm Danhausers as it was initially known. The school, in the past, attracted learners from surrounding areas e.g. Koppies, Sasolburg, Parys and Vredefort. The school was established to be Hotel and Agricultural School and was known for its excellent performance. The school had six chicken coups, piggery, vegetable area, 3ha arable land and 5ha for crop. The staff compliment of the school was one Principal, one Acting Principal, four Departmental Heads and nine Educators. Non-teaching staff comprised one Admin Clerk, one Finance Clerk, one two Cleaners and one Groundsman. Further to this the school also had one Mechanic, one Assistant Mechanic, three Bus Drivers and two Food Handlers. The learner population currently stood at 309 learners.

Some of the challenges highlighted include the following:

- Roof leakages and falling ceilings.
- Dilapidated chicken coups, piggery, vegetable area, 3ha arable land and 5ha of crop land.

- Old Computer Lap; no stable internet facility; air-conditioner not working.
- Very old buses that are expensive to maintain – due to state of buses and weather conditions, learners could not access schooling.
- Parents are not paying bus fees due to unemployment resulting from retrenchment.
- Incomplete fencing project - phase two still outstanding
- Alarm / CCTV not functional.
- ICT lab needs to be upgraded, falling ceiling due to roof leaks
- Wi-fi needs to be upgraded and this makes it difficult for the school to use new computers donated to school
- The private technicians need R60 000, to connect new computers
- Irrigation system needs to be upgraded.
- Ablution facilities need attention as the system are old.

Regarding the state-of-readiness for the examinations, the school Curriculum had been completed across grades. The Grade 12's would be camping at school due to contextual factors i.e. bus conditions, weather conditions and the roads during rainy days. There were a back-up plan and contingency plans available in case of loadshedding.

Portfolio Committee Observations and Questions

- What was the Section 14 agreement between the Department and the Trust? Who maintained the property of the school?
- Having knowledge that there were delays in the relocation of the school, what did the Department do to mitigate infrastructure challenges reported by the school?
- How would the Matrics be accommodated at the school for the planned camp with the infrastructure challenges not being addressed? The conditions at the school were not conducive to holding a student camp as planned. What measures are in place to address these challenges prior to the learners' camp?
- What was the allocation per learner from the Department?
- How often did the Circuit Manager visit the school and what was reported during these visits? Could the Department share the Circuit Manager written reports on visits to the school?
- How was the Department addressing the shocking state of the ablution facilities of the school?

- How was the Department ensuring the current system and operation failures could be mitigated through proper planning and baselines?
- Why are Quintile 1 schools charging fees for scholar transport – should this not be free?

Portfolio Committee Recommendations

- The Department submitted an alternative plan for the matric learners planned camp at the school.
- The Department review its funding allocations to agricultural schools – to be different from ordinary public schools.
- The Department submit a detailed report on the status of the relocation of the school – with timelines.
- The Department ensure consequence management against errand officials in respect of the conditions at the school.
- The Department submits copies of the circuit manager visit reports.
- Department submits a copy of the Section 14 agreement with the Trust.
- The Department assisted the school with a well-structured maintenance plan.
- The Department submit a detailed report on addressing infrastructure challenges at the school, especially ablution facilities.

3.1.13 Willow Archers Independent School

The school was established in 2020 in Circuit 5 in the Fezile Dabi Education District. Being an independent school, it was a challenge to get everything established. Grade R was the first grade introduced to the school in the first year with a learner capacity of eight learners. The school has grown proudly since then with a current learner enrolment of 108 learners. The school now offered Grade R – Grade 4 - introducing a new Grade every year. The school had eight educators dedicated to the growth within the school. The school had small classes that ensured each learner was able to get individual assistance from the educator. The current class ratio is 1:27 – with seven classes within the school. In 2025 the school managed to put up car ports for all the teachers and provide shading for the higher grades. The school also bought benches for learners to use during the lunch break. A tree was also cut down as it had caused damage to the bathroom wall. Soon the school hoped to paint the roof and add more windows at the intermediate phase classes. Further to this the school was hoping to add cribs to the boys' bathrooms and tile the foundation phase classes. The school was able to save

R 3000.00 monthly and use this in December for maintenance and renovations to the school.

With ICT the school started implementing using new technology by use of televisions in class with internet access, allowing learners to watch short clips based on work activities or google unknown things. Learners are also allowed to present speeches or class discussions on the television making everything digital. This has been a major leap. The school offers computer classes to all grades, once a week for 45min – and prepares learners for the modern world.

In respect of water and sanitation, the school noted that water has been quite a problem in the area, and some areas do not get any supply of water for days. Willows however had a water tank that was always full which a local company filled with clean fresh water on a weekly basis. The school had pest control to exterminate the school once a year. Soap was available for learners in their bathrooms allowing them to wash their hand so that they avoid germs throughout the school day. There are sufficient dustbins around the playground and two in each class for waist and rubbish. The municipality collected bags once a week.

Regarding the state-of-readiness for examinations, the school was well prepared for the 2025 exams. All exam papers have been set up; memos were in place for all grades and learners have been well prepared for the end exam.

Some of the challenges identified included:

- The school needs additional cribs to the boys' bathrooms in 2026
- Willows currently rents the property, and the owner assists with repairs to the main building of the property. If something should break or need repairs, the owner would be informed
- Water supply is a challenge in the area – and we do need to pay for water to be delivered
- The school would like to:
    - Paint the roofs
    - Add more windows at intermediate phases classes
    - Add cribs and boys' bathrooms
    - Tile foundation phase classes
- Needs of the school:
    - Space is limited at school and there is a need for expanding

- Building their own school instead of paying rent
- Engaged the municipality for suitable ground to accommodate the schools and provide more space for the learners and enable growth for the future
- Would like its own school hall and sports fields

Portfolio Committee Observations and Questions

- What was the school budget for minor maintenance and what was the assistance from the Department?
- Was the water received from the local company paid for or accessible with no costs /free?
- What were the interventions strategies to improve the lower grades performance?
- What was the allocation received from the Department?
- What were the qualifications of the teacher's employee?
- Where all teachers registered with SACE – and how were teachers recruited for the school? It was concerning that the teachers were not racially diverse. Did the school have an employment equity policy?
- What informed the language policy of the school?

Portfolio Committee Recommendations

- The Department to ensure the school was assisted with mother-tongue tuition in the foundation phase to intermediate phase.
- The Department needs to support, advise and guide the school on language policy and SGB formation to ensure proper school governance.
- The school needs to consider a more diverse range of educators/staff employed at the school.
- The school submit a breakdown of the demographics of teachers and support staff, including salary scales.

3.1.14 Mamohato ECD

Mamohato Educare was founded in 1994 at a home residence and catered for only 15 children. In the early 2000 it moved to Harry Gwala where it operated from the Roman Catholic Church with 50 learners. Mamohato was later moved by the Metsimaholo Municipality to Amelia where it operated from stand 19532, but due to the size of the

stand it was moved to the stand where it currently sits. Mamohato currently has nine staff members, five management committee members and 80 children. The school was funded by the Free State Department of Education and catered for 68 learners at R 17.00 a day for nutrition (40%), practitioners' stipends (40%) and administration costs (20%). Practitioners underwent workshops by the Department which guided them on how to implement the curriculum. Practitioners obtained their NQF Level 4 in ECD. The Centre had partnered with the Rotary Club which sponsors toys - and attend their workshop on how to use the toys effectively. The Centre was a play-based centre, and all staff were pedagogical practitioners.

Mamohato Educare had four big classes, with two bathrooms in each building. The building comprised of the kitchen, staff toilets, sick-bay, storeroom, office and the warm-body quarters. Classes were furnished with furniture at the level of children from 0-4 years old. The school building was made from steel sheets but was awarded a donation from SERITI after submitting all the required documents and met the criteria.

Portfolio Committee Observations and Questions

- Why was the Department only paying R 17.00 per learner when it should be R 24.00? Would the school be receiving the balance in back payments?
- What data was available for the ongoing professional development of the practitioners? How did the Department evaluate whether qualifications improve learner readiness?
- The school was only funded for 68 children when there were 80 children – how were the additional 12 children being accommodated?
- What was the Departments plan to build ECD Centres in collaboration with local mines? How could the Department partner with mines to build such affordable centres?

Portfolio Committee Recommendations

- The Department shares its vision/layout for the type of ECD model being envisaged for the Provinces Department.
- The Department needs to consider strengthening its collaboration and partnership with mines with a view to gain best practice in building ECDs.
- The Department ensure any back-payments on learner allocations/subsidy be pai to the school.

4. Portfolio Committee on Basic Education Engagement on Annual Reports (BRRR):

- **Briefing by the Office of the Auditor-General of South Africa (AGSA) on Audit Outcomes for the Department of Basic Education and Statutory Bodies (SACE + Umalusi)**
- **Briefing by the Department of Basic Education (DBE) on the Annual Report (BRRR) (including DBE Internal Audit Committee on Audit Outcomes for the Department of Basic Education)**

The Portfolio Committee on Basic Education agree at its last meeting to reschedule the engagement with AGSA and the Department of Basic Education on the Annual Reports 2025 to a scheduled slot during the Committee oversight week in the Free State Province. With the assistance of the National Department of Basic Education and the Free State Department of Education, the meeting was held at the Afrikaanse Hoerskool, Sasolburg.

Attendance by Committee Members:

Status	Name of Member	Political Party
Present	Hon K J Maimela MP Hon S Louw MP	African National Congress (ANC)
	Hon N Sharif MP Hon D van der Walt (Alt)	Democratic Alliance (DA)
	Hon S Mkhize MP Hon P Mngadi MP	uMkhonto Wesizwe Party (MK)
	Hon M Shikwambana MP	Economic Freedom Fighters (EFF)
	Apologies: Hon P Xaba-Ntshaba MP Hon T Magagula MP (Alt) Hon Y Govana MP Hon C Jordaan MP Hon L Komane MP (Alt) Hon L Ngobeni MP Hon S L Ngcobo MP	 African National Congress (ANC) African National Congress (ANC) African National Congress (ANC) Democratic Alliance (DA) Economic Freedom Fighters (EFF) ActionSA Inkatha Freedom Party (IFP)

Officials in attendance:

Name of delegate	Organization	Designation
	Department of Basic Education	
Ms S Gwarube		Minister
Dr R Mhaule		Deputy Minister
Dr G Whittle		Acting Director-General
Mr S Padayachee		Deputy Director-General
Dr B Mthembu		Deputy Director-General
Dr N Mbude-Mehana		Deputy Director-General
Mr R Mafoko		Acting Deputy Director-General
Mr T Rabotapi		Acting Deputy Director-General
Ms N Mbonambi		Director
Ms N Molalekoa		Chief Director
Dr N Mothobi		Deputy Director
Ms C Weston		Chief Director

Adv Z Ntshwanti		Acting Chief Director
Ms E Mmola		Director
Mr T Khala		Acting Director
Ms L Ndabankulu		Chief Director
Mr L Mahada		Director
Mr R Dalton		PLO – Ministry
Ms Y Holden		Chief Director
Ms Van Wyk		Director
Ms L Carolissen		PLO – DG
Mr A Hlatshwayo		Office of Deputy Minister
Ms Z Sattar		Office of Deputy Minister
Ms P Mphigalale		Ministry
	Office of the Auditor-General of South African (AGSA)	
Ms K Komape		Business Unit Leader
T Rambau		Senior Manager
T Choshi		Senior Manager
S Vhandezi		Senior Manager
Mr K Makitla		Manager: Institutional Cooperation

Parliamentary support staff:

Parliamentary support staff	Designation
Mr L A Brown	Committee Secretary
Ms P Mbude-Mutshekwane	Content Advisor
Ms S Mkosana	Committee Assistant
Mr M Kekana	Parliamentary Researcher

The Chairperson, in her opening remarks gave some background to the decision to meet during the Committee oversight week in Free State – and thanked AGSA for making the effort to be present. The Committee had received communication from the Minister regarding her approved study leave and availing herself virtually. The Committee had requested that the Department ensure the venue was conducive for a hybrid session.

Members again raised concern at the physical absence of the Minister at the important meeting to engage on the Department's Annual Report – and thus proposed that the meeting be cancelled. After inputs from all Members on the matter, the Minister was given an opportunity to make an input. After suspending the proceedings, the Committee resolved as follows:

- Concerns raised by Members were justified.
- The narrative that the Deputy Minister was not able to represent the Department at any meeting was incorrect. The importance of this specific meeting required the Executive to account. The Deputy Minister had on many occasions led the Department at meetings on various matters.

- The meeting be cancelled and rescheduled to Friday, 24 October 2025. The Committee would meet for the full day and engage AGSA and DBE on the Annual Report. Also, the Committee would receive a briefing from DBE and Umalusi on the state-of-exam readiness.

The Chaiperson apologised to the delegation from AGSA for the developments and for their availability to engage the Committee.

The Portfolio Committee adjourned at 16:45 until Friday, 24 October 2024 at 09:30am at Parliament.

4. Engagement/Wrap-Up Session with the Free State Department of Education (FSDOE)

In her opening remarks, the Chairperson gave detailed overview of the visit to schools in the two Districts as well as a broad summary of the challenges confronting the schools visited. Some of the challenges highlighted included the following:

- School infrastructure.
- Inadequate funding norms and standards (incl allocations to schools).
- School vandalism, theft, and burglaries.
- Classroom is overcrowded (and there is a need for additional classrooms).
- Lack of sports facilities.
- Inaction of local municipalities to assist schools with meters, proper billing, blocked drains, and sewerage overflow.
- General social ills where schools were located and the negative impact.

State-of-exam readiness was acceptable. For the ECDs visited, it was good to experience how communities were touch with their schools – with good working relations with mining companies. Scholar transport at farm schools remained a challenge as these were unreliable, with no assistance from the Department. It was concerning that Quintile 1 schools needed to pay for scholar transport. The Committee was happy with the procurement and distribution of Learner Teacher Support Material (LTSM) with no challenges reported. Similarly, the Committee was happy with the National School Nutrition Programme (NSNP) with no major challenges, except some schools requiring a suitable kitchen for meal preparations. There were concerns with the rollout of ICT to schools and the backlogs especially in the rural/township schools that require attention. Learners struggled with connectivity and WiFi access. School security was a major challenge for most schools where schools were losing property through vandalism, burglaries, and theft. Although there were not many challenges with water reticulation, some schools alluded to high municipal billing and unavailability of water-meters.

Challenges with language learning and teaching (LoLT) and mother-tongue tuition were a concern. The Constitution allows the right for learners to be taught in a language of their choice – learners performed better when taught in their own language. Learners have a right to be taught in their home language for the Foundation Phase. There was further concern over the language policy of the former Model-C schools which created barriers for learners to access quality education. The BELA Act was implementable, and the Department did not need to wait for any regulation to implement the Act, specifically in relation to school language policy.

