Tuesday, 4 August 2026]

No 127—2026] THIRD SESSION, SEVENTH PARLIAMENT

PARLIAMENT

OF THE

REPUBLIC OF SOUTH AFRICA

ANNOUNCEMENTS, TABLINGS AND COMMITTEE REPORTS

TUESDAY, 4 AUGUST 2026

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ANNOUNCEMENTS

National Assembly

The Speaker

1. Membership of Assembly

(1) The vacancy which occurred in the National Assembly, owing to the resignation of Mr GE Kobane, has been filled with effect from 22 July 2026 by the nomination of Mr IS Mogale.

2. Referral to Committees of papers tabled

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

(a) Report of Magistrates Commission, dated 30 July 2026, on determination to withhold remuneration in respect of Ms TF Kekana, Additional Magistrate, Secunda, in terms of section 13(4A)*(b)* of the Magistrates Act, 1993 (Act No. 90 of 1993).

(2) The following papers are referred to the **Portfolio Committee on Justice and Constitutional Development**:

(a) Proclamation Notice No. R.328, published in *Government Gazette* No. 55075, dated 31 July 2026: Referral of matters to existing Special Investigating Unit and Special Tribunal: In respect of the affairs of the Gauteng Provincial Department of Health, in terms of the Special Investigating Units and Special Tribunals Act, 1996 (Act No. 74 of 1996).

(b) Proclamation Notice No. R.329, published in *Government Gazette* No. 55075, dated 31 July 2026: Referral of matters to existing Special Investigating Unit and Special Tribunal: In respect of the affairs of

Mangaung Metropolitan Municipality, in terms of the Special Investigating Units and Special Tribunals Act, 1996 (Act No. 74 of 1996).

(3) The following papers are referred to the **Portfolio Committee on Forestry, Fisheries and Environment**:

(a) Government Notice No. 7558, published in *Government Gazette* No. 54783, dated 5 June 2026: Notice to Langebaan Lagoon Marine Protected Area, Sixteen-Mile Beach Marine Protected Area, Jutten Island Marine Protected Area, Marcus Island Protected Area, Associated Islands and Langebaan Lagoon Stakeholders, in terms of the National Environmental Management: Protected Areas Act, 2003 (Act No. 57 of 2003).

(b) Government Notice No. 7357, published in *Government Gazette* No. 54470, dated 10 April 2026: Application for Pre-Approval for Reclamation, in terms of section 7B(1) of the National Environmental Management: Integrated Coastal Management Act, 2008 (Act No. 24 of 2008) and Regulations 2 and 3 of the Reclamation of Land From Coastal Waters Regulations, 2028: Proposed Reclamation by Transnet National Ports Authority - Port of Durban, in terms of the National Environmental Management: Integrated Coastal Management Act, 2008 (Act No. 24 of 2008).

(c) Government Notice No. 7369, published in *Government Gazette* No. 54506, dated 14 April 2026: Biodiversity Management Plan for Black Rhinoceros *(Dicesros bicornis)* and White Rhinoceros *(Ceratotherium simum)* in South Africa 2025 - 2035, in terms of the National Environmental Management: Biodiversity Act, 2004 (Act No. 10 of 2004).

(4) The following paper is referred to the **Portfolio Committee on Land Reform and Rural Development**:

(a) Extension of the Application for the Interim Protection of Land Rights, tabled in terms of the Interim Protection of Informal Land Rights Act, 1996 (Act No. 31 of 1996).

3. Revival of the *Ad Hoc Committee to Investigate Allegations made by Lieutenant General Nhlanhla Mkhwanazi*

(1) In terms of Assembly Rule 253(6)(c), an *ad hoc* committee may be revived by decision of the Speaker or resolution of the House, if it has not completed its task by the date set for completion of the task.

On 17 June 2026, I invoked the said Rule to revive the *Ad Hoc Committee to Investigate Allegations made by Lieutenant General Nhlanhla Mkhwanazi* which had expired on 12 June 2026 and extended the term to 31 July 2026.

The *Ad Hoc* Committee proceeded with its work but could not complete it by the extended date of 31 July 2026.

Therefore, I have decided, in terms of Assembly Rule 253(6)(c), to revive the *Ad Hoc* Committee, the Committee to–

(a) maintain the same mandate and membership as agreed by the Assembly on 23 July 2025;

(b) incorporate in its work the proceedings and all the work done up to and including 31 July 2026; and

(c) report to the Assembly by no later than 11 September 2026.

TABLINGS

National Assembly and National Council of Provinces

1. The Speaker and the Chairperson

(a) First Quarterly Performance Report of Parliament for 2026-27, tabled in terms of section 54(1) of the Financial Management of Parliament and Provincial Legislatures Act, 2009 (Act No. 10 of 2009).

2. The Minister of Forestry, Fisheries and the Environment

(a) Protocol on Integrated Coastal Zone Management in the Western Indian Ocean Region, tabled in terms of section 231(2) of the Constitution of the Republic of South Africa, 1996.

(b) Explanatory Memorandum to the Protocol on Integrated Coastal Zone Management in the Western Indian Ocean Region.

3. The Minister of Justice and Constitutional Development

(a) Report of the Magistrates Commission dated, 3 August 2026, on determination to withhold remuneration in respect of Mr AAK Singh, Senior Magistrate, Pietermaritzburg, in terms of section 13(4A)*(b)* of the Magistrates Act, 1993 (Act No. 90 of 1993).

National Assembly

1. The Speaker

(a) Reply by Minister of Land Reform and Rural Development to *Report of the Portfolio Committee on Land Reform and Rural Development on Oversight Visit to the Northern Cape Province from 2-6 February 2026*, dated 11 March 2026.

Referred to the **Portfolio Committee on Land Reform and Rural Development**.

(b) Petition from 67 residents of Germiston Extension 8, calling on the National Assembly to investigate provision of title deeds for their homes and related matters.

Referred to the **Executive Undertakings and Petitions Committee** for consideration and report.

COMMITTEE REPORTS

National Assembly

1. REPORT OF THE PORTFOLIO COMMITTEE ON WOMEN, YOUTH AND PERSONS WITH DISABILITIES ON OVERSIGHT VISIT TO GAUTENG, DATED 04 AUGUST 2026

The Portfolio Committee on Women, Youth and Persons with Disabilities (hereafter referred to as the Committee) having undertaken an oversight visit to the head offices of the Commission for Gender Equality (CGE), the National Youth Development Agency (NYDA) and the Department of Women, Youth and Persons with Disabilities (DPWYPD) in Gauteng on 29 – 30 April 2026, reports as follows:

1. INTRODUCTION

The Committee's oversight work is guided by section 55(2) of the Constitution, which provides that the National Assembly must establish mechanisms to ensure that all executive organs of state in the national sphere are accountable to it, and to maintain oversight of the exercise of national executive authority, including the implementation of legislation, and of any organ of state. In line with this constitutional mandate, oversight visits are one of the key mechanisms available to the Committee to monitor implementation and hold the Executive accountable. Accordingly, the Portfolio Committee on Women, Youth and Persons with Disabilities uses site visits to assess how legislation and policies are being implemented in practice and to strengthen its oversight role.

1.1 Background

As part of its oversight programme for the 7th Parliament, the Committee visited the offices of the Commission for Gender Equality (CGE), the National Youth Development Agency (NYDA), and the Department in Gauteng Province from 29 to 30 April 2026.