Presentation – Free State Department of Education

The presentation started with a statistical graphic of the total backlogs per district in the province as follows:

District	Q1	Q2	Q3	Q4	Q5	Other	Grand Total	*% Share*
Xhariep	10805	14630	5097	1678	336	42	32588	***4,51%***
Mangaung Metropolitan	26500	37820	79788	14042	30284	11619	200053	***27,66%***
Lejweleputswa	46186	44823	38709	14715	11306	4767	160506	***22,19%***
Thabo Mofutsanyana	93416	31977	54142	11754	6012	8613	205914	***28,47%***
Fezile Dabi	21818	34132	48092	12956	4098	3194	124290	***17,18%***
Grand Total	**198725**	**163382**	**225828**	**55145**	**52036**	**28235**	**723351**	***100,00%***
% Share	***27,47%***	***22,59%***	***31,22%***	***7,62%***	***7,19%***	***3,90%***	***100,00%***	

The Department further shared details on the Education Infrastructure Grant: Expenditure Patterns as well as the incentive grant allocation for the Province. The Committee further received a detailed breakdown of the 2025/26 Financial Year Projects which included a summary of projects implemented by:

- Free State Department of Education
- Development Bank of South Africa
- Department of Public Works and Infrastructure
- the Department and those implemented by DBSA.

Lejweleputswa Education District – The Department alluded to the learner enrolment trends in the identified schools.

- **Welkom Secondary School -** Newly stalled perimeter fencing was vandalized (stolen), this was impacting natively on learner discipline. The old palisade fencing was also vandalized and sold as

scrap metal. The school was experiencing overcrowding. The department was planning for construction of a new secondary in Thabong (Hani Park area). The Department gave a breakdown of the learner enrolment trends in schools located in Hani Park.

Remedial Action – The 200m fencing will be replaced through the departmental quotation system. The policy of Department on incentives will apply based on schools' performance. Four mobile classrooms and two ablutions will be relocated to other schools. The schools should also use the 1% Norms and Standards funding and was encouraged to fundraise. The Department was in constant communication and engagement with the municipality around meters, blocked rains, and sewerage overflow – there was ongoing engagement with all municipalities in the province on this matter. The Department had approached Matjhabeng Local Municipality for allocation of a secondary school site in Hani Park - seven sites were presented to the Department for consideration. The Department is currently considering four of these sites which meet departmental norms and standards in terms of size, shape, and location.

- **Orion Special School -** The Department continuously engaged the Matjhabeng Local Municipality on blocked drains, water meters, and sewerage overflow. The Department was considering a new set of ablution facilities for procurement at the school. The building project was behind construction schedule, and the completion date was 13 August 2025. The new estimated completion date was 31October 2025. No payment was due to the contractor on this project. Major infrastructure challenges for the school were the constant sewer overflow close on the workshops. The smell was unbearable, especially in summer. The Department also allude to the completed and future infrastructure projects and needs of the school – which included the construction of new additional workshops and offices.
- **Ons Anker Intermediate Farm School –** Regarding complete and future infrastructure projects the school received the minor general maintenance at the cost of R1,3 million in 2024/25 financial year and the facilities were in good condition. The Department also provided the school with a conservancy/septic tank. There was need for new perimeter fencing around the school and it was planned for implementation in 2026 MTEF period.
- **Vetrivier Farm School –** The Department would procure a jungle gym through the quotation system. The Department will assist the school through maintenance budget and engage the landowner regarding future expansion/growth. Further interventions include the borehole water pressure testing, repairs to the ablution facilities and replacement of the water tank.
- **Lenakeng Technical High School –** The Department would commence with the structural assessment process for refurbishment at the school. The Department would also engage civil and structural engineers and reroute internal reticulation. The Departmental town planner will re-engage the municipality on the acquisition of the land parcel needed by the school. The Department notes the infrastructure challenges which include.

- The school was relatively old and requires major building refurbishment.
- The Capital Projects that were required at the school were as follows:
  - Major school refurbishment
  - NSNP nutrition centre
- The constant sewer overflows close to the learner bathrooms and classrooms.

The Department is currently repairing ablution facilities, ceilings, and windowpanes. A service provider was also pumping and emptying overflowing manholes. Despite the department engaging a desludging service provider to pump sewage from manholes, the spillage continues due blockage in the municipal line overburdened sewer treatment plant. A civil engineering firm has been engaged to re-route and redesign the current sewer system on the school premises. The Department planned to refurbish the entire school and convert EGD workshop to coding and robotics in 2026/27 financial year. The school will be engaged with the following proposals:

- Conduct structural assessment on existing buildings before refurbishment
- With the current enrolment of 541 (532) and 18 classrooms, there is adequate teaching space in the school. A nutrition centre and new workshop that meets the new Norms and Standards be provided

- **Seabo Primary School –** The Department noted the major infrastructure challenges face by the school in respect of vandalism of state property due to the porous state of the school diamond wire mesh fence. At least four mobile classroom air conditioners were heavily vandalized. The Department's planned interventions were planned for the 2025 MTEF. The Department would procure a jungle gym through quotation system in February 2026. Other infrastructure interventions would include perimeter fencing in 2025/26, Amin Block and Nutrition Centre in 2026/27 and three Grade R classrooms and ablution facilities in 2026/27. Refurbishment and structural assessment were planned for 2026/27. The maintenance budget will be used to address other minor challenges.
- **Welkom Volkskool Primary School –** Infrastructure interventions by the school included the installation of new ceilings in the classrooms, painting of the walls inside and outside the classrooms and the installation of new floor covering in the classrooms. The school has dealt with the leaking roof in the past few years.

Fezile Dabi Education District – The Department alluded to the learner enrolment trends in the identified schools.

- **H M Mthombeni Secondary School –** The Department gave a detailed overview of the information pertaining to the school infrastructure projects underway. Amadwala Trading and New Genesis JV were appointed on the 8th of February 2019 for the construction at Katlego Mpumelelo (later named HM Mthombeni) at an amount of R74,2 million. Due to consistent non-performance the contract was terminated by the Implementing Department on 30th October 2020. At the date of termination an amount of R 7,05 million (9% of the contract value) had been paid directly to the contractor. Unpaid salaries for locals amounting to R3, 9 million were paid through the appointed Professional Service Provider. According to a draft final statement from the DPW&I the total value of work complete at the time of termination was R11,5million (15% of the contract value). The new contractor, Elebone Multipurpose, was appointed on 3rd of May 2021 at a value of R 84,5 million. The approved extended completion date was 2024/11/26. Construction of HM Mthombeni High School entails the construction of a new school consisting of 24 classrooms, an administration building, a nutrition centre, media centre, science and life sciences laboratories, a multipurpose hall, and ablution facilities for learners. In 2023, the Department, working with the Department of Public Works and Infrastructure (the implementing agent) and the contractor, secured the necessary sectional completion in terms of clause 20 of JBCC contract to allow learners to be accommodated while construction continued.
- **Thuto Ke Lesedi Technical School –** The Department committee to addressing the assembly area paving and workways in March 2026. The Department also committed to additional toilets and kitchens for the school in mid-November 2025. Furniture shortages would be addressed before school closure in December 2025. Some of the paving would be addressed in mid-November 2025 after appointing a contractor. To assist with overcrowding, the Department committed to supplying additional mobiles. The school was currently operating in mobile facilities while the process for construction was planned for commencement at the start of 2026/27 financial year as summarized in the table below:

Implementing Agent	**Independent Development Trust**
Advertisement for Appointment of PSPs	29th August 2025
Bid Closing Date PSPs	30th September 2025
Planned Appointment Date: PSPs	30th November 2025
Planned Construction Start Date	6th April 2026
Planned Construction Completion Date	31st March 2028

- **Weiveld Agricultural Secondary School –** The Department indicated that planned repairs for the ceiling and ablution facilities had commenced and planned for completion on Friday, 17 October 2025. The school will be relocated to Parys from the beginning of 2026 academic year and therefore there is

no need for major investment in the refurbishment. The school (Principal and SGB) will be trained in maintenance processes and procedures. New perimeter fencing was completed in June 2024 at the cost of R 2,045 million. The Section 14 Agreement requires the Department to consult with the landowner before executing any work on the building. The school assisted with maintenance of the boy's ablution facilities on 16 October 2025.

Presentation – Free State Department of Education (Responses to Finings)

- **Learners are being referred too late to the school** - The DBSTs to continue training SBSTs to expedite the referral of learners to identified special schools.
- **Shortage of therapists/social workers** - The Department has appointed social workers responsible for each circuit in all the districts through collaboration with the Department of Social Development.
- **Vandalism, School Safety and Social ills** – The Department to intensify the focused advocacy campaign on school vandalism and solidify partnerships with sister departments (SAPS & Social Development) in dealing with challenges of vandalism.
- **Feeder areas** - The province will finalise zoning once the regulations on learner admission have been promulgated, after consultation with the SGB associations. Learner admission was managed through the MG circular, which advocated for preference to be given to learners staying closest to the school, siblings and parents employed in the vicinity of the school.
- **Clarity on the language policy of the School, District and Province** – The Department was currently in the process of reviewing the language policy by the school to be in line with the Amended South African Schools Act. The Department had audited all the single medium schools.
- **Afrikaans Medium Schools** – The Department had audited the Afrikaans medium schools in the Free State (single medium schools). The Department was in the process of reviewing and aligning the language and admission policies in preparation for 2026. As a result of this process, three schools had agreed to implement the second LOLT starting in 2026.
- **Social Ills, Inclusive Education and Psychosocial Support Services –**
    - Drug abuse - The department, through Life Skills Prevention Programs, conducts drug use and prevention programs. The SGB to review the school code of conduct to be in line with clauses 7 to 11 of the Bela Act.
    - Shortage of therapists/social workers - The school has their own social worker but are also using the therapist and social workers based at the district office.
    - Special schools funding - Special schools are funded differently to public ordinary schools. The "apportionment formula is used as rand value is based on the type of barrier" The funding is per the specific disability which is more than mainstream school learner rate. Barrier classification is used, which is:

- Severe Intellectual Disabilities:
- Cerebral Palsy
- Autism
- Sensory, Deaf and Blind

- Suicide Prevention – There Department held a Provincial Suicide Prevention Awareness Month campaign for learners, parents and officials in all the districts. The campaign received media coverage from Newsroom Africa, Qwaqwa FM and Lesedi FM, Mpumalanga Province Radio Station.

Presentation – Department of Public Works and Infrastructure (Infrastructure Project Update)

The Department indicated that they had terminated the contracts with Amadwala and New Genisis Joint Venture. The project scope consists of 24 Classrooms, Admin Block, School Hall, Tuck Shop, Nutrition Centre, Science Laboratories, Computer Centre, Smart Perimeter Fence, Paving and Jojo Tanks. The Department gave a detailed overview of the project for Katlego Mpumelelo Secondary School. Delays and challenges in respect of the terminated contract included the following:

- Since the site hand over on 18th February 2019 the Contractor has shown disappointing and unsatisfactory perform despite numerous efforts to help and motivate the Contractor to bring the work up to acceptable and satisfactory level.
- Number of meetings were held with the Contractor to discuss challenges and to encourage accelerated progress on site, but all this did not produce any positive results as the Contractor's performance remained very poor.
- Contractor's performance per quarter, has always been 12% since March 2020 to (September 2020) and they have not been on site for a period of 7 months despite their poor performance in 2019. the contractor abandoned the site and never returned to site.

With the newly appointed contractor, Elebone Multipurposes the project scope remained the same. In respect of progress to date, the Department indicated that the school hall brick work was 40% complete (awaiting material) and carpentry and joinery for shelves and cabinet were 80% complete. The V-Drain channel was also at 99% complete while the walkway roof sheets were 98% complete. Paving was at 95% complete (awaiting material) and mechanical installations were also underway. Work outstanding included the water storage tank, school hall, soccer field and back-up generator. The Department also shared details pertaining to the variation orders, subcontractors' scope and local labour. The overall project delays and challenges were summarised as follows:

- Strike by the business forums on 28 December 2022.
- Abnormal rainfall September, October, November 2023.
- Strike due to strike by the business forums on 24 January 2023.
- Nominated subcontractors, time wasted on supervision of CDPs on site, poor workmanship by CDPs and late site establishment by CDPs due to unavailability of experience bricklayers.
- On 23 March 2023, the contractor was requested to hand over 15 classroom blocks in sections. This came with unrest by the community. Unfinished classroom blocks.
- Delay due lack of Supervision on site, on 13June the professional team suspended contract admiration and supervision of services due to a dispute between them and the Department; and
- On 4 October 2023 the Department of Labour issued a notice of no continuing with works as construction work permit had expired. A new permit was issued on the 24 October 2023.

Current delays and challenges identified include the following:

- Payment delays in the first and fourth quarter by the Department of Education delayed project progress, but progress has since picked up.
- Rain delays.
- More request to hand over other facilities, re-prioritising of activities and cash flow.
- Re-doing of the work due to damages done by the school kids, floor screed, and doors.
- Construction activities (walkway roof sheets) and site demarcation to restrict movement of kids affect progress. The school remains a construction site while classes are being utilised.
- Sectional or partial hand overs, as the Client request, requires reprioritising activities and cash injection in the project to fast-track activities; and
- It must also be noted that the current delays are yet to be captured and submitted for adjudication.

Portfolio Committee Observations and Questions

- What was the process of the Department in respect of the review of language policies of schools – accepting that parents have a choice?
- The Department needs to explain its current scholar transport policy as it pertained to learners living more than five kilometers from the school. What was the policy and how were qualifying learners being accommodated.
- The Department was neglecting and not respecting data and statistics in its planning and programming – and ensure the baselines was correct. The Department seemed blinded by societal needs. How was the Department ensuring they adopted an equitable approach to the allocation of resources. Why was there a failure to act when things went wrong, e.g., termination of errand contractors?

- It was clear that the Department of Public Works and Infrastructure was failing the Department. Has the Department considered a review of its collaboration with the Department of Public Works and Infrastructure?
- How was the Department addressing school safety and security measures? With no security personnel at schools, the Department was creating financial losses to the school and Department.
- Why was the municipality not represented during our visits and for the meeting with the Department to address the challenges raised by schools? How was the Department engaging the municipalities in their lack of services?
- The Department submit a detailed report on the Joint Venture contractors terminated for the HM Mthombeni infrastructure project. What was the job scope for the new contractors appointed? Had the Department ensured the errand contractor was blacklisted?
- Had the Department considered the use of final year graduates from universities to assist with the shortage of professional support e.g., social workers, therapists etc.?
- Has the Department considered a review of the current funding model for schools nationally, including the allocation per learner and disparities in funding equity for different categories of schools?
- Has the Department considered a forensic investigation into all contractors contracted to perform school infrastructure projects? What was the consequence of management against errand contractors used by the Department?
- NAPTOSA raised concern with the unavailability of scholar transport for qualifying learners. How was the Department ensuring the safety of learners who walked long distances to and from school?
- NAPTOSA queried how the Department was addressing challenges where learners were unable to attend school due to the unavailability of water. What collaboration existed with the local municipalities to ensure water was delivered to schools in time?

Responses from the Free State Department of Education (FSDOE)

The MEC indicates that the departmental audit conducted was data driven and informed by the trends of these schools with single medium languages. Most learners could not be admitted due to schools only offering Afrikaans – especially in the white areas. The Department identified those underperforming contractors and ensured they were blacklisted. Contractor shortlisting was a long process. The Department would ensure the Committee was furnished with the data and percentages of learners in the system who had progressed. The Department continued to prioritise maintenance and refurbishment of schools and have also reduced the number of new schools to be built.

The Department of Public Works and Infrastructure addressed matters in respect of their scope of work and money spent. All termination of contracts were done in terms of the policies and procedures to be followed. The Department could not verify or comment on the changing of the bank account of the Joint Venture. The Department alludes to the scope of consultants and their responsibility for public infrastructure. All projects were done through DPW, and they utilized consultants to assist with project assessments, monitoring, and administration.

The Department of Basic Education (DBE) alluded to the language policy of which, in the past, was blockage to learner admission. With the BELA Act, the Department was given power to intervene in school language policies. The Bill was enacted when all admission processes for 2026 had already been completed by schools. Although the SGB determined the school's language policy, the Department was able to intervene if deemed to be discriminatory. Currently, the Department is busy scrutinizing school admission policies in the Free State. It needed to be noted that parents always had a say in the language chosen for their learners.

Portfolio Committee Recommendations

- The Department submits a breakdown on the number of foreign educators in the system and currently teaching at schools.
- The Department submitted a detailed breakdown of the number of independent schools in the system, including the demographics of teachers and learners at the schools visited. Further to this the Department also gives a detailed breakdown of the salary scales for teachers and staff at the independent schools visited.
- The Department ensures a review of the current language policy for schools and fast-tracks the language policy review processes for schools.
- The Department submit a comprehensive report on all ECDs on the database and the number of learners unable to access ECD – and interventions to ensure such learners are accommodated.
- The Department submits a report on a review of former Model-C schools with single medium of teaching including the demographics of the learners and those in the immediate vicinity of such schools. Additionally, a report on how independent schools were being subsidised and regulated.
- The Department submit a copy of its current policy on scholar transport and ensure a review of this policy to accommodate all qualifying learners – not just learners from farm schools.
- The Department submit a detailed report on the following outstanding requests:
    - Dropout rate for Lenakeng School
    - Processes and procedures for learner referrals

- Reports from the Circuit Manager visits to Weiveld Agricultural School – and the consequence management against officials servicing this school.

- The Department ensure safety and security measures at schools were addressed to limit vandalism, theft, and burglary.
- The Department strengthens its relations with municipalities to address challenges of unavailable meters, blocked rains, and sewerage overflow.
- The Department considers the services of final year graduates from universities to assist with the shortages of professional support e.g., social workers, therapists etc.
- The Department ensure a review of the current funding model for schools nationally, including the allocation per learner and disparities in funding equity for different categories of schools.
- The Department considered a forensic investigation into all contractors who are contracted to perform school infrastructure projects.

5. Portfolio Committee Recommendations (Overall)

The Portfolio Committee on Basic Education, having conducted an oversight visit in the Free State Provinces, and having considered the issues that were highlighted, requests that the Minister of Basic Education ensure that the Free State Department of Education consider the following overall recommendations.

5.1 Free State Department of Education

- The Department submits a breakdown on the number of foreign educators in the system and currently teaching at schools.
- The Department submit a detailed breakdown of the number of independent schools in the system, including the demographics of teachers and learners at the schools visited. Further to this the Department also provide a detailed breakdown of the salary scales for teachers and staff at the independent schools visited.
- The Department ensure a review of the current language policy for schools and fast-track the language policy review processes for schools.
- The Department submit a comprehensive report on all ECDs on the database and the number of learners unable to access ECD – and interventions to ensure such learners are accommodated.
- The Department submit a report on a review of former Model-C schools with single medium of teaching including the demographics of the learners and those in the immediate vicinity of

such schools. Additionally, a report on how independent schools were being subsidised and regulated.

- The Department submit a copy of its current policy on scholar transport and ensure a review of this policy to accommodate all qualifying learners – not just learners from farm schools.
- The Department submit a detailed report on the following outstanding requests:
  - Dropout rate for Lenakeng School
  - Processes and procedures for learner referrals
  - Reports from the Circuit Manager visits to Weiveld Agricultural School – and the consequence management against officials servicing this school.
- The Department ensure safety and security measures at schools were addressed to limit vandalism, theft, and burglary.
- The Department strengthens its relations with municipalities to address challenges of unavailable meters, blocked rains, and sewerage overflow.
- The Department considers the services of final year graduates from universities to assist with the shortages of professional support e.g., social workers, therapists etc.
- The Department ensure a review of the current funding model for schools nationally, including the allocation per learner and disparities in funding equity for different categories of schools.
- The Department considered a forensic investigation into all contractors who are contracted to perform school infrastructure projects.
- The Department and/or District provide a written response to the Portfolio Committee on challenges noted by Welkom Secondary school with timelines on infrastructure plans e.g. ablution facilities and mobile classrooms provided.
- The Department submit a detailed analysis of the number of learners progressed over the past three years for Grade 8 – 12.
- The Department submit a comprehensive report, including a list on the number of special/skills schools and locations.

5.2 Welkom Secondary School

- The Department submits the following in writing:
  - A turnaround strategy with timelines for addressing the school's infrastructure challenges - with consequence management applied to errand officials responsible.
  - A Safety and Security Plan for the school in collaboration with SAPS.
  - A report on the Department's advocacy and safety campaigns.
  - A report on the school's language learning and teaching policy.

- A report on the collaboration with the local municipality on addressing challenges with blocked sewerage pipes, sewerage overflow, high billing, and the absence of a school municipal meter.

- The Department ensure the school was provided with additional professional staff, e.g., social workers.
- The Department reviews its current language policy for schools to ensure all learners were accommodated and not disadvantaged.
- The Department ensure the school was prioritised for infrastructure upgrades and refurbishments, including mitigation of challenges raised by the school.
- The Department ensure prioritising the following:
  - Infrastructure challenges/building upgrades and refurbishments of the school
  - Replacement of perimeter fencing
  - Additional temporary mobile classrooms
  - Converting mobiles classrooms into permanent structures
  - Additional taps and drinking fountains.
  - Engagement with the municipality regarding the water meter and school billing challenges – including the sewerage overflow and blocked pipes.
  - Collaborate with the surrounding community and Councillors to safeguard the school property and prevent school vandalism, burglary, and theft.

5.3 Vetrivier Intermediate Farm Primary School

- The Department address the irregular and unreliability of the learner transport challenges reported.
- The Department consider supplying the school with additional personnel staff
- The Department prioritise addressing the school's infrastructure challenges e.g. ablution facilities and internet connectivity
- The Department consider a contract/MOU with the owners of the farm in respect of the school premises.

5.4 Orion Special School

- The Department to submit a report on the recruitment processes and procedures for the school – and how equity targets were being considered and a review of the employment equity policy implementation. Recruitment of educators was skewed.
- The Department submit a breakdown of the demographics of teachers and staff including salary scales.

- The Department submit a breakdown of all special schools in the Province and their language learning and teaching.
- The Department prioritise the school for additional ablution facilities for disabled persons as well as addressing the blocked sewerage pipes causing overflow.

5.5 Edmund Rice Independent School

- The Department consider assisting the school with LTSM.
- The Department submit the breakdown of the demographics of the teachers and learners – and their home language. Also, the dominant language of the surrounding community.
- The Department revisits its policies on language tuition and mother-tongue tuition implementation.
- The Department provides a detailed breakdown of the salary scale for teachers and staff.

5.6 Seabo Primary School

- The Department prioritise the school for infrastructure upgrades and addressing dilapidated structures. The Department consider converting mobiles classrooms to permanent structures.
- The Department ensure the school was assisted with additional ablution facilities and perimeter fencing.
- The Department ensure the school is fitted with a kitchen and equipment for preparing meals
- The Department ensure the school is assisted with its own safety and security plan.
- The Department reconsider/review the allocation to schools for minor maintenance as the current amount was too low.

5.7 Lenakeng Technical School

- The Department, in collaboration with the local municipality, ensure challenges with sewerage blocking and overflow are addressed as a matter of urgency.
- The Department prioritise infrastructure refurbishments, maintenance upgrades and building to include a media center, library, and kitchen – as well as repair of leaking roofs and ceilings.
- The Department assisted the school with intervention strategies to ensure underperforming learners received focused attention and ensure improved performance.
- The Department submit a report on its assessment of the school infrastructure and mitigation plans.

- The Department submit a report on the dropout rates from Grade 8 - 12 over the past three years.

5.7 Welkom Volkskool

- The Department to submit a breakdown of the learner and teacher demographics at the school as well as the staff composition and salary scales of teachers and staff.
- The Head of Department to ensure the necessary regulations after completion of the school policy reviews.
- The Department to also submit a breakdown of the admission and language policies for the schools – which was exclusionary.
- The Department ensure the school was added to the priority list of schools for infrastructure refurbishment, building projects, upgrades, and maintenance.

5.8 Sandrivier Pre-Primary School

- The Department submit a report on its outline/vision for the ECD model for the Province.
- The Department to submit census statistics on the ECDs in the province and statistics on the learners not able to access ECD - and the strategy to ensure all learners have access.
- The Department to consider utilisation of Public Works building space and underutilized schools.

5.10 H M Mthombeni Secondary School

- The Department submit a report on the building delays and revised timelines for completion and recovery plan.
- The Department submit a detailed breakdown on the costing for the building project from initiation in 2018. The report should also include challenges with the initial Joint Venture, names of the contractors and supply chain processes and procedures.
- The Department consider focussed advocacy campaign/programme on school vandalism.
- With the delayed infrastructure of the building of the school by 36 months, the Department submit a report of costs as well as reasons for the delay from 2018 to date.

5.11 Thuto Ke Lesedi Technical School

- The Department ensure the school is identified to be added to the infrastructure and upgrade priority list of schools.

- The Department ensure additional toilets and kitchen for the school in mid-November 2025.
- The Department ensure it addresses furniture shortages before school closure in December 2025.
- The Department ensure paving challenges are addressed in mid-November 2025 after appointing a contractor.
- The Department ensure the schools are supplied with additional mobiles.

5.12 Fakkel Special School

- The Department consider assisting the school with an additional scholar transport vehicle.
- The Department submit a detailed breakdown on the norms and standards budget/allocation for learners at special schools vs ordinary public schools.

5.13 Weiveld Agricultural School

- The Department submit an alternative plan for the Matric learners, because camping at the school would not be ideal under the prevailing circumstances.
- The Department review its funding allocations to agricultural schools – to be different from ordinary public schools.
- The Department submit a detailed report on the status of the relocation of the school – with timelines.
- The Department ensure consequence management against errand officials in respect of the conditions at the school.
- The Department submit copies of the circuit manager visit reports.
- Department submit a copy of the Section 14 agreement with the Trust.
- The Department assisted the school with a well-structured maintenance plan.
- The Department submit a detailed report on addressing infrastructure challenges at the school, especially ablution facilities.

5.13 Willow Archers Independent School

- The Department to ensure the school was assisted with mother-tongue tuition in the foundation phase to intermediate phase.
- The Department needs to support, advise and guide the school on language policy and SGB formation to ensure proper school governance.
- The school needs to consider a more diverse range of educators/staff employed at the school.

- The school submit a breakdown of the demographics of teachers and support staff, including salary scales.

5.14 Mamohato ECD Centre

- The Department share its vision/layout for the type of ECD model being envisaged for the Provinces Department.
- The Department needs to consider strengthening its collaboration and partnership with mines with a view to gain best practice in building ECDs.
- The Department ensure any back-payments on learner allocations/subsidy be pai to the school.

6. Conclusion

The oversight visits to the Northern Cape and Western Cape Provincial Education Departments provided the Portfolio Committee with an opportunity to monitor, support and learn from the good work and best-practices of the Departments, as well as ascertain the functionality of schooling system in the provinces and its readiness for the 2024 NSC Examinations. The findings and recommendations contained in this report should help to assist the district and province to improve on schooling in general as well as to strengthen areas related to basic functionality.

6. Appreciation

The delegations, led by the Hon K J Maimela, thanked the Members of the Free State Provincial Department of Education and the National Department of Basic Education for their support given during the oversight visits. The team also extended appreciation and thanks to the Teacher Unions and SGB Associations for taking the time to meet with the Committee and share their experiences and challenges.

Report to be considered.

[The following report, replaces the Report of the Portfolio Committee on Higher Education, which was published on page 59 of the Announcements, Tablings and Committee Reports, dated 30 October 2025]

9. BUDGETARY REVIEW AND RECOMMENDATION REPORT OF THE PORTFOLIO COMMITTEE ON HIGHER EDUCATION ON ITS ASSESSMENT OF THE 2024/25 ANNUAL REPORTS OF THE DEPARTMENT OF HIGHER EDUCATION AND TRAINING AND ENTITIES, DATED 29 OCTOBER 2025

The Portfolio Committee on Higher Education (hereinafter the Committee), having assessed the 2024/25 Annual Reports of the Department of Higher Education and Training (hereinafter the Department), Council for Higher Education (CHE), Quality Council for Trades and Occupations (QCTO), South African Qualifications Authority (SAQA), reports as follows:

1. INTRODUCTION AND MANDATE OF THE COMMITTEE

1.1. Introduction and mandate of the Committee

The National Assembly (NA) Committees are required in terms of Section 5 of the Money Bills Amendment Procedure and Related Matters Act, 2009 (Act No. 9 of 2009) to annually assess the performance of each national department and thereafter submit a Budgetary Review and Recommendation Report (BRRR), which will provide an assessment of the department's service delivery performance given available resources, an assessment of the effectiveness and efficiency of the department's use and allocation of available resources, and recommendations on the forward use of resources.