The visit to the Department was prompted by concerns raised by the Minister that the Department is underfunded and lacks the basic resources needed to fulfil its mandate effectively. The Committee therefore assessed whether the Department's current budget allocation is sufficient to support the implementation of its mandate in light of the impact of operations because of the office accommodation challenges.

The visits to the NYDA and CGE offices were undertaken to investigate whistle-blower reports about poor working conditions and to assess the office and accommodation in relation to the funds allocated.

It was therefore both necessary and urgent for the Committee to investigate the office conditions and assess whether budget constraints are affecting the institutions' ability to fulfil their mandates and retain key professional staff. The Committee's findings will inform its budget recommendations to Parliament.

1.2 Key objectives of the oversight visit

With respect to the Department of Women, Youth and Persons with Disabilities

a) To examine the Minister's concerns that the Department is underfunded and lacks the basic resources required to fulfil its mandate effectively.
b) To determine whether the Department's current budget allocation is sufficient to support the implementation of its mandate.

With National Youth Development Agency (NYDA)

a) To assess whether the budget allocated for office accommodation is excessive.
b) To investigate whistle-blower reports of poor working conditions.

With respect to the Commission for Gender Equality (CGE)

a) To investigate whistle-blower reports on poor working conditions and assess whether the budget allocated for office rental is adequate.

1.3 The delegation and attendance by the Executive

The delegation consisted of Members of the Portfolio Committee on Women, Youth and Persons with Disabilities, Department of Women, Youth and Persons with Disabilities, National Youth Development Agency and the Commission for Gender Equality.

The Committee delegation consisted of eleven (12) members as reflected in the table below.

Member	Political Party
Ms LL van der Merwe (Chairperson)	Inkatha Freedom Party (IFP)
Ms M Chauke-Adonis	African National Congress (ANC)
Ms F Shabangu	African National Congress (ANC)
Ms MB Pholwane	African National Congress (ANC)
Mr TN Tshotetsi	African National Congress (ANC)
Ms F Mbiko	Democratic Alliance (DA)
Ms A Khanyile	Democratic Alliance (DA)
Ms G Mchunu	uMkhonto we Sizwe Party (MKP)
Ms HM Radebe	uMkhonto we Sizwe Party (MKP)
Ms P Mailola	Economic Freedom Fighters (EFF)
Ms J Petersen	Patriotic Alliance (PA)
Dr TKS Letlape	Action SA

The Committee was supported by the officials from different parliamentary sections/departments.

Name	Role
Ms K Abrahams	Content Advisor
Ms Y Sili	Stand-In Committee Secretary
Ms J van der Westhuizen	Committee Assistant
Ms T Matthews	Researcher
Ms C Levendale	Researcher
Mr V Pase	Protection Services

Name	Role
Mr P Makhanya	Protection Services

2. SUMMARY OF THE OVERSIGTH VISIT

2.1 Visit to the Department of Women, Youth and Persons with Disabilities

The Committee visited the Department's head office in the Fedsure Building, Pretoria and parking bays at the Tramshed building. Members were aware that R10.79 million was allocated for property payments for the 2026/27 FY as per the APP 2026/27.

The Committee was received by Department officials on the road side of the Fedsure building and was escorted to the Department's offices as there was no signage. Department officials escorted Members through the commercial building which in part appeared to be a mall for the general public. In conducting a walk about to the Department's offices that was located and spread across two floors, the Committee noted with concern the appalling conditions of the building in terms of lack of adequate ventilation, general infrastructure (poor state of ceilings, floors etc.), safety and security concerns, lifts not always operating optimally, high staff occupancy rate per office (i.e. small office housing more than the required number of staff members it is meant to cater for), poor internet connectivity, inadequate storage facilities for documentation and general lack of signage.

The Committee questioned how the lease was entered into given that the infrastructure issues have been longstanding and brings into question on what basis the assessment was done, who undertook it and gave assurance that offices were fit to occupy. To this end, the Committee sought more clarity in that regard and questioned why officials were not held to account for allowing the Department to occupy premises that were problematic from the onset from what it appeared and that maintenance matters which are longstanding have not been resolved.

The Committee also noted with concern that despite the engagement and visit by the Minister of Public Works to the Department offices there has been no progress in dealing with the urgent infrastructure concerns. Furthermore, the Committee also noted that the Department's lease would be coming to an end and is expected to relocate. To this end, Department official's (Facilities manager) informed the Committee, that visits were undertaken to three potential buildings earmarked by the DPWI as alternative lease options, however none of these buildings visited were fit for occupancy. The Committee noted this with concern and questioned how alternative accommodation was not provided for the Department and why unsuitable accommodation options were provided.

Furthermore, during the oversight visit to the Department's head office, the Committee observed that CV/applications were submitted in hard copy and deposited in an open box with a corresponding list that applicants would have to sign on the day of delivery at the entrance to one of the offices. The Committee notes that such a manual system is not secure nor are the storage facilities within the Department adequate to deal with confidential information. Overall, the Committee noted with concern the lack of storage facilities for documentation and office space to house officials appropriately. The current staff allocation per office was not ideal for many officials and could be deemed an occupational health and safety risk. To this end, the Committee enquired about the occupational health and safety officer and certificates for the offices the Department occupies. The Committee takes cognisance of the general safety of staff with security being inadequate given its location within a commercial property that is used by retail shop owners. The safety concerns for staff accessing the parking facilities which is located in another building with no real security was duly noted by the Committee as well.

2.2 Visit to the National Youth Development Agency (NYDA)

The Committee having engaged with the NYDA on its APP for 2026/27 prior to the oversight visit, noted with concern the exorbitant amount spent on the head office accommodation amounting to over R1million per month in Sunninghill, Johannesburg. The Committee noted with concern the general lack of signage for the NYDA at its head office therefore not making the Agency visible to the public. During the oversight visit to the NYDA's office, the Committee noted the inaccessibility of the head office for youth utilising public transport. The Committee noted that the location of the head office did not lend itself to being accessible for youth given its location. Of concern was also the lack of signage at the entrance to the building. Furthermore, the Committee observed the large square meterage of the office space with what appeared on the day to be less than 40% staff occupancy. Notwithstanding that, the Committee acknowledged the flexible working hours in place at the head office.

The Committee further noted with concern the NYDA's long term lease (7 years) for the head office and queried how that agreement was reached. The Committee maintained that alternative accommodation that is more accessible to youth should be leased by the NYDA at a significantly less cost.

2.3 Visti to the Commission for Gender Equality (CGE)

Conducting the oversight visit and walk about to the CGE offices, the Committee noted with concern the appalling conditions of the building in terms of lack of adequate ventilation, general infrastructure (poor state of ceilings, floors etc.), safety and security concerns, as the building is old and a heritage site, and cannot be renovated, and the lifts not always operating optimally, small office housing more than the required number of staff members it is meant to cater for), poor internet connectivity, inadequate storage facilities, no proper documentation management.

3. Committee Resolutions

Having engaged with the Department, the National Youth Development Agency and the Commission for Gender Equality, the Committee resolved on the following:

a) The Committee to invite the Minister of Public Works to brief the Committee regarding urgent infrastructure concerns for the Department and the CGE in addition to matters related to lease agreements.
b) The Committee to invite the Minister of Public Works to brief the Committee on the potential earmarked buildings for the Department as the lease will be coming to an end and the Department is expected to relocate.
c) The Committee to invite the Minister of Public Work to provide clarity on the processes to determine the suitability of office accommodation, as the Department official's (Facilities manager) visit to three potential buildings earmarked by the DPWI as alternative lease options, were not fit for occupancy.
d) The Committee will engage with the National Youth Development Agency on proposed cost-effective measures related to office accommodation and lease agreements.
e) The CGE to update the Committee in terms of the head office relocation to a temporary office space noting the relocation date of on 01 August 2026.
f) The CGE will keep the Committee updated on planned new offices that are being built for Chapter 9 Institutions, that are expected to be occupied in the future.
g) The Department, the CGE and the NYDA to submit any documents/reports as requested by the Committee following the oversight visits.