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

1.2. Purpose of the BRR Report

The report accounts for the work done by the Portfolio Committee on Higher Education, in assessing the 2024/25 Annual Reports of the Department, CHE, QCTO, and SAQA in

accordance with section 5 (2) of the Money Bills Amendment Procedure and Related Matters Act, 2009, which mandates all committees of the National Assembly (NA) to annually submit BRR reports for tabling in the NA for each department. On 30 September 2025, the Minister of Higher Education and Training tabled the 2024/25 Annual Reports of the Department, including the Entities. On 1 October 2025, the Speaker of the National Assembly referred the Annual Reports to the Portfolio Committee in terms of Rule 338 for consideration and reporting.

1.3. Method

The Portfolio Committee convened briefing sessions on 15 and 17 October with the Auditor-General of South Africa (AGSA), the Department, CHE, QCTO, and SAQA, where the audit outcomes of the Higher Education Portfolio and 2024/25 Annual Reports were presented and scrutinised. The Department and entities also presented their 2024/25 annual performance reports.

2. RELEVANT POLICY FOCUS AREAS

2.1. National Development Plan (NDP)

The NDP identifies decent work, education, and the state's capacity as particularly important priorities. For the post-school education and training sector, the NDP envisages that by 2030, South Africans should have access to the highest-quality education and training. The education, training, and innovation system should cater to different needs and produce highly skilled individuals; graduates of the post-school system should have adequate skills and knowledge to meet the current and future needs of the economy and society.

2.2. White Paper for Post-School Education and Training (WPPSET)

The White Paper articulates a vision for an integrated system of post-school education and training, with all institutions playing their role as part of a coherent but differentiated system. The White Paper sets out strategies to expand the current provision of education and training in South Africa, improve its quality, and integrate the various strands of the post-school system. The White Paper sets interventions for implementation by different sectors within Post-School Education and Training. The Department has developed a Draft National Plan for Post Education and Training (PSET) from the White Paper, which will be an implementation plan with measurable targets for each sub-system of the sector. The main policy objectives are as follows:

- A post-school system that can assist in building a fair, equitable, non-racial, non-sexist, and democratic South Africa;
- A single, coordinated post-school education and training system, expanded access, improved quality, and increased diversity of provision; and
- Post-school education and training that is responsive to the needs of individual citizens and employers in both public sectors, as well as broader societal and development objectives.

The WP-PSET commits the Quality Assurance Councils, including the South African Qualifications Authority (SAQA), to ensure that there are no dead ends within the post-school education and training system. It further states that articulation should be both vertical in terms of moving to higher levels of the National Qualifications Framework (NQF) and horizontal, catering for movement from a vocational stream to an academic one or vice versa.

2.3. Revised Medium-Term Strategic Framework (MTSF) 2019 – 2024

2019 – 2024 MTSF is a five-year strategic plan of the government and forms the second five-year implementation phase of the NDP. The Department of Higher Education and Training is responsible for contributing to the realisation of the policy priorities outlined in the MTSF Priority 3: Education, Skills and Health. For the 2020 – 2025 planning period, the Department will focus on the following outcomes:

- **Expanded access to PSET opportunities**, which aim to provide a diverse student population with access to a comprehensive and multifaceted range of PSET opportunities;
- **Improved success and efficiency in the PSET system** aims to improve efficiency and success of the PSET system;
- **Improved quality of PSET provisioning** to build the capacity of PSET institutions to provide quality education and training;
- **A responsive PSET system** to provide qualifications programmes and curricula that are responsive to the needs of the world of work, society and students; and
- **Excellent business operations within DHET** to ensure sound service delivery management and effective resource management within the department.

2.4. National Skills Development Plan (NSDP)

The NSDP ensures that South Africa has adequate, appropriate, and high-quality skills that contribute to economic growth, employment creation, and social development. The NSDP is set to become the key policy to inform the work of the skills levy institutions until 2030 and has been crafted within the policy context of the NDP and the White Paper. The work of the institutions will focus on addressing the eight NSDP outcomes as follows:

- Outcome 1: Identify and increase the production of occupations in high demand;
- Outcome 2: Link education and the workplace;
- Outcome 3: Improve the level of skills in the South African workforce;
- Outcome 4: Increase access to occupationally directed programmes;
- Outcome 5: Support the growth of the public college system;
- Outcome 6: Skills development support for entrepreneurship and cooperative development;
- Outcome 7: Encourage and support worker-initiated training; and
- Outcome 8: Support career development services.

3. RESPONSE TO THE PREVIOUS FINANCIAL YEAR RECOMMENDATIONS OF THE PORTFOLIO COMMITTEE

3.1. 2024 Budgetary Review and Recommendation Report (BRRR)

In accordance with section 7(4) of the Money Bills Amendment Procedure and Related Matters Act, 2009 (Act No. 9 of 2009), which provides the following:

3.1.1. Council on Higher Education

Committee recommendation:

"*In light of the expanding mandate and scope of work of the Council on Higher Education, additional funding should be considered for the entity to implement its new fit-for-purpose organisational structure that matches the work that needs to be done; make progress in implementing its Digital Transformation Strategy and carry out the increased scope of work".*

Minister of Finance's response:

As noted in the 2024 Budget, the Council on Higher Education's baseline was increased by an additional allocation of R19 million in 2022/23 and R25 million in 2023/24 to address critical capacity needs and implement its mandate. In addition, the council retained a cash surplus of R4.4 million in 2023/24 to enhance its information and communication technology

infrastructure and resources as part of the planned phased implementation of the new Quality Assurance Framework.

3.1.2. South African Qualifications Authority

Committee recommendation:

"Additional funding over the MTEF period (2025/26 – 2027/28) should be considered to: enable the South African Qualifications Authority to fund automation and digitisation; verification of South African qualifications and the National Qualifications Framework Chair (Research); and implement the phased-in approach of the automation Project Phoenix".

Minister of Finance's response:

The South African Qualifications Authority was authorised to retain a cash surplus of R108.4 million in 2023/24 to address critical capacity challenges and to implement its mandate. These surplus funds are being used for rolling out the business process automation project, operational commitments as per the National Qualifications Framework Act (2008), the purchase of a new office building, contingent liabilities arising from pending legal cases and various research projects. Furthermore, the authority is receiving a transfer payment from the department totalling R292.3 million over the medium term.

3.2. Overview and assessment of the Department's 2024/25 financial performance

3.2.1. Overview and assessment of the 2024/25 budget and expenditure

Table 1: 2024/25 budget allocation and expenditure

APPROPRIATION PER PROGRAMME	FINAL APPROPRIATION R'000	ACTUAL EXPENDITURE R'000	VARIANCE R'000	% SPENT
Administration	660 078	596 219	63 859	90.3%
Planning, Policy and Strategy	3 704 279	3 686 766	17 513	99.5%
University Education	91 689 231	91 681 031	8 200	100.0%
Technical and Vocational Education and Training	13 230 389	13 199 336	31 053	99.8%
Skills Development	341 801	334 807	6 994	98.0%
Community Education and Training	3 147 714	3 135 611	12 103	99.6%
Total: Departmental Voted Funds	**112 773 492**	**112 633 770**	**139 722**	**99.9%**
Statutory Appropriation	**24 137 414**	**24 137 414**	**-**	**100.0%**

SETAs	19 309 931	19 309 931	-	100.0%
National Skills Fund	4 827 483	4 827 483	-	100.0%
Total	**136 910 906**	**136 771 184**	**139 722**	**99.9%**

Source: DHET (2025)

In 2024/25, the Department's total final appropriation was R136.9 billion (2023/24: R130.3 billion), comprising R112.8 billion of voted funds and R24.1 billion from direct charges against the National Revenue Fund. The total revenue excludes funds from the Departmental receipts and aid assistance. At the end of the financial year, the Department had spent R136.8 billion, or 99.9 per cent of the allocated funds. The Department incurred an underspending amounting to R139.7 million or 0.1 per cent of the voted funds.

3.2.2. Expenditure per economic classification

Table 2: 2024/25 allocation and expenditure per economic classification

APPROPRIATION PER ECONOMIC CLASSIFICATION	FINAL APPROPRIATION R'000	ACTUAL EXPENDITURE R'000	VARIANCE R'000	% SPENT
Compensation of employees	11 562 277	11 481 691	80 586	99.3%
Goods and services	957 059	902 946	54 113	94.3%
Transfers and subsidies	124 305 453	124 304 556	897	100.0%
Payments for capital assets	81 341	77 216	4 125	94.9%
Payment for financial assets	4 776	4 775	1	100.0%
Total	**136 910 906**	**136 771 184**	**139 722**	**99.9%**

Source: DHET (2025)

During the period under review, the Department spent R11.5 billion (2023/24: R11.0 billion) or 93.3 per cent on the compensation of employees budget. The Department recorded an underspending amounting to R80.6 million or 0.7 per cent (2023/24: R71.43 million) per cent of the compensation of employees' budget. The Department ascribed the unspent funds to natural attrition/unfilled vacancies due to prolonged recruitment processes arising from the implementation of a directive from the Department of Public Service and Administration (DPSA) on control measures for fiscal sustainability; outstanding backlog payments with regards to Relative Education Qualification Values (REQV) not dealt with as planned and CET claims not submitted as planned; and savings due to additional funding received for the new Ministries in the Department for a full year, whilst these Ministries were only appointed in June/July 2024.

Regarding goods and services, the Department spent R902.9 million or 94.3% per cent (2023/24: R701.7 million against the budget of R957.1 million. The Department recorded lower-than-projected spending amounting to R54.1 million. Underspending on goods and services increased significantly from R11.53 million in 2023/24. Underspending on goods and services was attributed to savings on travel and subsistence, printing and stationery due to virtual meetings opposed to physical meetings, which is also coupled with monitoring and evaluation processes that were converted to desk-top analysis where possible, as well as austerity measures implemented; delays with the procurement of tools and equipment and trade test material, legal fees not claimed as projected and delays in the appointment of a service provider to conduct an audit of the Community Education and Training (CET) Learning Centres. In addition, savings were realised on travel and subsistence due to controlled international travel, austerity measures implemented and due to the new Ministries, which commenced working in the Department in June/July 2024.

Expenditure on transfers and subsidies was R124.3 billion or 100 per cent (2023/24: R118.4 billion) against the budget of R124.3 billion. Expenditure on payment for capital assets was R77.2 million (2023/24: R39.1 million) or 94.9 per cent of the available budget, indicating an under-expenditure of R4.1 million. Lower-than-projected spending was due to the austerity measures implemented in the procurement of capital assets and computer software, which were not procured as planned.

Virements

The Department applied virements as follows:

Table 3: Virements applied in 2024/25

Shifted from	Shifted to	Amount (R'000)
P1: Administration	P4: TVET	15,6
P2: Planning, Policy, and Strategy	P6: CET	211,1
P2: Planning, Policy, and Strategy	P4: TVET	19,0
P3: University Education	P4: TVET	4,0

Source: DHET (2025)

The Department reported that the requirement for a Virement to Programme 4: Technical and Vocational Education and Training was necessitated to fund a budget shortfall on Examination and Assessment operational expenditure, while the Virement to Programme 6: Community Education and Training was approved by National Treasury for internal reprioritisation of

unspent Infrastructure Funds on Community Education and Training colleges towards transfers to Community Education and Training colleges for Learning and Teaching Support Materials. Savings on Compensation of Employees were the result of vacant posts on the Departmental Staff Establishment that could not be filled as planned, and concomitant savings as a result thereof. Savings on Buildings and Infrastructure were also apparent due to the slower-than-planned implementation of the CET Infrastructure project.

3.2.3. Overview and assessment of expenditure per programme

Programme 1: Administration

The purpose of this programme is to provide strategic leadership, management, and support services to the Department.

The programme's final appropriation for the 2024/25 financial year was R660.1 million (2023/24: R492.3 million). The actual expenditure at the end of this period under review was R596.2 million, representing a spending rate of 90.3 per cent. The programme recorded a lower-than-projected spending of R63.9 million, mainly due to prolonged recruitment processes arising from the implementation of a directive from the Department of Public Service and Administration on control measures for fiscal sustainability, which resulted in recruitment processes not finalised by 31 March 2025 and the concomitant saving on administrative expenditure. In addition. There were savings in management, which derived from the additional funding received for the new Ministries in the Department for a full year, whilst operations in these Ministries only commenced in June/July 2024. The low spending on payments for machinery and equipment is due to delays in the procurement processes and software not being procured as planned.

The largest underspending within the programmes was incurred under subprogrammes 1: Departmental Management and 2: Corporate Management Services at R30.9 million and R26.6 million, respectively.

Programme 2: Planning, Policy and Strategy

The purpose of the programme is to provide strategic direction in the development, implementation, and monitoring of Departmental policies and the Human Resource Development Strategy for South Africa.

The programme's final appropriation in 2024/25 was R3.7 billion (2023/24: R1.5 billion). At the end of the financial year, the programme had spent R3.7 billion or 99.5 per cent. The programme recorded lower-than-projected spending amounting to R17.5 million (2023/24: R35.1 million) or 0.5 per cent against the final appropriation.

The under-spending is due mainly to attrition posts that became vacant during the year that could not be filled as projected, and the concomitant saving on administrative expenditure and Legal Fees not claimed as projected. Savings were realised on travelling and subsistence due to controlled international travel, austerity measures implemented, and virtual meetings were performed as opposed to physical meetings. Savings were realised on the transfer to the Commonwealth of Learning due to a favourable Rand/Euro exchange rate.

Transfers and subsidies, mainly infrastructure efficiency grants to universities and TVET colleges, constituted the largest programme spending at 94.6 per cent or R3.5 billion.

Programme 3: University Education

The programme develops and coordinates the policy and regulatory framework for an effective and efficient university education system.

During the 2024/25 financial year, the programme's final appropriation amounted to R91.7 billion (2023/24: R90.1 billion). Expenditure at the end of the financial year amounted to R91.7 billion or 100.0 per cent of the total final appropriation. The programme's expenditure was dominated by transfers and subsidies at R91.6 billion, mainly to universities and the National Student Financial Aid Scheme (NSFAS).

Programme 4: Technical and Vocational Education and Training (TVET)

The purpose of this programme is to plan, develop, implement, monitor, maintain, and evaluate national policies, programmes, assessment practices, and systems for TVET.

The programme's 2024/25 final appropriation amounted to R13.2 billion (2023/24: R12.6 billion). Expenditure at the end of the year amounted to R13.2 billion or 99.8 per cent against the available budget. The programme's expenditure was dominated by spending on compensation of employees at R8.2 billion, representing 62 per cent of the programme's total expenditure for 2024/25, followed by transfers and subsidies at R4.5 billion or 33.8 per cent.