4. CONCLUSION

The Committee thanked the Department of Women, Youth and Persons with Disabilities, the National Youth Development Agency and the Commission for Gender Equality for engaging with the Committee on its oversight visit to their respective offices.

Report to be considered.

2. Report of the Portfolio Committee on Women, Youth and Persons with Disabilities on 2nd and 3rd Quarterly Performance and Expenditure Report for 2025/26 of the Department of Women, Youth and Persons with Disabilities, dated 04 August 2026.

The Portfolio Committee on Women, Youth and Persons with Disabilities having examined the 2nd and 3rd Quarterly Performance and Expenditure Report for 2025/26 of the Department of Women, Youth and Persons with Disabilities reports on the 2nd and 3rd quarterly reports as follows:

1. Introduction

The Portfolio Committee on Women, Youth and Persons with Disabilities (hereafter the Committee) was briefed by the Department of Women, Youth and Persons with Disabilities (hereafter the Department) on 31 March 2026 on the 2nd and 3rd Quarterly report for 2025/26. In addition, the Committee was also briefed by the Department's Audit and Risk Committee on the quarterly reports under review.

2. Mandate of the Department of Women, Youth and Persons with Disabilities

The Department of Women, Youth and Persons with Disabilities was Gazetted on 26 June 2019 following the Presidential Announcement of the sixth Administration. The Department was once again reconfigured, and the mandate was changed to **"**lead on socio-economic transformation and implementation of the empowerment and participation of women, youth and persons with disabilities through mainstreaming, advocacy, monitoring and evaluation."

The Department further states that, "We are cognizant of our role as a centre of government Ministry and Department located in the Presidency, with a clear mandate to serve as an engine for socio-economic transformation and to ensure that the entire state machinery takes responsibility for the inclusion and empowerment of women, youth and persons with disabilities, as envisaged in our democratic constitution". Strategic Plan 2025 – 2030.

"Our Strategic Plan articulates, in clear terms, the nature and scale of our projected contribution to the three overarching strategic priorities of the 7th Administration, as advanced by His Excellency President Cyril Ramaphosa: Inclusive Economic Growth and Job Creation; Reducing Poverty and Tackling the High Cost of Living; and Building a Capable, Ethical, and Developmental State".

(a) Vision

"A transformed, inclusive society free from all forms of discrimination and capable of self- actualisation".

(b) Mission

"To provide strategic leadership, advocacy and coordination to government departments and the country on mainstreaming socio-economic empowerment of women, youth and persons with disabilities".

(c) Values

The values of the Department are listed as: Tolerance and respect in the workplace; Professionalism; Continuous learning; Integrity; Caring; Accountability; Inclusivity; and Empowerment

The Department indicated that the mandate of the Department will be realised through the following Programmes:

(a) Administration

The purpose of this programme is to provide strategic leadership, management and support services to the department and the programme has been divided into five (5) sub-programmes – Ministry; Departmental Management; Financial Management; Corporate Management; and Office accommodation.

(b) Advocacy and Mainstreaming for the Rights of Women

The purpose of this programme is to promote good governance regarding the rights and transformation of the social and economic empowerment of women. with four sub-programmes, 3 operational and 1 external, which are Management: Advocacy and Mainstreaming for the Rights of Women; Social Empowerment of Women (SEW) and Economic Empowerment of Women (EEW).

(c) Monitoring, Evaluation, Research & Coordination

The purpose of this programme is to provide research, knowledge management, international relations, stakeholder management, and monitoring and evaluation for women, youth and persons with disabilities. This programme will be realised by the following four sub-programmes namely, Management: Monitoring, Evaluation, Research and Coordination; Research and Knowledge Management; International Relations, Stakeholder Management and Capacity Building and Monitoring and Evaluation: Women, and Persons with Disabilities.

(d) Rights of Persons with Disabilities

The purpose of this Programme is to advocate and monitor mainstreaming of the Rights of Persons with Disabilities for the transformation and empowerment of persons with disabilities and to look at Governance and Regulations.

(e) Rights of Youth

The purpose of this programme is to advocate for the advancement and development of instruments for socio-economic empowerment of the youth. The following sub-programmes have been identified by the Department under this programme:

- Management: Advocacy and Mainstreaming for the Rights of Youth**:** The purpose of the sub-programme is to manage the unit that advocate and mainstream for transformation and empowerment of youth.
- Advocacy and Mainstreaming for the Rights of Youth**:** The purpose of the sub-programme is to advocate and mainstream for the Rights of Youth through policy and legislation development.
- Governance and Compliance for the Rights of Youth**:** The purpose of the sub-programme is to facilitate national and international stakeholder engagements and promote governance and compliance for the rights of youth.

3. Overview of the 2nd and 3rd Quarterly report

3.1 Summary of Unmet targets for the 2nd and 3rd Quarterly report

- The Department struggled to ensure that all valid invoices are paid within 30 days of receipt, and therefore 99.42% invoices were paid.
- The Department struggled to ensure controllable procurement spent on entities owned by women youth and persons with disabilities.

- The Department could not implement the planned intervention - addressing social ills and vulnerability of youth and the consultation on the South African Youth Development Bill could not be done.

3.2 Quarter 2 2025/26 Overall Target Information

In Quarter 2, the department had a total of 41 targets, out of the 41 targets, 36 (88%) were achieved and 5 (12%) were not achieved.

- Programme 1: Administration – number of quarterly targets was 7 and targets achieved was 4 (57%)
- Programme 2: Mainstreaming Women's Rights and Advocacy – number of quarterly targets was 10, and all targets were achieved (100%)
- Programme 3: Monitoring, Evaluation, Research and Coordination – number of quarterly targets was 6, and all targets were achieved (100%).
- Programme 4: Rights of Persons with Disabilities – number of quarterly targets was 11, and all targets were achieved (100%).
- Programme 5: Rights of Women – number of quarterly targets was 7 and targets achieved was 5 (71%).

However, the Department did not achieve the following targets

- The targets not achieved included "Interventions addressing social ills and vulnerability of youth" and the reason cited for the deviation was due to the unavailability of stakeholders.
- The second target not achieved was the South African Youth Development Bill Consulted. The Bill was not consulted because it was not approved to be processed to Cabinet, since it is still undergoing internal consultation process.

4. Q3 2025/26 Overall Target Information

In Q3, the overall performance of the Department was at 92.5%. The Department had a total of 40 targets, and 37 (92.5%) were achieved, and 3 (7.5%) were not achieved.

In the quarter under review, the Department managed to:

- Monitor 27 national departments on the implementation of the National Strategic Plan on GBVF against a set target of 25 departments.
- Pay all valid invoices within 30 days of receipt for the quarter under review (100%).
- Ensure a 5.5% representation of employees with disabilities against a set target of 5.2%.
- Achieve 54% controllable spend on entities owned by women against a set target of 40%; and 16.51% controllable procurement spend on people with disabilities against a set target of 7%.

- Programme 1: Administration – number of quarterly targets was 6 , with 4 achieved and 2 not achieved (66.67%). This included the 19.27% on Controllable procurement spend on entities owned by youth, against the 30% target, the HR Implementation report that was not produced.
- Programme 2: Advocacy and Mainstreaming for the Rights of Women – number of quarterly targets was10, and all targets were achieved (100%).
- Programme 3: Monitoring, Evaluation, Research and Coordination – The total number of targets were 5, and all targets were achieved (100%).
- Programme 4: Rights of Persons with Disabilities – The total number of targets were 13, and all targets were achieved (100%).
- Programme 5: Rights of Youth – The total number of targets were 6, with 1 target not achieved (83%).

However, the Department did not achieve the following targets:

- The Department struggled to ensure that the quarter two HR plan implementation progress report is produced due to lack of an approved HR plan.
- The Department also could not meet the set target of 30% controllable procurement-spend on entities owned by youth as it only managed to spend 19.27% in this regard.
- The Department also noted that there was an error on its APP where the target for National youth machinery meetings targets was set at 4 and were supposed to be 1. The Department noted that an erratum was submitted to Parliament.

The Department noted the following management interventions to address outstanding targets:

- Late processing of Portfolio of Evidence – Heads of Programmes were requested to ensure that corrective measures for non-compliance with Standard Operation Procedures for management of performance information are implemented.
- The major non-achievement in programme 1 is cumulative over the quarters, and the Department was prioritising achievement of payment of valid invoices within 30 days and the reduction of the vacancy rate.
- The Department is prioritising finalisation of its HR Plan, and this will enable the Implementation Y1 to resume. The target was affected by its development processes which was affected by change of administration.
- The targets which were planned in Programme 5 which were affected by availability of principals and stakeholders such as the Youth Indaba and the intervention to address social ills will be managed better to ensure proper implementation within the quarter.
- Errors in APP target in Programme 5 regarding machineries - The technical staff were appointed in the Planning and Reporting directorate to ensure there was no misalignment and the targets were tested on Smart principle in line with the DPME Framework and all reporting challenges were being monitored, and Internal Audit recommendations were implemented by management.

5. Human Resources Report Q2 and Q3 2025/26

The Department reported that the approved posts were 140 for Q2 and Q3 and the filled posts were 127 for Q2 and 126 for Q3. There were 13 funded vacancies for Q2 and 14 for Q3, with 6 SMS vacancies in Q2 and 8 in Q3. The representation of women in SMS vacancies was at 59.9% in Q2 and 58.3% in Q3. Youth representation was at 16.5% in Q2 and 17.3% in Q3. The representation of persons with disabilities was at 5.5% for both Q2 and Q3. The Department reported that there were 12 contract appointments in Q2 and Q3, with the highest level 15 and the lowest level 5.

In terms of Labour Relations, the Department reported on the following:

- 1 gross negligence and insubordination misconduct disciplinary hearing case was held in Q1, Q2, Q3 and Q4 of 2025/26, postponed to 25 -29 May 2026. Charged official called for 2 more witnesses. Chairperson stated that the witnesses must be present at next sitting as this matter has been outstanding for long.
- One (1) employee on precautionary suspension.

Seven (7) grievances in Q2

- Three (3) internal grievances
- Two (2) external grievances
- Two (2) previous quarter was finalised and resolved
- Zero (0) Conciliations and

Three (3) grievances in Q3

- One (1) internal grievance
- Two (2) external grievances- referred to PSC. Liaising with PSC on finalising these matters.
- Two (2) finalised and closed in the previous quarter
- Two (2) conciliations

Five (5) arbitrations lodged with Council in Q2

- One (1) finalised
- Four (4) pending in Q3

Six (6) Labour related litigation matters pending. Instruction to settle one (1) and in settlement negotiations on one (1) in Q2 and Five (5) Labour related litigation matters pending in Q3.

6. Financial Management Q2 and Q3 2025/26

6.1 Q2 2025/26 Financial Management

The Department reported on the overall Q2 total spending percentages on its programmes as follows:

- Programme 1: Administration 46.2%
- Programme 2: Advocacy and Mainstreaming for the Rights of Women 48.4%
- Programme 3: Monitoring, Evaluation, Research and Coordination 49.1%
- Programme 4: Rights of Persons with Disabilities 40.5%
- Programme 5: Rights of Youth 32.6%

The Department noted the following regarding its Q2 spending**:**

The Department had an adjusted appropriation of R1,361 billion and spent R671,3 million or 49.3% of the adjusted appropriation. This included the transfers to the two entities amounting to R1,122 billion.

At an operational level, the adjusted appropriation was R239,6 million, and the Department spent R110,2 million or 46.0% of the adjusted appropriation. (Excluding the transfers to two entities amounting to R561,2 million).

The Compensation of Employees was at 48.3%
The underspending was due to the following:

Four (4) SMS funded vacancies

- Deputy Director General: Monitoring, Evaluation, Research and Coordination was awaiting Management to approve and convene selections.
- Director: Monitoring, shortlisting's had been conducted and interviews were due.
- Chief Director: International Relations, Stakeholder Management and Capacity Building, printing and screening was underway. The post was anticipated to be filled by 01 January 2026.
- Director Governance and Regulations for the Rights of Youth, printing and screening was underway. The Department anticipated to fill the post by 01 February 2026.

The spending on Good and Expenditure was at 48.1%, and the underspending was attributed to the following:

- The Department still had four (4) outstanding Basic Accounting System (BAS) interfaces that have not yet been submitted. Finance was in communication with Tourvest Travel Services and SETA to correct the responsibility issues.
- The lower spending under Business and Advisory Services was due to funds projected for salaries and wages of the Secretariat on National Council on GBVF. The salaries and wages cost R3.4 million for the current financial year. These funds would be shifted from Goods & Services to Compensation of Employees during the 2025 AENE process.
- The underspending in this programme was attributed to the collaborations with other Stakeholders (Gauteng, Mpumalanga and North-West Province) on G20 consultations. During the G20 consultations venues and transport provided for public participants was sponsored by the respective Provincial Government.
- The postponed Youth Employment Indaba was approved for the 30 September 2025 and the payment for venues and facilities would be done in the third quarter.
- The Department was granted sponsorship for the Mid Term Implementation Evaluation for the National Youth Policy by United Nations Population Fund.

6.2 Q3 2025/26 Financial Management

The Department reported on the overall Q3 total spending percentages on its programmes as follows:

- Programme 1: Administrative 77.5%
- Programme 2: Advocacy and Mainstreaming for the Rights of Women 53.7%
- Programme 3: Monitoring, Evaluation, Research and Coordination 86.5%
- Programme 4: Rights of Persons with Disabilities 71.0%
- Programme 5: Rights of Youth 60.8%

The Department noted the following regarding its Q3 spending:

a) The Department has an adjusted operational appropriation of R234,4 million and spent R173,4 million or 74.0% of the adjusted appropriation. This excluded the transfers to the two entities amounting to R1,122 billion.

Compensation of Employees – 78,2%

b) The adjusted appropriation for this category of expenditure was R143,0 million with an actual expenditure of R97,1 million which translates to 78,2%.

However, there were 19 funded vacancies, and the following challenges were experienced in filling these vacancies:

- The delays were attributed to the manual printing of emailed applications: The office must print, sort, staple, and capture volumes of applications manually.
- There were capacity constraints following abolishment of 2 Senior HRO posts as there were no HR Clerks at HRM to print, sort, staple, and capture volumes of applications manually.
- There was no funding to contract a service provider to do the response handling.