The programme underspent by R31.1 million, of which R19.3 million was on compensation of employees and R11.6 million on goods and services. The under-spending is due mainly to prolonged recruitment processes arising from the implementation of a directive from the Department of Public Service and Administration on control measures for fiscal sustainability, which resulted in recruitment processes not finalised by 31 March 2025 and the concomitant saving on administrative expenditure, travelling, and subsistence due to virtual meetings held.

The bulk of the underspending was in subprogramme 6: Regional Offices at R18.9 million, followed by subprogramme 2: TVET System Planning and Institutional Support at R5.2 million.

Programme 5: Skills Development

The purpose of the programme is to promote and monitor the National Skills Development Strategy (NSDS III) and to develop a skills development policy and regulatory framework for an effective skills development system.

During the 2024/25 financial year, the programme's final appropriation amounted to R341.8 million (2024/25: R292.7 million). Expenditure at the end of the year amounted to R334.8 million or 98.0 per cent of the programme's total final appropriation. Expenditure at the end of this period under review amounted to R6.9 million. The under-spending is due mainly to attrition posts that became vacant during the year that could not be filled as projected, and the concomitant savings on administrative expenditure, as well as delays with the procurement of tools and equipment and trade test material. Savings were realised on travel and subsistence due to austerity measures implemented, and virtual meetings were performed as opposed to physical meetings.

The programme spent R146.7 million on the compensation of employees' budget and R29.9 million on goods and services. Expenditure on transfer and subsidies was R156.9 million.

Programme 6: Community Education and Training (CET)

The purpose of this programme is to plan, develop, implement, monitor, maintain, and evaluate national policy, programme assessment practices, and systems for community education and training.

During the 2024/25 financial year, the programme's final appropriation amounted to R3.1 billion (2023/24: R2.9 billion). Expenditure at the end of the year was R3.1 billion or 99.6 per cent of the total final appropriation, thus recording lower-than-projected spending of R12.1 million (2023/24: R34.2 million). The under-spending is attributed mainly to outstanding backlog payments with regard to REQV for CET lecturers not dealt with as planned, attrition posts that became vacant during the year that could not be filled as projected, and the delay in appointment of a service provider to conduct an audit of CET Learning Centres. Cost containment measures implemented also contributed to savings.

The programme's expenditure was dominated by spending on the compensation of employees, at 85.5 per cent (R2.7 billion). Expenditure on goods and services amounted to R5.8 million or 74.3 per cent of the budget of R7.9 million. Expenditure on transfer and subsidies was R445.5 million or 100.0 per cent of the allocated budget.

3.2.4. Irregular, fruitless, wasteful, and unauthorised expenditures incurred in the 2024/25 financial year

Irregular expenditure

The Department has not incurred irregular expenditure during the year under review. The Department has reported an opening balance of R59 000 relating to the 2023/24 financial year. The expenditure was under investigation during the 2024/25 financial year and recorded in the 2024/25 financial year. The Auditor-General of South Africa (AGSA) found non-compliance with supply chain management (SCM) as an error due to inadequate review and oversight that occurred in the evaluation process of the procurement of laptop bags. The case is not yet finalised.

Fruitless and wasteful expenditure

The Department did not incur fruitless and wasteful expenditure but reported R89 000 relating to the previous financial year. R30 000 of the reported fruitless and wasteful expenditure was written off relating to fraudulent salary overpayment incurred in the 2016/17 financial year. An employee was found guilty, and a sanction of one-month suspension without pay was issued against the employee. Regarding R59 000, it was reported that AGSA found the Department paid for the service of 23 cleaners in terms of the pricing schedule; however, the attendance registers indicated fewer cleaners were used. This was deemed fruitless and wasteful and led

to an investigation and disciplinary hearing. The outcome was that the official was not guilty, hence no further action.

3.2.5. Overview and assessment of the Department's programme performance for the 2024/25 financial year

For 2024/25, the Department had 94 annual targets, comprising direct outputs and system targets (MTSF Outcomes-related targets). The Department achieved 46 targets, representing an achievement rate of 49 per cent. The Department's performance regressed by 10 per cent from 56 per cent achieved in 2023/24. Over the past three financial years, the Department spent 99 per cent of its final appropriation but has not achieved more than 60 per cent of its Annual Performance Plan (APP) targets. The Department's programmes and their related achievement against the performance targets for the 2024/25 financial year are presented in Table 4.

Table 4: The Department's programme non-financial performance for the 2024/25 financial year

PROGRAMMES	APP Targets 2024/25	Achieved	Not Achieved	% Achieved	% Budget Spent
Programme 1: Administration	10	7	3	70%	90.3%
Programme 2: Planning, Policy and Strategy	16	5	11	69%	99.5%
Programme 3: University Education	26	15	11	58%	100.0%
Programme 4: TVET Colleges	22	9	13	41%	99.8%
Programme 5: Skills Development	11	3	8	27%	98.0%
Programme 6: CET Colleges	9	7	2	78%	99.6%
Total	**94**	**46**	**48**	**49%**	**99.1%**

Source: DHET (2025)

3.2.6. Non-financial performance per programme

Programme 1: Administration

The programme had 10 targets for the 2024/25 financial year and achieved seven (7), representing an achievement rate of 70 per cent.

In ensuring transformation in its procurement and the economic empowerment of women, youth and black-owned businesses, including Small, Medium and Macro Enterprises, the Departments exceeded the targets relating to setting aside public procurement 40% of Women-owned business target by 8.6 per cent 30 per cent of Youth-owned businesses target by 0.6 per

cent; 70 per cent of Black-owned businesses by 11.9 per cent and 30 per cent of Small, Medium and Macro Enterprises (SMMEs) by 27.3 per cent. The Department resolved 80.7 per cent of disciplinary cases within 90 days.

Targets not achieved included:

- Achieved 99.9 per cent of valid invoices from creditors paid within 30 days against the target of 100 per cent.
- Achieved 2.08 per cent of public procurement set aside for businesses owned by people living with disabilities, against the target of 7 per cent.
- Achieved an unqualified audit opinion with findings, against the clean audit outcome target.

Programme 2: Planning, Policy and Strategy

For the 2024/25 financial year, the programme had 16 targets and achieved 5 with an achievement rate of 31 per cent.

In expanding access to education and training through infrastructure development, the Department built three new TVET college campuses (Ngqungqushe Campus of Ikhala, Giyani Campus of Letaba and Vryheid Campus of Mthashana TVET college). While this milestone is commendable, it is deeply concerning that the AG noted that the audit evidence did not support this reported achievement. The AG could not determine the actual achievement but estimated it to be materially less than reported. Consequently, the achievement against the target was likely lower than reported.

In contributing towards curbing gender-based violence, a Report on the implementation of the sexual Offences Act (Act 32 of 2007) and Related matters in the PSET system was approved by the Director-General, including a Report on the implementation of the “Transforming Mentalities” Programme.

Targets not achieved:

- Recognition of Prior Learning (RPL) Implementation Framework was published by 31 March 2025.
- National Qualifications Framework (NQF) Amendment Bill approved by the Minister by 31 March 2025 for introduction to Parliament.

- Revised Higher Education Act approved by Parliament by 31 December 2024.
- 1 Imbali Precinct project completed in collaboration with The Durban University of Technology (DUT) by 31 March 2025 (1 ICT Infrastructure)
- 1 000 students participated in Apprenticeship, Internships and Work Integrated Learning in construction (actual achievement is 380).
- 10 per cent completion of construction of the Tshwane University of Technology (TUT), Giyani Campus, initiated according to the designs completed
- 3 Student housing projects for the provision of 5 000 beds completed
- Detailed designs on the construction of the two new universities approved by the Director-General by 31 March 2025 for implementation.
- Technical Report (including methodology and the Critical Skills List) approved by the Director-General by 31 March 2025.

Programme 3: University Education

For the year under review, the programme had 26 targets and achieved 15, representing a 58 per cent achievement rate.

Selected key achievements:

- The updated Guidelines for the DHET bursary scheme at public universities were submitted to the Minister on 30 October 2024 for concurrence.
- 505 845 eligible university students received NSFAS bursaries.
- 31 316 students graduated in Initial Teacher Education.
- 3 620 graduated with Doctoral degrees.
- 54 per cent of university lecturers held doctoral degrees.
- A report on compliance with annual reporting regulations, financial health and audit outcomes of 26 universities was approved by the Director-General on 19 March 2025
- Progress report on the implementation of the Publication Quality Framework was approved by the Director-General on 25 March 2025.

Targets not achieved:

- Fee Increase Regulatory Framework submitted to the Minister for approval by 31 January 2025. The nonachievement was ascribed to the DHET Legal Services Unit, which advised that the Department lacks the authority to develop a regulatory

framework for public universities. As a result, Framework Guidelines were developed instead.

- Progress report on the number of eligible university students receiving loans through NSFAS approved by the Director-General by 31 March 2025. The NSFAS operational report was developed; however, it did not provide a comprehensive account of university students receiving loans through NSFAS. As a result, important details regarding student loan disbursements and coverage were not fully captured.
- 1 131 000 Students are enrolled at public universities annually, and 237 000 Students are completing a university qualification annually. It was reported that budget cuts from the National Treasury have negatively impacted university funding for student enrolments and completions. Additionally, some universities were unable to attract students who met the required admission criteria, further contributing to lower enrolment numbers.
- 14 800 Graduates in engineering annually; 11 4000 Graduates in natural and physical sciences annually; 10 660 Graduates in human health science annually, and 1 050 Graduates in animal health science annually. The partial achievements were ascribed to budget cuts from the National Treasury, which impacted university funding for enrolments and completions. Enrolment in the Science, Technology, Engineering and Mathematics (STEM) programmes remained low, largely due to the quality of Mathematics and Science learners produced by the Department of Basic Education, resulting in high dropout rates and extended time to graduation.
- 85 New Generation of Academics programme (nGAP) posts filled at universities every year (actual achievement is 21). The slow pace of implementation at universities has resulted in significant delays in the filling of nGAP positions. It is important to note that the recruitment of nGAP lecturers is managed at the institutional level and is therefore beyond the direct control of the Department.

Programme 4: Technical and Vocational Education and Training

For the year under review, the programme had 22 targets and achieved nine (9) or 41 per cent of the planned targets.

Selected key achievements:

- An additional Disability Student Unit (DSU) (Gert Sibande TVET College) to support students with disabilities in TVET colleges was established on 25 March 2025.

- 34 595 students in TVET colleges registered in engineering and trade-related occupations.
- Fifty TVET colleges offered Fourth Industrial Revolution (4IR) aligned skills training.
- 10 revised subject curricula for TVET colleges were approved by the Director-General on 31 March 2025 (Automation and Control devices NQF 6, Computer Aided Drafting NQF 4, Designing Mechanical Equipment NQF 6, Tourism industry knowledge NQF 5, Digital tools NQF 5, Maintenance Engineering Technology NQF 5, Renewable Energy NQF 6, Social media and digital literacy NQF 4 and Technology processes in manufacturing NQF 6).

Targets not achieved:

- 620 000 Student enrolments at TVET colleges (Actual achievement is 564 089). Partial achievement was ascribed to the under-reporting due collapse of the departmental TVET management information system (TVETMIS) supplemented with manual reporting. In addition, there were fewer students enrolled in the Pre-vocational Learning Programme.
- 400 000 eligible students funded by NSFAS (actual achievement is 254 409. The Department reported that some returning NSFAS students did not qualify for continued funding due to failure to progress to the next level of study. In terms of NSFAS policy, NSFAS returning students are required to progress to the next level of study to sustain their funding.
- 76 000 TVET college students completed the N6 qualification and achieved 35 318. It was noted that projections made at the beginning of the strategic plan period were based on the anticipated growth of enrolments in the TVET sector. Since then, enrolment numbers in TVET colleges, including the National Accredited Technical Diploma (NATED) Report 191, National N Diploma, and N6, have significantly decreased.
- 14 099 TVET college students completed the National Certificate (Vocational) [NC(V)] Level 4 and achieved 7 613. The underachievement was ascribed to students not passing all subjects at each level of the programme, therefore, unable to complete the required number of subjects (i.e. 21 subjects in three years). Other students dropped out of the programme.
- 300 lecturers participating in project-based lecturer capacity building programmes in engineering (electrical, plumbing and mechanical), achieved 204. Underachievement

was ascribed to limited donor funding and sponsorships, which hindered participation in capacity-building programmes, affecting staff development and organisational growth.

- 6 000 lecturers participated in digital literacy programmes (actual achievement is 1 718). It was noted that a lower number of lecturers registered for participation in the digital literacy training. This affected overall attendance and programme targets.

Programme 5: Skills Development

The programme had 11 targets and achieved three (3), recording an achievement rate of 27 per cent. Concernedly, the programme's performance regressed in the past three consecutive financial years, 2022/23 and 2023/24 and 2024/25.

Selected key achievements:

- 96 per cent of SETAs meet the standard of good governance.
- It took an average of 26.25 days from qualifying trade test applications received until the trade test was conducted.
- 21 SETAs developed credible Sector Skills Plans.

Targets not achieved

- 190 000 Learners or students placed in Work-Based Learning Programmes, achieved 136 874; 150 000 learners registered in skills development programmes, achieved 60 822; and 36 375 learners entering artisanal programmes, achieved 18 144; 26 500 Artisans found competent, achieved 16 273. The underachievement was ascribed to the labour market not yet fully recovered from the impact of the COVID-19 pandemic, which limited employers' capacity to place more learners. This negatively affected the massification of skills development programmes. In addition, it was cited that the original targets were set at higher levels before the onset of the pandemic, based on optimistic assumptions that the economy would expand in line with National Development Plan projections. In reality, economic growth has averaged around 1 per cent, significantly below the 3 per cent envisaged in the 2019–2024 MTSF, further constraining opportunities for learner placements and completions.

Programme 6: Community Education and Training

The programme had nine (9) targets and achieved seven (7), thus recording a 78 per cent achievement rate.

Selected key achievements:

- 73 per cent of CET colleges were compliant with the implementation of the Funding Model for CET colleges.
- 100 per cent of CETCs met standards of good governance.
- 100 per cent of CET college examination centres were compliant with the National Policy on the Conduct and Management of Examination and Assessment.

Targets not achieved:

- 388 782 Students enrolled at CET colleges annually, achieved 120 08. It was noted that the infrastructure available to CET colleges is inadequate to support the delivery of programmes that are attractive and relevant to both adults and youth. Additionally, CET colleges lack a distinct institutional identity, as they mainly operate within public school facilities rather than dedicated campuses. This limits their ability to create a unique learning environment and brand, further impacting enrolment and programme uptake. Poor uptake in responsive and diversified skills programmes. Lack of ICTs to render colleges marketable to students.
- 55 000 CET college students completing GETC: Level 4 annually, achieved 10 535. This was due to the high levels of student absenteeism and dropouts negatively impacted overall participation and performance. Additionally, there was a lack of effective college tracking systems to monitor registered candidates' readiness to sit for examinations, resulting in insufficient support and preparation for students.

3.3. 2024/25 Audit Outcomes

The Department obtained an unqualified audit opinion with findings from the AGSA for the 2024/25 financial year. The Department had not received a clean audit since its establishment.

3.3.1. The basis for the opinion

Report on the audit of the annual performance report

The material findings on the performance information of the selected programmes as follows:

Programme 2: Planning, Policy and Strategy

Number of TVETs campuses built: An achievement of the completion of three (3) TVET campuses was reported against a target of three for the 2024/25 financial year. However, the audit evidence did not support this achievement. The AG could not determine the actual achievement, but the AG estimated it to be materially less than reported. Consequently, the achievement against the target was likely lower than reported.

Number of student housing projects for the provision of beds completed: An achievement of 2 471 beds was reported against a target of 5 000 beds. The AG 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.

Number of students participating in apprenticeships, internships and work-integrated learning in construction: An achievement of 380 students participating in Apprenticeships, Internships and Work-Integrated Learning in Construction was reported against a target of 1 000 students. However, some supporting evidence was not provided for auditing, or where it was, the AG identified material differences between the actual and reported achievements. Consequently, the achievement might be more or less than reported and was not reliable for determining if the target had been achieved.

Programme 4: Technical and Vocational Education and Training

Various indicators: Based on the audit evidence, the actual achievements for the indicators did not agree with what was reported. The AG could not determine the actual achievements but estimated them to be materially more. The targets were still not achieved.

Number of learners in TVET colleges registered on engineering and trade-related occupations per annum: An achievement of 34 324 was reported against a target of 33 000 learners. However, the audit evidence did not support this achievement. The AG could not determine the actual achievement, but the AG estimated it to be materially more than reported. Consequently, the achievement against the target was likely lower than reported.

Period it takes to issue certificates to qualifying candidates following publication of results (months): An achievement of one month, 15 days was reported against a target of 3 months. However, the audit evidence did not support this achievement. The AG could not

determine the actual achievement but estimated it to be materially less than reported. Consequently, the achievement against the target was likely lower than reported.

Number of days to release examination results to qualifying students: An achievement of 20.3 days was reported against a target of 40 days. However, the audit evidence did not support this achievement. The AG could not determine the actual achievement but estimated it to be materially less than reported. Consequently, the achievement against the target was likely lower than reported.

Number of public TVET colleges with at least two protocols signed with industry to place TVET college students and lecturers for workplace experience annually: An achievement of 50 was reported against a target of 50 colleges. However, the audit evidence did not support this achievement. The AG could not determine the actual achievement but estimated it to be materially less than reported. Consequently, the target was likely not achieved.

Programme 5: Skills Development

Various indicators: Based on the audit evidence, the actual achievements for the indicators did not agree with what was reported. The AG could not determine the actual achievements but estimated them to be materially more. The targets were still not achieved.

Programme 6: Community Education and Training

Number of students enrolled at CET colleges annually: An achievement of 120 081 was reported against a target of 388 782 students. However, the audit evidence did not support this achievement. The AG could not determine the actual achievement but estimated it to be materially less than reported. Consequently, the achievement against the target was likely lower than reported.

Material misstatements: The AG identified material misstatements in the Annual Performance Report submitted for auditing. These material misstatements were in the reported performance information for Programmes 2, 4, 5 and 6. Management did not correct all of the misstatements and, therefore, the AG reported material findings in this regard.

Internal control deficiencies:

- The Accounting officer did not ensure adequate controls were in place for performance reporting and monitoring to ensure that reported performance is supported by valid,

complete, and accurate information.

- The processes in place for the collection and review of performance information and underlying data were not effective. The performance achievements were not always supported by valid and accurate information, as inconsistencies were identified between the reported achievements in the Annual Performance Report and the supporting information.
- The Action Plan developed did not adequately address the significant deficiencies in the controls for performance information, resulting in repeat findings being identified during the audit.
- The Department did not have a proper records management system to maintain information that supported the reported performance in the Annual Performance Report. This included information that related to the collection, collation, verification, storage, and reporting of actual performance information, which resulted in the material misstatements reported in the Annual Performance Report.

4. ENTITIES OF THE DEPARTMENT OF HIGHER EDUCATION AND TRAINING

4.1. Council on Higher Education (CHE)

The Council on Higher Education (CHE) is a statutory body established in terms of the Higher Education Act (1997), as amended. It is mandated to advise the minister responsible for higher education on all matters pertaining to higher education, develop and manage the higher education qualifications framework and sub-framework, and develop and implement a suite of policies and criteria to facilitate the implementation of the framework and sub-framework and protect their integrity.

The mandate is further premised on key policies, namely the National Development Plan: Vision 2030, the White Paper for Post-School Education and Training, the National Plan for Higher Education, and the Medium-Term Strategic Framework 2019–2024: Priority 3: Education, Skills and Health.

4.1.1. Overview and assessment of the CHE's 2024/25 non-financial performance

For the 2024/25 financial year, the CHE had four budget programmes, namely, Management of HEQSF, Quality Assurance, Research, Monitoring and Advice, and Corporate. The

programmes had 41 targets and achieved 39, or a 95 per cent achievement rate, representing a 2 per cent increase from 93 per cent in 2023/24.

Table 6: The CHE's programmes, with their related achievement against performance targets for the 2024/25 financial year

COUNCIL ON HIGHER EDUCATION AND TRAINING (CHE)	APP Targets 2024/25	Achieved	Not achieved	% Achievement
1. Management of the HEQSF	12	12	0	100%
2. Quality Assurance	9	8	1	89%
3. Research, Monitoring and Advice	8	8	0	100%
4. Corporate	12	11	1	92%
Overall Total	**41**	**39**	**2**	**95%**

Source: CHE (2025)

Selected key achievements:

- The programme accreditation turnaround time has been reduced from 18 months to a maximum of 8 months, and actually 6 months for most institutions.
- The institutional audits of all 26 universities have been completed. Over 50 private higher education audits have been initiated.
- Two national quality reviews have been initiated: A themed review on modes of provision and a qualifications review of initial teacher education qualifications.
- Several research reports, monitoring reports and articles were published, including a Good Practice Guide on the Award of Honorary Degrees and Honorary Professorships and Use of Associated Honorary Titles.

Target not achieved:

Programme 2: Quality Assurance: Sub-programme: Institutional Audits

- Number (10) of audit reports of completed Institutional Audits finalised and approved, within a particular financial year, achieved 8. The reason for the deviation was that the report for Sefako Makgatho University (SMU) was meant to be finalised in the fourth quarter of 2024/25. However, there were significant challenges with the quality of the SMU report produced by the review panel, leading to multiple iterations before the report could be sent to the institution for its review. Audit reports for some public higher education institutions have also been delayed, with the audits taking longer than anticipated to carry out.

Programme 4: Corporate: Sub-programme: Corporate Services

- Percentage (85%) of approved funded posts on the organisational structure that have incumbents throughout a particular financial year, achieved 83 per cent. It was noted that there were two terminations towards the end of the financial year, leaving little time to get replacement staff in place. One of the terminations was a retirement, and the other termination was a dismissal at the end of the probation process (non-confirmation of a permanent appointment).

4.1.2. Overview and assessment of CHE's 2024/25 budget allocation and expenditure

For the 2023/24 financial year, CHE's total budget amounted to R101.5 million (2023/34: R100.2 million), comprising R8.6 million of revenue from exchange transactions (R6.7 million from non-exchange and R1.9 million from interest received and other income) and R92.9 million from non-exchange transactions (R84.9 million of Government Grant, R3.6 million of Conditional Grant and R4.4 million, and surplus funds rolled over).

Total expenditure at the end of the financial year was R97.8 million, whereas underspending was R3.7 million. Underspending constitutes 3.6 per cent of the total budget for 2024/25. Expenditure on compensation of employees was R46.7 million (2023/24: R41.87 million), with overspending of R186 058. Spending on goods and services was R51.1 million (2023/24: R54.77 million), recording lower than projected spending of R3.9 million.

The overspending on compensation of employees was attributed to higher-than-budgeted employee costs, primarily due to unbudgeted bonus provisions.

Underspending on goods and services was attributed to the following:

Programme 1: Administration: less legal fees, less travel requested for all governance committee meetings because many were held virtually during the period under review, less spending due to late procurement of Books, and Periodicals and Promotional items, membership fees and subscription and advertising; less spending informed by less travel, and catering incurred for recruitment purposes, new employee relocation, Employee Wellness, Workmen's Compensation, payment for employees Bursaries and Training of employees; and repairs and maintenance been lower than budget due to savings in the maintenance costs during the year.

Programme 2: Quality Assurance: Less than budgeted spending on domestic travel for assessment of higher education institutions; less than budgeted payments made to Institutional Audit Committee members, Peer Academics and for Honoraria payments for working group members for National Review projects and activities; and less than budgeted spending for venue and catering.

Programme: Management of HEQSF: Less than budgeted spending in the following projects/activities: HEQCIS, Higher Institution Support, Quality Promotion, Partnership and Collaboration and Capacity Development.

Management of QAF Project: Less than budgeted spending for travelling, catering, peer academics and less than budgeted spending on domestic travel related to two projects (the International Network for Quality Assurance in Higher Education (INQAAHE) capacity development project and the Potential of Microcredentials in South Africa (PoMiSA) project).

4.1.3. Irregular, fruitless, and wasteful expenditure

For the 2024/25 financial year, the CHE incurred fruitless and wasteful expenditure to the value of R38 000. Of this, R33 000 was incurred due to cancelled accommodation for an employee and the private kilometre incurred on a CHE hired car. It was reported that the Financial Misconduct Committee (FMC) condoned the R33 000. The employee concerned with the cancelled accommodation was found guilty, and his probation period was not confirmed. His employment was terminated. The amount charged for private kilometres incurred was recovered from the employee.

R5 000 interest paid was under investigation and will be considered by the FMC in the 2025/26 financial year.

Irregular expenditure of R124 000 was incurred, resulting from:

- R15 000 payment to UNISA for decoloniality summer school was condoned after consideration by the FMC. The employee was not found guilty of negligence by the FMC, as the event did take place and the CHE representatives participated in the event.

- Website maintenance (R33 636) – the IT Administrator responsible for the website maintenance expense was dismissed in October 2024 for serious dereliction of duty, including this particular incident.
- Irregular expenditure amounting to R8 000 relating to the cancellation and booking of accommodation without following the SCM process. The case is still under investigation and will be considered by the FMC in the 2025/26 financial year.

Unauthorised expenditure amounting to R48 000 relating to a credit card transaction resulting from a forced withdrawal related to the abduction of an employee. R7 000 was condoned after consideration by the FMC, and the employee concerned was not found guilty of negligence. Unauthorised expenditure of R41 000 is still under investigation and will be considered by the FMC in the 2025/26 financial year.

4.1.4. Contingent liability

The CHE had unspent cash of R5,245,968 from the budget of the year under review. This unspent cash is ordinarily supposed to be transferred back to the National Treasury according to section 53(3) of the PFMA. The CHE will request the retention of these funds from the National Treasury after the audit to address budget pressures that the CHE is facing for the 2025-26 financial year.

4.1.5. 2023/24 Audit outcomes

The CHE obtained a clean audit in 2024/25. The clean audit is highly commendable, given that it matched the performance of 95 per cent recorded in the year under review.

4.2. Future outlook

CHE funding requirements:

The budget of the CHE is under severe strain due to a range of factors, including the following:

The compensation of employees (COE) budget does not cater for the following:

- Some of the posts on the reviewed approved organisation structure.

- The annual performance bonus salary scales are based on the employee's annual performance outcomes and increase in the annual cost of living adjustments as determined by the Department of Labour, National Treasury, and Labour Unions.
- The ratio between COE and Goods and Services for the current year and the MTEF Period is 45 per cent for the COE and 55 per cent for Goods and Services.

The Goods and Services budget does not cater for/or is limited in relation to the following:

- All the institutional site visits that are required for effective implementation of the quality assurance functions, including the travel expenses associated with these.
- Quality assurance is a peer-driven exercise, and the budget for peer academics to be involved in quality assurance activities is limited. Additional functions and activities that the CHE is requested to undertake are outlined in the planned APP.

Therefore, an increased budget for the CHE is needed to enable it to effectively carry out the full scope and scale of its functions, and to specifically fund support for the new Transformation Monitoring and Oversight function.

4.3. South African Qualifications Authority (SAQA)

The South African Qualifications Authority (SAQA) is a statutory body established in terms of the South African Qualifications Authority Act (1995) and exists in terms of the National Qualifications Framework Act (2008), as amended. The authority is mandated to advise the minister on matters related to the national qualifications framework; oversee, liaise, and consult with quality councils on the implementation of the national qualifications framework; develop policies and criteria for the registration of qualifications; maintain a national learner records database; and conduct or commission research into matters related to the national qualifications framework.

4.3.1. Overview and assessment of SAQA's 2024/25 non-financial performance

For the 2024/25 financial year, SAQA had five budget programmes. The programmes had 23 APP targets and achieved 18 or 86 per cent, which is a regression from 92 per cent in 2023/24.

A summary of programme performance for the 2024/25 financial year is illustrated in Table 5 below.

Table 5: SAQA Programmes, with their related achievement against the performance targets for the 2024/25 financial year

SOUTH AFRICAN QUALIFICATIONS AUTHORITY (SAQA)	APP Targets 2024/25	Achieved	Not achieved	% Achievement
1. Administration and Support	7	7	0	100%
2. Registration and Recognition	1	0	1	0%
3. National Learners' Record Database	9	7	2	78%
4. Foreign Qualifications Evaluation and Advisory Services (DFQEAS)	2	2	0	100%
5. Research	2	2	0	100%
Overall Total	**21**	**18**	**3**	**86%**

Source: SAQA (2025)

Selected key achievements

- 255 qualifications were registered, and the three top fields include Business, Commerce and Management Studies; Health Sciences and Social Services; and Physical, Mathematical, Computer and Life Sciences.
- 24.5 million learners with achievements on the National Learners Records Database.
- 131 442 learners with achievements via Recognition of Prior Learning (RPL).
- 100 recognised professional bodies and 300 registered professional designations.
- SAQA completed 65 981 qualifications verification (68 per cent from public entities and 32 per cent from the private sector and individuals).
- 13 068 foreign qualifications were evaluated.
- 40 advocacy initiatives were conducted, reaching over 17 000 people.