The spending on Good and Expenditure was at 48.1%, and the underspending was attributed to the following:

- The Department has forecasted the spending trends on the Goods and Services as at the end of October 2025, which reflected a possible overspending, which may potentially be classified as unauthorised expenditure.
- Based on this, a Financial Instruction Note 2 was issued on 17 November 2025, halting all procurement and travel on voted funds. This was to mitigate against the possible overspending and preventing the occurrence of potential unauthorised expenditure.
- The available budget of R21.0 million in Goods and Services was set aside for payment of contractual obligations, official's orders in progress of delivery. The remaining budget will be utilised to augment the spending pressures that exist in programme 1 and 3 in accordance with the requirement of the PFMA and Treasury Regulations after the year end book closure in April 2026.

- Based on the analysis of the Goods and Services budget and expenditure, the Department did not anticipate an underspending at year end.

The Department did not incur any irregular expenditure from Q2 and Q3 2025/26.

7. Q2 and Q3 2025/26 Audit Risk Committee Report

The ARC noted that the allocated budget was R239.6million with a spending of R110.2 million for Q2 (46%) spent and R173.4 million for Q3 (74%) spent. To this end, the ARC indicated that the Department was within the National Treasury Expenditure benchmark of 50% in Q2 and 75% in Q3.

The ARC in its resolutions/recommendations noted that Management should develop and submit a comprehensive business case to the National Treasury, outlining the need for additional human and financial resources to address and alleviate the Department's current capacity constraints.

7.1 Unauthorised, Fruitless and Irregular Expenditure

The ARC noted that the impasse between the Department and the AGSA relating to the possible irregular expenditure identified by AGSA during the 2024/25 financial year audit was not yet resolved.

7.2 Payment of Invoices within 30 days

The ARC noted that while the Audit and Risk Committee acknowledged that certain deviations particularly those related to G20 activities may have been necessitated by operational requirements, generally the frequency and nature of deviations in the Department remained a concern. The reliance on single-source procurement, procurement with less than three quotations, and the extension and variation of existing orders indicated weaknesses in procurement planning and supply chain management processes. Therefore, Management should improve upfront procurement planning to minimise reliance on deviations.

The ARC noted the progress made by Management in resolving the audit finding for the 2024/25 financial year but expressed concern regarding the time taken to resolve the audit findings.

6.3 ARC Recommendations and Resolutions

- Management should prioritise filling all vacant positions within the Department, particularly SMS positions, including the GITO and CRO position that have recently become vacant, and management should also address any bottlenecks in the recruitment process.
- Management should ensure that appropriate recruitment processes are implemented and expedited to address existing capacity constraints within Internal Audit and to prevent any further adverse impact on its operations.
- Management should expedite the implementation of a comprehensive succession plan and ensure that critical positions have identified second-in-charge personnel to support business continuity.
- Management should develop and implement a business case to prioritise the timely filling of key vacancies, securing adequate funding, and to strengthen workforce planning.
- Management should also consider establishing a structured Employee Wellness Programme.

6. Observations

The Committee having engaged with the Department's 2^{nd} and 3^{rd} quarterly reports made the following observations.

General

a) The Committee requested clarification on the Department's participation in the G20 summit, and whether resources diverted to the G20 did not affect any delivery of core programmes. The Committee expressed concern as to whether the implementation of G20 activities adversely affected activities, targets that were already funded and approved.

Hence the Department was requested to list all programmes affected by the diversion of funds to the G20 and the extent to which the programmes were affected.

b) The Committee requested clarity on the continuous targets that have not been achieved, and mitigating strategies that have been implemented to avoid a recurrence. The Committee noted with concern that impact of these targets not being met by the end of the financial year.

Disability

a. The Department should clarify key Disability targets on its programmes and targets not reached.

Youth

a. The Department should clarify why the SAPS Youth Indaba did not take place and provide clarify whether G20 funds were diverted from this programme.
b. The Department failed to meet to the 30% target on youth owned enterprises, across all three quarters which was noted with concern. As such, the Committee questioned why the Department failed to meet these targets meant to support youth owned enterprises. Furthermore, the Committee queried what procurement reforms would be introduced to ensure youth owned enterprises benefit from government opportunities.

Finance

a) The Committee noted with concern the large number of deviations that keeps recurring within the Department and the reasons cited were the same from year to year. This pointed to poor planning and a need for improved consequence management for deviations that occur because of transgressions from policy prescripts.
b) The Committee sought clarity from the Department regarding the age in which a person is appointed as under the youth category in the Central Supplier Database versus when their application is finalised and they no longer fall under the youth category. The Committee noted that this administrative ambiguity may inadvertently affect youth entrepreneurs.
c) The Committee requested clarity on the Internal Audit constraints and its shortcomings as the Committee remained concerned about the impact of these constraints in the operations for the Internal Audit unit.

d) The Committee noted the donor funding allocated to the Department and sought more clarity about the expenditure incurred as well as implications for roll over of funding or the lack thereof.
e) The Committee noted with concern the expenditure incurred by the Minister of R1.7 million for a five-day event for 35 participants at OR Tambo Radisson, and close to a million rand on a two-day trip to China.
f) The Committee noted with concern the deviation for the procurement of cars for the Minister and the Deputy Minister that exceeds the amount initially outlined in the Ministerial handbook.
g) The Committee noted with the bypass of procurement procedures on the G20 expenditure and queried whether consequence management was implemented.
h) The Committee noted request to SCOPA on unauthorised expenditure and sought more information in that regard as this has been a longstanding matter.

Human Resources

a) The Committee noted reference to Internal Audit capacity constraints but sought more clarity in that regard from the Department given that the Director for Internal Audit was appointed.
b) The Committee asked for clarity on the arbitration and settlement matter of an employee, who returned to work as the details in this regard were lacking. To this end, the Committee requested that the Department provide the Committee with more details on the matter and the settlement that was reached.

Core programmes

a) The Committee noted the Progress Report on the GBVF Evidence based prevention programme that was implemented but queried what was contained in the report, and when it would be presented to the Committee for consideration.
b) The Committee enquired about the outcomes of the stakeholder engagements and community mobilisation and the costs incurred as the details in this regard were lacking.
c) In terms of procurement of women owned business, the Committee questioned why the Department had not established and develop its own database.
d) The Committee sought more clarity on inter-departmental coordination to ensure that the Department reaches its target, and whether there was any resistance from Departments to ensure that they are reaching targets.

e) The Committee questioned how the Department was able to measure the targets being met and queried whether there were any standard evaluations to determine the impact and ensure that a target has been met. The Committee reiterated the importance of ensuring evidence-based reporting.

f) The Committee noted with concern the slow pace of progress in the development of Bills within the Department. As such, the Committee requested a status update on all the Bills outstanding including Women's Empowerment and Gender Equity Bill; Disability Rights Bill; South African Youth Development Bill and when these Bills would be tabled in Parliament.

g) The Department to provide a report on the high staff turn-over rate and reference to poor working conditions cited in the HR report.

h) The Committee enquired about the key findings and recommendations on the NYDA Quarterly monitoring report as the information in this regard was lacking.

7. Resolutions

a) The Committee will visit the Department's offices during its Second Term in 2026.

b) The Department submit a report in response to a whistleblower complaint.

c) The Department should submit the business case presented to National Treasury and provide progress report in this regard.

d) The Department should submit a copy of its NYDA Quarterly monitoring report.

e) The Department to submit its Audit-Action Plan.

f) The Department to submit a progress report in response to matters raised by the ARC. The Department must provide a contingency plan or mitigation strategy to resolve this so that it does not recur in the new financial year.

g) The Acting DG to submit an Exit Report to the Committee.

h) The Department to submit a progress report on all outstanding Bills and envisaged timeframes.