Targets not achieved

Programme 2: Registration and Recognition

- Register of qualifications recommended by Quality Councils (QCs) that meet all SAQA's criteria within 70 working days of submission, achieved 224 (88 per cent). Thirty-one (31) of the CHE qualifications were registered outside the 70 working days.

Programme 3: National Learners' Record Database

- Implement a workflow tracking system for qualifications and part-qualifications. It was noted that the landing page for submission of qualifications and part-qualifications was created for QCTO and Umalusi. The workflow tracking system was not implemented for qualifications and part-qualifications.
- Finalise the Policy on the Misrepresentation of Qualifications. It was reported that a Task team was established to develop a policy on verifications and misrepresented qualifications. Consultations and initial draft developed. Further engagements were required.

4.3.2. Overview and assessment of SAQA's 2024/25 budget allocation and expenditure

For the 2024/25 financial year, SAQA's total revenue was R170.6 million (2023/24: R147.9 million), comprising R93.2 million of Government Grants, R49.9 million from the rendering of services, R10.4 million of interest received and R17.0 million from other income. The revenue increased by 15 per cent from 2023/24.

Expenditure at the end of the financial year amounted to R150.5 million or 88.2 per cent of the total revenue. Underspending at the end of the financial year amounted to R20.1 million.

Expenditure on employee costs amounted to R98.3 million (2023/24: R80.8 million), constituting 65 per cent of the total expenditure for 2024/25. Spending on other expenses amounted to R52.1 million (2023/24: R39.9 million). The underspending was mainly attributed to proceeds from the sale of the building.

4.3.3. Irregular, fruitless, and wasteful expenditure

For the 2024/25 financial year, SAQA did not incur irregular, fruitless and wasteful expenditures. There were no significant audit findings on the entity's annual financial statements and no deficiencies in its internal controls.

4.3.4. 2024/25 Audit outcomes

SAQA obtained the third consecutive clean audit for 2024/25.

4.4. Quality Council for Trades and Occupations (QCTO)

The QCTO was established as a juristic person in 2010 in terms of the Skills Development Act (SDA), 1998 (Act No. 97 of 1998), as amended in 2008. The QCTO, as a quality assurance body, is responsible for a part of the National Qualifications Framework (NQF), which is the Occupational Qualifications Sub-Framework (OQSF). The QCTO performs its functions in accordance with the Skills Development Act, 1998, as amended and the National Qualifications Framework Act, 2008.

4.4.1. Overview and assessment of QCTO's 2024/25 non-financial performance

Table 6: The QCTO's programmes, with their related achievement against performance targets for the 2024/25 financial year

Programme	APP Targets 2024/25	Achieved	Not achieved	% Achievement
1. Administration	4	4	0	100%
2. Occupational Qualifications Management and Certification	8	7	1	88%
3. Occupational Qualifications Quality Assurance	11	11	0	100%
4. Research Analysis	2	2	0	100%
Total	**25**	**24**	**2**	**96%**

Source: QCTO (2025)

During this review period, the QCTO had 25 targets against the 2024/25 APP. The QCTO achieved 24 or 96 per cent of the planned targets, representing an increase of 4 per cent from 92 per cent achieved in 2023/24.

Key selected achievements

- Two (2) Strategic capacity building initiatives linked to the Occupational Qualifications Sub-Framework (OQSF) were implemented and reported on.
- 20 per cent of the change management strategy was implemented (Year 3)
- An additional 157 Occupational Qualifications in the reporting period were registered on the OQSF, contributing to 786 Occupational Qualifications (OQs) registered on the NQF.
- 6 933 Occupational Certificates were issued during 2024/25 compared to 4 904 in 2023/2024.
- 14 775 certificates were verified compared with 19 760 in 2023/2024.

- 2 685 Skills Development Providers (SDP) accreditation applications for Occupational qualifications were processed in 2024/25 compared with 2475 in 2023/2024.
- 2 089 Assessment Centre accreditation applications were processed in 2024/25 compared with 563 in 2023/2024. Four research reports were approved (The Articulation Project, the Quality Assurance, the Assessment Report, and the International RPL Benchmarking Report).

Targets not achieved

- Percentage (80%) of prioritised developed occupational qualifications and part qualifications processed (Approved and/or declined for recommendation to SAQA for registration on the OQSF) within 90 working days, achieved 60 per cent due to one batch of qualifications not being processed within the turnaround time

4.4.2. Overview and assessment of the QCTO's 2024/25 budget allocation and expenditure

For the 2024/25 financial year, the QCTO's total revenue amounted to R174.2 million (2023/24: R162.9 million), which includes R19.9 million of revenue from exchange transactions and R154.2 million from non-exchange transactions. The Departmental subsidy and transfers amount to R154.1 million, which constitutes 88 per cent of the QCTO's total revenue during the year under review. Total expenditure amounted to R179.1 million, recording an overspending of 3 per cent or R4.9 million.

Expenditure on employee costs amounted to R84.7 million (2023/24: R77.6 million) and goods and services amounted to R94.4 million (2023/24: R76.0 million).

4.4.3. Unauthorised, irregular, fruitless and wasteful expenditure

QCTO did not incur unauthorised, irregular, fruitless and wasteful expenditures during the period under review.

4.4.4. 2024/25 Audit outcomes

The QCTO obtained the ninth consecutive clean audit opinion for the 2024/25 financial year. Remarkably, the clean was matched by the performance of the predetermined objectives. The

AG has not identified material findings on the QCTO's annual financial statements, predetermined objectives, compliance with legislation, and the internal controls environment.

5. OBSERVATIONS AND KEY FINDINGS

The Committee, having assessed the 2024/25 Annual Reports of the Department and entities, recommends that the Minister of Higher Education and Training and the Minister of Finance consider the following:

Department of Higher Education and Training

5.1. Programme 1: Administration

5.1.1. Senior management's failure to adequately implement the remedial actions outlined in the audit action plan significantly contributed to the recurrence of previously identified issues during the year under review.

5.1.2. The continued under-achievement of targets related to supporting business owned by women, youth and people living with disabilities remains a serious concern. Despite the Committee's previous recommendations that the Department strengthen its collaboration with non-profit organisations (NPOs), the Department of Women, Youth and Persons with Disabilities (DWYPD), to ensure the economic empowerment of people with disabilities.

5.1.3. Despite the Department achieving a clean audit opinion on its financial statements, the persistent deficiencies in reported performance information and internal controls undermine the Department's broader objective of attaining a clean audit outcome of both financial statements and reported information.

5.1.4. Delays in filling vacant positions continue to pose a significant challenge, leading to persistent underspending on compensation of employees. This issue is exacerbated by the centralisation of the recruitment process at Head Office, which currently operates with limited capacity in its recruitment unit. This constraint negatively impacts service delivery.

5.1.5. Poor consequence management against Department officials who transgress regulations, act negligently or consistently underperform undermines accountability. When such transgressions go unaddressed, it signals weak leadership from senior management, eroding public trust and enabling a culture of underperformance to persist.

5.1.6. The appointment of foreign nationals to non-scarce and critical skills positions in the PSET sector is a violation of legislation. This practice undermines opportunities for

qualified South African citizens, especially in positions where local talent is readily available. The Employment Service Act, 2014, prohibits employers from unfairly prioritising foreign nationals over South Africans in positions that do not require scarce and critical skills.

5.1.7. The significant weaknesses identified by the AG in the Department's IT, which affected performance reporting, particularly in the business continuity planning and user access management, including the prolonged delay in filling the Department's Head of IT position, were deeply concerning.

5.2. Programme 3: Planning, Policy and Strategy

5.2.1. The Department recorded one of its poorest performances since inception during the 2024/25 financial year. Of the 96 planned targets, only 46 were achieved, representing a success rate of just 49 per cent. The Department's Planning Branch acts as the strategic nerve centre for planning and overseeing the implementation of projects to achieve the Department's mission and strategic goals. However, the Branch recorded a dismal performance of 31 per cent during the year under review, which suggests major issues in implementation and oversight.

5.2.2. The PSET sector has a severe shortage of student housing, and many students are forced into substandard living conditions, which expose them to health risks, insecurity and emotional stress, and negatively impact their academic performance. Despite available funding for infrastructure development, delays in transferring it to institutions stall critical housing projects.

5.2.3. The three-year delay by Gert Sibande and Majuba TVET colleges in commencing with the construction of student housing was deeply concerning, given that the colleges received funding allocation in 2022/23 and 2024/25. Furthermore, the Department reported that both colleges were awaiting Ministerial approval and that senior debt funding was yet to be unlocked for the 3,000 student units for the two colleges.

5.2.4. The Skills Development Act of 1998's lack of clear provisions on who holds the legal authority to register Skills Development Providers was raised. It was stated that registration of SDPs is the Department's responsibility, not the QCTO's. Despite this, the responsibility has shifted to QCTO, creating confusion and frustration among SDPs who are unsure where to register or who holds the final authority.

5.2.5. The Department was ambitious in aiming to construct four Community Learning Centres (CLCs) in 2024/25. The target was set without securing the necessary budget,

undermining credibility and delaying the construction of the much-needed infrastructure for the CET sector.

5.2.6. The Department developed targets that were not specific, measurable, achievable, relevant and time-bound (SMART). Some of the targets were also vague, lacked detailed action, and their achievement hinged on the actions of other institutions. A typical example of Imbali Education and Innovation Precinct was used, where the Department planned for its completion by 31 March 2025, while the Durban University of Technology (DUT) reported delays primarily due to difficulties in evicting illegal occupants from the Imbali Lodge, a property acquired with the intention of converting it into student accommodation.

5.2.7. The prolonged delay in developing and implementing an integrated Learner Management Information System (LMIS) poses a significant challenge to the integrity and efficiency of skills development initiatives across Post-School Education and Training (PSET) institutions. Without an integrated system, it is difficult to identify learners who enrol in multiple skills development programmes simultaneously, potentially misusing resources intended for broader access. Furthermore, institutions operate in silos, making it difficult to track learner progress, avoid duplication, and ensure equitable distribution of opportunities.

5.2.8. Some universities have reportedly withdrawn from the Student Housing Infrastructure Programme (SHIP) due to high repayment interest rates on the Development Bank of Southern Africa (DBSA) loans. It was noted that the loans from the Departmental-led programmes can be more expensive than those from financial institutions.

5.2.9. The Department continues to demonstrate inadequate strategic oversight in its role to lead, coordinate, and support PSET institutions. This undermines the sector's ability to deliver on its mandate effectively. The AG has repeatedly flagged concerns within the DHET portfolio. The recurrence of these findings suggests systemic weaknesses in governance, financial management, and performance monitoring.

5.3. Programme 3: University Education

6.1.1. The Department attributed the failure to achieve most of the targets under this programme to budgetary constraints. However, the Committee finds this justification unconvincing, as the programme's budget allocation aligns with the Medium-Term Expenditure Framework (MTEF) projections established in the previous financial year. Furthermore, the targets were set with full cognisance of these MTEF projections,

suggesting that the Department should have anticipated and planned accordingly within the available fiscal parameters.

6.1.2. Concerns were raised in relation to the state of the National Student Financial Aid Scheme (NSFAS)'s ability to manage payments to private accommodation providers, with many providers reporting unpaid invoices, including irregularities in the accreditation of private accommodation providers, delayed payment of allowances and defunding of students in the middle of an academic year.

6.1.3. Delays by NSFAS in implementing the loan scheme aimed at supporting missing middle students have contributed to financial exclusions and ballooning student historic debt. Applicants for the loan scheme are still waiting for confirmation and payments since the beginning of 2025.

6.1.4. It has been noted with concern that universities maintain historical records of students with outstanding debts. However, NSFAS has been battling to access these records to finalise the close-out report due to unjustifiable delays by some universities in providing these records for reconciliation purposes.

6.1.5. Universities' practice of withholding certificates of students who owe outstanding debt negatively impacts their ability to further their studies or seek employment opportunities. Employers often require certificates during recruitment. Graduates without these documents may be disqualified from jobs they otherwise qualified for.

6.1.6. Universities contribute to the growing student debt of NSFAS beneficiaries by placing students in university-owned and leased residences that charge accommodation fees above the NSFAS cap. Consequently, these students exit the system with outstanding debt. These students are from poor and working-class households and cannot afford to pay off debt.

6.2. Programme 4: Technical and Vocational Education and Training

6.2.1. The overall improvement in the audit outcomes of TVET Colleges is highly commendable. Notably, the number of colleges achieving clean audit outcomes rose from five in 2023/24 to twelve in 2024/25, reflecting strengthened financial management, compliance, and oversight across the sector.

6.2.2. The NC(V) and Report 191 certification and Diploma backlogs negatively impact students by preventing them from furthering their studies or seeking employment opportunities. Despite multiple commitments from the Department, the backlog has not been fully resolved.

6.2.3. Students enrolled in Report 191/ NATED programmes are required to complete a practical component to fulfil their qualification requirements. Inadequate placement of TVET college students into workplaces hinders their progression in completing their practical component of their programmes and delays their graduation.

6.2.4. The Committee has raised serious concerns regarding the insufficient support provided to colleges, particularly in the area of infrastructure maintenance. During its oversight visit to KwaZulu-Natal, the Committee noted that many colleges did not have maintenance plans in place to guide the upkeep of their facilities. In cases where maintenance plans exist, they are often inadequately implemented, leading to deteriorating infrastructure and compromised learning and living environments.

6.2.5. There were serious allegations of irregularities and misconduct levelled against the Chief Financial Officer (CFO) of Motheo TVET college and the Principal of the College of Cape, who are foreign nationals. However, there has been slow progress in holding these individuals accountable for their alleged misconduct.

6.2.6. The TVET management information system has not been functioning since 2022, and this affects the reporting of performance information of the TVET system and planning due to inadequate data.

6.3. Programme 5: Skills Development

6.3.1. The lack of buy-in from SETAs regarding the roll-out of an integrated learner management system that will assist in mitigating against learnerships hopping and wasteful resource allocation is a serious concern.

6.3.2. SETAs reportedly held R40 billion in unspent cash reserves during the 2024/25 financial year, raising serious concerns amid high youth unemployment and R17 billion in student debt. This revelation, attributed to the Auditor-General's findings, underscores a troubling disconnect between available funding and urgent national priorities.

6.4. Programme 6: Community Education and Training

6.4.1. CET colleges serve as a vital platform for lifelong learning, offering second-chance education and skills development to adults and out-of-school youth. These institutions play a transformative role in enhancing livelihoods, fostering personal growth, and expanding employment opportunities. Despite their importance, CET colleges face

persistent challenges, most notably chronic underfunding. This financial strain hampers their ability to attract and retain learners and to offer responsive programmes. The funding model of the CET sector is unsustainable and a hindrance to its expansion and growth. In 2024/25, the CET sector received a budget of R3.1 billion, out of which 93 per cent was spent on compensation of employees, leaving insufficient funding to support teaching and learning needs.

6.4.2. The CET sector faces significant challenges due to insufficient student support services, particularly for underperforming learners, which manifests itself in high dropout rates of students during the middle of each academic year, given the absence of targeted interventions for struggling students.

6.4.3. The CET sector does not have an approved organogram structure, which results in inadequate human resource capacity at the CET Colleges' Head Offices and Learning Centres. Many CET employees are underpaid due to the number of working hours, and others have not received acting allowances for many years. This has led to dissatisfaction and low morale across the sector.

6.4.4. The General Education and Training Certificate (GETC) certification backlog negatively impacts students by preventing them from furthering their studies or seeking employment opportunities.

6.4.5. The Department's interventions towards making CET colleges institutions of choice for many out-of-school youth and unemployed adults have not yielded desirable outcomes.

6.4.6. Over 95% of CET activities occur in school buildings, which are typically designed for children and not conducive to adult learning. This mismatch discourages adult participation and undermines the sector's goals. The Department failed to deliver on its plan to build four CET colleges during the review period. These colleges were intended to provide purpose-built environments for adult education. The Department's explanation for this failure was inconsistent and unclear, leading to further uncertainty and eroding trust in its planning and execution.

ENTITIES

6.5. Council on Higher Education

6.5.1. The Committee commended the entity for achieving a clean audit outcome, reflecting sound financial management and governance. Notably, the entity achieved 95 per cent of its performance targets, demonstrating a strong commitment to service delivery and operational excellence.

6.5.2. The Committee expressed serious concern over reports that certain private higher education institutions are offering programmes not accredited by the CHE. The Committee was concerned that these institutions mislead prospective students by falsely implying that their programmes are accredited, resulting in time and financial loss.

6.5.3. It was noted with concern that, although the CHE had been allocated an additional mandate by the Department to execute transformation oversight in the sector, the funds did not follow the function. This lack of additional funding poses a significant challenge to the effective execution of the additional responsibility entrusted to the entity.

6.5.4. The entity continues to face limitations in its internal staffing capacity, particularly in executing critical functions such as institutional audits. As a result, it remains heavily reliant on external consultants to fulfil these roles. The Committee expressed concern regarding the sustainability and effectiveness of this arrangement, noting that the absence of requisite internal personnel may hinder the entity's ability to execute its mandate optimally and maintain institutional continuity.

6.6. Quality Council for Trades and Occupations

6.6.1. The entity has achieved its ninth consecutive clean audit since its inception, a testament to its commitment to sound financial management, transparency, and accountability. This consistent excellence in audit outcomes reflects a robust internal control environment and disciplined operational practices.

6.6.2. It was observed with concern that the entity is unable to fill vacant positions in accordance with its approved organisation structure, which provides for a total of 265 employees. Due to funding constraints, 131 positions remain unfunded, severely limiting the entity's capacity to operate at its intended staffing level.

6.6.3. Persistent delays in issuing certificates to learners who complete learnerships and occupational programmes continue to be a serious concern.

6.6.4. The entity received commendation for consistently upholding high standards in the assessment and accreditation of occupational programmes, reflecting its commitment to quality education and training.

6.7. South African Qualifications Authority

6.7.1. The entity's attainment of a clean audit outcome for the year under review, coupled with an 86 per cent achievement of its performance targets, was positively received and commended.

6.7.2. The entity was commended for the successful development and implementation of Project Phoenix, which generated R20 million within just nine months of becoming operational. The project plays a pivotal role in enhancing the verification process for qualifications, part-qualifications and other learner achievements, thereby strengthening the integrity and efficiency of the processes. Notably, Project Phoenix originated from a recommendation made by the Committee, and the entity's decision to adopt and execute this proposal reflects a commendable responsiveness to strategic guidance and oversight.

6.7.3. Despite operating under severe budgetary constraints, the entity successfully navigated a period of financial losses during the COVID-19 pandemic, which regrettably necessitated the retrenchment of 100 staff members. The Committee commended the entity's management for implementing robust recovery measures and strategic interventions that safeguarded the integrity of the NQF. These efforts ensured that the core mandate of the entity remained uncompromised, despite the challenges posed by limited financial and human resources.

6.7.4. The increase in legal fees from R2.5 million in 2023/24 to R3 million in 2024/25 is cause for concern. The increase is attributed to the entity being joined in litigation cases by multiple parties, students, training providers and universities. A concern was raised that the entity's resources are diverted to legal defence, which could potentially impact service delivery or strategic initiatives. If this practice continues, the entity's future budget may be strained even further.

6.7.5. The increase in the number of people who misrepresent or falsify their qualifications to secure employment was highlighted as a serious concern, as it undermines the integrity of recruitment processes and may impact service delivery, as people who lack the necessary skills or experience will occupy critical positions.

7. CONCLUSION

During the 2024/25 financial year, the Department's appropriation was R136.9 billion, inclusive of voted funds and skills levies, and it had spent R136.7 billion, recording an underspending of R139.7 million. The Department applied virements amounting R249.9 million, mainly to Programme 4: Technical and Vocational Education and Training to fund a budget shortfall on Examination and Assessment operational expenditure, while the Virement to Programme 6: Community Education and Training from internal reprioritisation of unspent Infrastructure Funds on Community Education and Training colleges towards transfers to Community Education and Training colleges for Learning and Teaching Support Materials. Savings on Compensation of Employees were the result of vacant posts on the Departmental Staff Establishment that could not be filled as planned, and concomitant savings as a result thereof. Savings on Buildings and Infrastructure were also apparent due to the slower-than-planned implementation of the CET Infrastructure project.

The Department's annual performance dropped from 56 per cent in 2023/24 to 49 per cent in 2024/25, marking a 10 per cent decline. The Department has shown consistent underperformance over the past three financial years. The Committee was concerned about the stagnation in audit outcomes of the Higher Education and Training Portfolio. Persistent audit findings in the reported performance information of the Department suggest systemic weaknesses in oversight and accountability. The AG identified significant weaknesses in the Department's IT, which affected performance reporting, particularly in business continuity planning and user access management, including the prolonged delay in filling the Department's Head of IT position. It was noted that the management information systems of the Department were non-functional, affecting record keeping, data reliability and operational efficiency. Inadequate business continuity plan measures can leave the Department vulnerable during disruptions, for example, in the event of cyberattacks or system failures. The Committee is committed to monitoring the audit action plan of the Department.

The Committee expressed concern over the lack of clarity in the Skills Development Act regarding who holds legal authority to register Skills Development Providers (SDPs). Initially, the Department was understood to be responsible. However, the responsibility was shifted to QCTO, causing confusion and frustration among SDPs, who are uncertain about the correct registration authority. The Committee called for clear provisions to be included in the revision of the Act to eliminate ambiguity and ensure a proper registration process.

The Committee was pleased with the audit outcomes of the CHE, QCTO and SAQA. The three entities obtained clean audit outcomes, with the QCTO obtaining its ninth clean audit. The Committee noted that the clean audits, coupled with good performance, reflected sound financial management and governance, as well as demonstrating a strong commitment to service delivery and operational excellence.

The Committee is committed to supporting the three entities in their quest for additional funding to execute their mandates, including the unfunded mandates.

8. RECOMMENDATIONS

The Committee, having assessed the 2024/25 Annual Reports of the Department and entities, recommends that the Minister of Higher Education and Training and the Minister of Finance consider the following:

Department of Higher Education and Training

8.1. Programme 1: Administration

8.1.1. The Department must urgently address the backlog in filling critical vacant positions across its structures and within Technical and Vocational Education and Training (TVET) colleges, especially since the DPSA moratorium was lifted. To accelerate recruitment, the Department should decentralise hiring processes to regional offices, enabling faster turnaround times and improved responsiveness to local staffing needs.

8.1.2. The Department should take immediate steps to improve the working conditions of CET college employees. The Department should engage the National Treasury for additional funding to implement the CET colleges pending organogram to adequately improve human resource capacity at CET college head offices and community learning centres.

8.1.3. In enhancing procurement opportunities for Businesses owned by Persons with disabilities, the Department, in collaboration with the DWYPD, the Departments of Small Businesses and Trade and Industry and Competition, should implement targeted measures to ensure that businesses of persons with disabilities benefit from public procurement processes.

8.1.4. In light of the recurring audit findings, it is imperative that senior management enforce robust consequence management measures against officials who consistently

underperform in their duties, thereby impeding the Department's ability to deliver on its mandate effectively. Holding individuals accountable will not only reinforce a culture of performance and responsibility but also contribute to improved governance and service delivery.

8.1.5. To strengthen internal control deficiencies and work toward a clean audit, the Department should implement a structured and proactive approach.

8.1.6. The Department should put measures in place to address the significant weaknesses identified by the AG in the Department's IT and expedite the process of appointing the Head of IT.

8.2. Programme 2: Planning, Policy and Strategy

8.2.1. The Planning, Policy and Strategy programme must receive immediate focus as it is this programme that underpins the work of the department. Underperformance in this programme has a knock-on effect on all other programmes and cannot be accepted at the current levels of target attainment.

8.2.2. The Planning Branch should ensure that consultations are conducted with the AGSA prior to finalising the targets for the 2026/27 Annual Performance Plan (APPs). This process is essential to align performance indicators with audit expectations and enhance accountability. Once finalised, these targets should be submitted to the Department's Executive Authority for approval.

8.2.3. Key performance targets for outcomes that are not under the control of the Department should be removed and replaced with targets that are relevant and measurable, and specifically aligned to the Programme Purpose and Objectives of the Department as laid out in the Annual Performance Plan.

8.2.4. The Department needs to find ways of making the student housing infrastructure programme (SHIP) affordable to enable universities to expand the infrastructure programme.

8.2.5. To enhance the effectiveness of infrastructure efficiency grants allocated to PSET institutions, the Department ensures that institutions are equipped with adequate project management resources to successfully plan, execute and monitor infrastructure development projects. Furthermore, the Department should monitor implementation of maintenance plans to ensure efficient use of public funds and reduce infrastructure decay.

8.2.6. The Planning Branch should conduct a comprehensive review of the Department's performance for the year under review. This evaluation must identify recurring areas of underperformance and inform the development of targeted corrective measures to improve operational efficiency and enhance service delivery.

8.2.7. The Department should strengthen its oversight and monitoring of PSET institutions to improve accountability and overall performance.

8.2.8. The Department, in its review process of the Skills Development Act of 1998, should include clear provisions on who holds the legal authority to register Skills Development Providers. The legislative clarity will eliminate tensions between QCTO and SDPs, including delays in registration.

8.3. Programme 3: University Education

8.3.1. The Department should implement robust monitoring mechanisms to assess the operational and financial health of NSFAS. Proactive support should be provided to ensure that the entity fulfils its mandate effectively, particularly in administering student funding and maintaining accountability.

8.3.2. The Department should actively collaborate with universities to ensure that NSFAS-funded students are placed only in accommodation facilities that charge within the NSFAS threshold. This will mitigate against students incurring accommodation-related debt that exceeds their funding allocation and face financial exclusion in the new academic year.

8.3.3. Building in-house capacity at NSFAS to insource the outsourced function to third-party solution providers should be considered, as it will enhance controls, accountability and long-term sustainability. This will ensure uninterrupted service delivery while significantly improving the living and learning conditions for students, fostering a more supportive and productive educational environment.

8.4. Programme 4: Technical and Vocational Education and Training

8.4.1. The Department should speed up the process of eradicating the NC(V) and Diploma certification backlog. Efficient systems and accountability mechanisms must be implemented to ensure that candidates receive their certificates within three months after completion of their studies.

8.4.2. TVET colleges should be supported in establishing and expanding partnerships with industry. These partnerships are essential for increasing student access to work-integrated learning (WIL) opportunities, which bridge the gap between theoretical knowledge and practical experience.

8.5. Programme 5: Skills Development

8.5.1. The Department should issue a circular to SETAs to instruct them to halt any procurement processes related to the acquisition or development of a learner management information system (MIS). The directive will be in recognition of the integrated MIS currently being developed by the MICT SETA for the broader PSET system, which will serve as a unified platform for learner data management.

8.5.2. SETAs should be directed to prioritise the use of their unspent financial reserves towards programmes that directly benefit unemployed youth and adults. These funds should be channelled into initiatives that promote re-skilling and upskilling, thereby enabling these individuals to become active and productive participants in the economy.

8.5.3. SETAs hold significant unspent cash reserves, funds originally earmarked for skills development and training. A strategic portion of these reserves could be redirected to address the mounting student debt crisis at institutions of higher learning. This will empower graduates to enter the workforce, contribute to the economy, and reduce dependency on social support.

8.6. Programme 6: Community Education and Training

8.6.1. The Department should actively engage the National Treasury to secure additional financial resources. Enhanced funding will enable the sector to build new infrastructure and also improve the existing facilities, to expand programme offerings and elevate the quality of teaching and learning. The investment is critical in positioning CET colleges to become institutions of choice for out-of-school youth and unemployed adults, seeking skills development and lifelong learning opportunities.

8.6.2. The backlog in issuing General Education and Training Certificate (GETC) qualifications must be addressed as a matter of urgency. Timely access to certification is essential for students to pursue further education, apply for jobs, and validate their learning achievements. Delays undermine the credibility of the CET system and hinder students' ability to transition into productive pathways.

ENTITIES

8.7. Council on Higher Education

8.7.1. The CHE should initiate robust outreach and advocacy programmes aimed at increasing public awareness of its mandate, services, and complaint mechanisms.

8.7.2. A comprehensive review of the Higher Education Act must be prioritised to empower the CHE with stronger regulatory authority. The revised legislation should enable the CHE to take decisive remedial action against institutions offering unaccredited or substandard programmes, thereby safeguarding the integrity of the higher education system.

8.8. Quality Council for Trades and Occupations

8.8.1. The QCTO, in collaboration with SETAs, should prioritise the elimination of the certification backlog for occupational programmes and skills programmes.

8.9. South African Qualifications Authority

8.9.1. The entity should formally present Project Phoenix to the Minister to secure enhanced support for funding. This engagement will ensure high-level endorsement and facilitate optimal implementation of the project's objectives.

8.9.2. The entity should launch a robust advocacy initiative to promote the entity's role in safeguarding qualification integrity. These initiatives should highlight current measures to deter fraudulent qualifications and reinforce public trust in the entity's mandate.

8.9.3. The entity should expedite the process of acquiring new premises to reduce long-term rental expenditures. Ownership of property will contribute to financial sustainability and operational stability.

The Minister should submit a progress report on the implementation of the Portfolio Committee's recommendations, within three months of the National Assembly adopting the Report.

Report to be considered.