8. Conclusion

The Committee reiterated its commitment to conduct rigorous oversight over the Department and urged the Department to resolve outstanding matters in the quarters under review.

Report to be considered.

3. REPORT OF THE STANDING COMMITTEE ON FINANCE ON THE OVERSIGHT VISIT TO THE SOUTH AFRICAN REVENUE SERVICE NATIONAL OPERATIONS COMMAND CENTRE IN TSHWANE ON 30 APRIL 2026, DATED 04 AUGUST 2026

1. Introduction

1.1. On 30 April 2026, the Standing Committee on Finance undertook an oversight visit to the South African Revenue Service Data Centre. The main purpose of the visit was to obtain insight into revenue administration and compliance, the illicit economy, and the day-to-day activities of the National Operations Command Centre.

1.2. The visit formed part of the Committee's approved programme and followed earlier parliamentary engagements with SARS during the Budgetary Review and Recommendation Report process, the Budget Vote process and consideration of SARS's annual performance plan. The programme for the visit identified the focus areas as revenue administration, compliance, digital transformation, the illicit economy and the data processing centre.

1.3. The visit was intended to enable the Committee to exercise oversight over SARS's operational systems and institutional capabilities in relation to revenue collection, compliance enforcement, digital administration and enforcement functions, and to observe the extent to which these support the effective discharge of SARS's statutory responsibilities.

2. Delegation

2.1. The delegation of the Standing Committee on Finance comprised Dr M.J. Maswanganyi, MP, Chairperson; Ms N.A. Gcaleka-Mazibuko, MP; Mr S.C. Sekoati, MP; Mrs W.R. Alexander, MP; Mr D.D. van Rooyen, MP; Mr A.D. Beesley, MP; and Mr N.M. Hadebe, MP.

2.2. The parliamentary delegation was accompanied by Mr A. Wicomb, Committee Secretary; Ms T. Sepanya, Committee Secretary; Dr Z. Hlophe, Content Adviser; Ms A. Manamela, Committee Researcher; Ms B. Tsana, Committee Assistant; and Mr S. Mokoena, Parliamentary Communication Services Officer.

SARS, National Treasury and Ministry of Finance delegations

2.3. The South African Revenue Service delegation was led by Dr E. Kieswetter, Commissioner, and Dr J. Makhubu, Deputy Commissioner. Other senior SARS representatives recorded in the attendance register included Ms J. Padiachy, Chief of Staff; Mr C. Scholtz, Deputy Commissioner; Mr F. Tomasek, Head: Legislative Policy; Ms C. da Silva-Nel, Business Area Head: Stakeholder Liaison; Mr V. Nthabayane, Head: Customs Land Modality; Ms T. Burger, Business Area Head: Revenue Planning and Reporting; Ms M. du Toit, Business Area Head: Planning, Performance and Productivity; and Mr M. Gcwabaza, Business Area Head in the Office of the Deputy Commissioner.

2.4. Further SARS officials who attended the engagement included Ms N. Muleba; Mr D. Mabodi; Mr S. Kaboe, Technical Adviser; Mr T. Shirinda, Customs Officer; Ms V. Hanig, Manager; Ms A. Bangani, Data Analyst Graduate; Ms S. Nkuna, Operational Specialist: Complaints; Ms K. Mkhize, Customs and Excise Junior Officer; Mr N. Motsieloa, Customs Officer; Dr J. Chetty, Enablement Operations Lead in the Office of the Deputy Commissioner; Mr M. Mapaila, Senior Manager: Contact Centre; Mr T. Letsoalo, Operations Manager: National Targeting and Operations Centre; Mr J. Manisoe, Manager: National Targeting and Operations Centre; Mr D. van Tonder, Head: Office of the Commissioner Administration; Ms B. de Villiers, Manager: Commissioner's Office; Mr A. Assur, National Security Systems Administrator; and Mr M. Setshedi, Manager: Customs and Excise.

2.5. Officials from National Treasury and the Ministry of Finance included Mr L. Batwa, Parliamentary Liaison Officer; Ms C. August, Parliamentary Liaison Officer; and Ms N. Mahori, Parliamentary Liaison Officer in the Ministry of Finance.

3. BRIEFING BY THE SOUTH AFRICAN REVENUE SERVICE

Mandate, higher purpose and contribution to democracy

3.1. During the oversight visit on 30 April 2026, SARS presented its mandate and institutional role in democratic South Africa. The Committee was informed that SARS' mandate remains to collect all revenues due, ensure optimal compliance with tax and customs legislation, and provide a customs service that optimises revenue, protects the border and facilitates legitimate trade. SARS further presented its higher purpose as enabling government to build a capable state that fosters sustainable economic growth and social development and serves the wellbeing of all South Africans.

3.2. SARS also framed its presentation in broader democratic terms. The Committee was informed that the work of SARS should be understood not merely as tax collection in a narrow administrative sense, but as part of the state's broader constitutional and developmental architecture. In this regard, SARS presented itself as an institution whose work has transformational impact on the wellbeing of the lives of people, especially the most vulnerable, by enabling the state to fund public services and developmental programmes.

3.3. In illustrating its contribution since 1994, SARS presented historical revenue and taxpayer-register data to demonstrate the growth of tax administration over time. The Committee was informed that net revenue collections since 1994 had exceeded R25 trillion, and that the tax register had grown from 2.7 million taxpayers in 1994/95 to 33 897 516 in 2025/26. The corresponding net revenue figures presented by SARS showed growth from R113.775 billion in 1994/95 to R2.0103 trillion in 2025/26. SARS characterised a well-functioning tax administration as one of the proudest achievements of South Africa's democracy since 1994.

Institutional turnaround and strategic themes from 2019 to 2026

3.4. The outgoing Commissioner, Dr Edward Kieswetter, then reflected on the institutional turnaround undertaken during the seven-year period ending on 30 April 2026. The Committee was informed that the strategic themes for the period 2019 to 2026 had been governance and integrity restoration, digital and service modernisation, compliance and enforcement capability, leadership and organisational renewal, and public trust and institutional credibility.

3.5. SARS further stated that, at the outset of the turnaround, the strategic priorities over a one- to five-year horizon had been to improve fiscal citizenship and compliance; broaden the tax base through the development of a single view of the taxpayer across tax types, integrated across economic activities and the value chain; collaborate with the whole of government; leverage SARS' resources and effort more intelligently to achieve more with less; re-establish international partnerships; and build an organisation with integrity that can be trusted by government and the public.

3.6. In relation to 2019/20, SARS presented that year as an integrity reset under strain and as a period of rebuilding the moral contract following severe governance failure and institutional damage associated with the state-capture period. The Committee was informed that SARS' work during that period included listening, reparation and healing; a leadership and governance reset; the appointment of Commissioner Edward Kieswetter and the rebuilding of senior leadership; the launch of Vision 2024 to build a smart modern SARS; implementation of the Nugent Commission recommendations; re-establishment of Large Business and International and Integrity capability; and a rapid pivot to digital operations at the onset of Covid-19 to ensure continuity.

3.7. SARS presented 2020/21 as a period of resilience and digital acceleration under shock. The Committee was informed that the context for that year was that Covid-19 had severely restricted physical access and disrupted operations. In response, SARS stated that it had expanded digital service channels and virtual appointments, continued improving system availability and stability, implemented a new operating model with empowered regions and dedicated taxpayer segments with end-to-end accountability, embedded the SARS Leadership Competency Model, rebuilt critical skills in targeted areas, and shifted from crisis response to a digital-first administration and from fragmented delivery to an accountable end-to-end operating model.

3.8. In relation to 2021/22, SARS described the year as one of data-driven compliance at scale, in which trust became measurable. The Committee was informed that this period was characterised by economic recovery and a heightened compliance-risk environment, together with a strong post-pandemic revenue recovery and performance rebound. SARS stated that it had deployed risk engines enabled by machine learning, expanded automated and pre-populated assessments, and improved service performance to the point where over 90 per cent of taxpayers were using digital channels, with near-instant assessments and accelerated refund processing. SARS also referred to the launch of a Junior Board and graduate pipelines as part of its people and capability strategy.

3.9. SARS presented 2022/23 as the year in which Vision 2024 came into view and capability investment began to bear fruit. The Committee was informed that this year marked a visible turning point, with gains being entrenched and performance being normalised. SARS stated that it had reaffirmed the breadth of its mandate, strengthened stakeholder confidence, delivered positive performance outcomes despite external constraints, demonstrated resilience amid economic headwinds, improved internal stability and capability, strengthened the integrity environment, and improved public trust and tax morale.

3.10. SARS described 2023/24 as a period of domestic resource mobilisation and governance maturity in which Vision 2024 had reached its strategic horizon. The Committee was informed that SARS had elevated domestic resource mobilisation as an engine of sovereignty, shifted reform from a list of initiatives into an institutional habit, achieved record levels of employee engagement and cultural maturity, celebrated 25 years as an institution, and embedded the language of the SARS strategic intent more deeply into the organisation.

3.11. In relation to 2024/25, SARS described the year as the start of an artificial-intelligence-era operating model and reinvention with integrity. The Committee was informed that this was the final full year of the outgoing Commissioner's tenure, and that SARS' presentation highlighted institutional sustainability through the consolidation of compliance, service and governance gains, the launch of Modernisation 3.0 described as the age of artificial intelligence, sustained compliance gains and improved efficiency, the completion of modernisation initiatives, continued voluntary compliance improvement, global recognition and international leadership roles, and leadership continuity supported by a fully embedded pipeline and prepared handover documentation.

3.12. SARS then described 2025/26 as a year of consolidation and transition into Modernisation 3.0, with a focus on sustaining performance and setting the next horizon. The Committee was informed that SARS considered 2025/26 likely to be remembered for "Budget 3.0," and that SARS presented the year's revenue performance as having averted a tax policy increase, specifically a 2 per cent VAT increase. SARS further presented continued investment in SARS as capable of deferring tax policy increases for the foreseeable future, while also consolidating seven years of institutional reform and positioning the institution for Modernisation 3.0. The Committee was also informed that SARS had strengthened enterprise platforms supporting voluntary compliance and risk-based enforcement, that 14 500 people remained engaged and committed, and that leadership continuity was being supported through a structured transition into a new strategic cycle focused on sustainability and long-term resilience.

Vision 2030, strategic intent and compliance model

3.13. SARS also presented its strategic playbook for the next phase of institutional development. The Committee was informed that SARS Vision 2030 seeks to build a smart, modern SARS with unquestionable integrity that is trusted and admired. SARS stated that its strategic intent is to build a tax and customs system based on voluntary compliance. In that regard, the strategic emphasis presented to the Committee was on providing clarity and certainty to taxpayers and traders, making it easy for taxpayers and traders to comply, detecting taxpayers and traders who are not compliant, and making non-compliance hard and costly.

3.14. SARS also presented its compliance philosophy as one that differentiates among categories of taxpayer behaviour, ranging from those who are conscious of deciding not to comply, to those who do not want to comply, those willing but not always able to comply, and those willing to do whatever is necessary. In response to this, SARS' model was presented as combining enforcement, meeting taxpayers in an honest way and helping them to comply at the greatest ease and lowest cost, and making them aware while making compliance easier. SARS then framed the broader policy balance as one between making it easy for taxpayers and traders and ensuring compliance to combat fraud.

Headline indicators and return on investment in tax administration

3.15. The Committee was also taken through a series of headline indicators which SARS presented as trending positively over the period 2019 to 2026. SARS reported that net revenue had grown at a compound annual growth rate of 6.78 per cent; compliance revenue at 13.8 per cent; the Voluntary Compliance Index had reached 70.49 per cent, which SARS presented as an increase of 5 per cent; and the Trade Facilitation Index had reached 74.6 per cent, which SARS presented as an increase of 21 per cent. In relation to institutional integrity measures, SARS presented taxpayer service at 90.27 per cent, up from 54 per cent; attitude to compliance at 76.42 per cent, up from 66 per cent; public trust at 75 per cent, up from 48 per cent; and employee engagement at 71 per cent, up from 61 per cent.

3.16. SARS then presented what it described as the return on investment in tax-administration capacity for taxpayers over the period 2019 to 2026. The Committee was informed that 5.8 million individuals, representing 70 per cent, did not have to file a return; that 97 per cent of individual returns were filed online; that 90 per cent of assessments were issued in under five seconds; that R457 billion in refunds had been paid mostly within 72 hours; that taxpayer service had improved by 54 per cent to 90 per cent since 2019; and that taxpayer trust had improved by 48 per cent to 75 per cent since 2019.

3.17. In relation to the return on investment in tax-administration capacity for government, SARS informed the Committee that the additional revenue achieved over the period amounted to R1.6 trillion, which it presented as approximately 14 per cent of net revenue. SARS further stated that artificial-intelligence detection models had prevented over R672 billion in outflows; that 1 200 serious tax and customs crime investigations had yielded more than R80 billion; that four illicit financial flow schemes had been collapsed; that the court-judgment success rate was 83 out of every 100; that the criminal-prosecution success rate was 98 out of every 100; that 83 illicit tobacco cases had been handed over to the National

Prosecuting Authority; that 219 state-capture audits had resulted in R6 billion in revenue; and that 10 Zondo Commission matters had been fully implemented, with two remaining in progress.

3.18. In concluding this part of the presentation, SARS stated that the work of rebuilding the institution was substantially completed, while the work of sustaining and advancing it would continue institutionally, with the true legacy of SARS lying in its people. SARS also expressed appreciation to the Standing Committees on Finance and Appropriations for their oversight and support in the rebuilding of SARS.

Digital Transformation, Modernisation 3.0 And The Future Operating Model

3.19. SARS also presented the Committee with the next phase of its digital-transformation agenda under Modernisation 3.0. In broad terms, SARS presented this as the continuation and deepening of the institution's digital transformation with a clear strategic purpose, namely to strengthen voluntary compliance, modernise taxpayer and trader engagement, improve service and enforcement capability, and position SARS for an artificial-intelligence-era operating model.

3.20. This presentation was consistent with the themes later reflected in SARS's 2026/27 annual performance plan, which the Committee had considered separately. In that later briefing, SARS described modernisation as central to its strategy and linked it to the development of an intelligent digital tax administration platform embedded with data science and artificial intelligence, a future digital identity for secure platform access, biometric and two-factor authentication, improved data accuracy, and a single view of the taxpayer or trader. SARS further linked the modernisation programme to improved voluntary compliance, better service delivery, stronger enforcement capability and protection of taxpayer information.

3.21. The Committee therefore understood the oversight presentation on 30 April 2026 as placing Modernisation 3.0 within a broader institutional transition from turnaround and stabilisation to sustainability, digital maturity, artificial-intelligence-enabled administration and longer-term resilience under Vision 2030.

South Africa's Illicit Economy Crisis and the National Illicit Economy Disruption Programme

3.22. SARS also briefed the Committee on what it described as South Africa's illicit economy crisis. The Committee was informed that this had led to the establishment of the National Illicit Economy Disruption Programme. SARS referred in this regard to the State of the

Nation Address delivered by President Cyril Ramaphosa on 12 February 2026, in which he stated that government was establishing a national illicit economy disruption programme bringing together key state agencies and other stakeholders, including the private sector, and that high-risk sectors such as tobacco, fuel, alcohol and other counterfeit products would be targeted through the effective use of data analytics and artificial intelligence.

3.23. SARS then outlined a chronology of activities connected to this programme and to the development of a smart-border reform approach. The Committee was informed that, on 1 April 2025, SARS and the Department of Home Affairs had revised their memorandum of understanding and expanded a multiparty agreement involving SARS, the Department of Home Affairs, the Border Management Authority and Government Printing Works. On 2 January 2026, SARS, the Department of Home Affairs and the Border Management Authority had agreed in principle to collaborate on the modernisation of the Lebombo Border Post.

3.24. On 21 January 2026, a workshop involving SARS, the Department of Home Affairs, the Border Management Authority and National Treasury had been held on Lebombo border modernisation as a proof of concept. On 5 February 2026, the President and the Minister of Finance visited SARS, and SARS shared its plan to deal with the illicit economy and proposed a whole-of-government-and-society approach to replace what it described as the current fragmented approach.

3.25. On 10 February 2026, the Ministers of Finance, Home Affairs, the South African Police Service and the South African National Defence Force, together with Commissioners and Directors-General, agreed in principle to extend the modernisation scope to include the South Africa-Mozambique borderline. On 11 February 2026, this approach was communicated to the JCPS cluster ministers and secretariat. On 12 February 2026, the President announced the National Illicit Economy Disruption Programme.

3.26. On 25 February 2026, the Minister of Finance’s Budget announcement signposted the approach to the NIEDP. On 5 March 2026, the concept was tabled at the JCPS and a forthcoming workshop was announced. On 11 March 2026, a combined workshop was held involving the Presidency, National Treasury, SAPS, DPIC, SANDF, the Department of Home Affairs, the Border Management Authority, Health, ITAC and SARS, with BACSA invited. On 24 March 2026, the concept proposal for a Smart Border Reform Programme and a Lebombo Border Project proof of concept as Phase 1 within the NIEDP was confirmed with the Minister of Finance.

3.27. On 27 March 2026, the Smart Border Reform Programme concept was presented to JICC and FOSAD. On 14 April 2026, President Ramaphosa was briefed on the concept proposal. On 15 April 2026, a workshop of border-management agencies was held to finalise programme scope and next steps.

3.28. SARS presented the programme imperative as “Six Ports. One System. One Fiscal Reform Mandate.” The Committee was informed that the redevelopment of six ports through public-private partnerships was, in SARS’s view, a necessary but insufficient condition for border reform, because infrastructure alone would not close the fiscal gap. SARS stated that the unique contribution of the Smart Border Reform Programme was to treat the border port and the borderline as a unified fiscal system, with revenue compliance as the primary performance metric.

3.29. SARS further presented financial closure in 2026 as a once-in-a-generation opportunity to embed SARS data architecture, Border Management Authority operational command, and Justice Cluster consequence management into concession design before the relevant operating models became locked in. SARS presented Lebombo as the proof of concept, with the proposition that if the model were got right there, it could scale, but if got wrong, six expensive facilities might solve the wrong problem.

3.30. The Committee was also informed that Lebombo Phase 1 was presented as intended to prove the model rather than merely pilot technology. SARS stated that the purpose of the Lebombo Border Port and the South Africa-Mozambique borderline proof of concept was to demonstrate the feasibility, impact and scalability of the Smart Border Reform model before national rollout.

3.31. The scope presented to the Committee included a full smart-border operating model at the port itself, a secure sensor-enabled borderline along high-risk segments, and operational command-centre integration. The next 120-day plan, subject to Cabinet approval, was presented as establishing a programme office, conducting full scoping and preliminary costing, engaging BACSA, and developing the procurement framework.

3.32. SARS further presented a set of agency mandate tensions which it considered central to the success of the programme. These included the relationship between SARS and the Border Management Authority, where SARS presented itself as holding statutory customs authority while the Border Management Authority claimed operational primacy at the port; the relationship between the Border Management Authority and the South African Police Service, where overlapping mandates were said to create duplicated stop-and-search functions and gaps exploitable by syndicates; the relationship between the Border

Management Authority and the South African National Defence Force, where the absence of structured handover protocols from borderline interception to port enforcement was said to create a "gap zone"; and the relationship between SARS and the Department of Home Affairs, where separate immigration and customs systems were said to slow processing, enable identity fraud and weaken trade-abuse detection.

3.33. SARS presented proposed resolutions to these tensions, including formalising SARS as the fiscal sovereign for revenue-related decisions, establishing integrated command structures, creating a border law-enforcement zone, and moving toward a trusted traveller and trusted trader model supported by a shared identity and data register.

3.34. In relation to strategic recommendations, SARS presented five key recommendations for the Smart Border Reform Programme. These were to lead with Lebombo as a fiscal-reform proof of concept; treat the borderline and the port as one system; resolve agency mandates before financial closure; embed illicit-economy disruption in public-private-partnership design specifications; and sequence ports by fiscal impact rather than historical lobbying. SARS linked these recommendations to customs-compliance yield, integrated data and intelligence, scanner deployment, artificial-intelligence risk engines, concession design and the scale-up case for later phases.

4. DELIBERATIONS BY THE COMMITTEE AND RESPONSES BY SARS

4.1. Members sought clarity on what drives SARS's processes and emphasised the view that SARS cannot be expected to perform effectively if it is underfunded. Members also asked whether SARS was undertaking public education and awareness work in rural areas in order to encourage compliance by relevant taxpayers. Members further asked whether SARS, the Border Management Authority and the Department of Home Affairs were coordinating sufficiently to secure the country's borders, particularly in light of the earlier oversight visit to ports of entry during January 2026, during which the need for scanners had been raised. Members also expressed concern about the suggested emblem or conceptual identity of the agency that would focus on border monitoring and requested clarification on that issue.

4.2. In response, the outgoing Commissioner emphasised that the illicit economy could not be solved by one government department acting alone and that all relevant departments, and indeed society more broadly, needed to collaborate. SARS stated that it drives the process of combating the illicit economy, while the Border Management Authority would deal with the security aspects of the project.

4.3. The Committee was further informed that SARS would work with media agencies in order to encourage citizens to be tax compliant through tax-education efforts. SARS also stated that the Department of International Relations and Cooperation, the Department of Trade, Industry and Competition, and the Department of Transport would now collaborate with SARS at the Lebombo border, and that collaboration with external partners was necessary to mitigate cyber-security risk.

4.4. At the conclusion of that engagement, the outgoing Commissioner demonstrated a formal handover of the baton to the incoming Commissioner, Dr Johnstone Makhubu.

5. VISIT TO THE SARS NATIONAL OPERATIONS COMMAND CENTRE

5.1. The incoming Commissioner, Dr Johnstone Makhubu, then led the SARS delegation during the visit to the National Operations Command Centre and introduced Ms D C Scholtz as the official responsible for driving the work of the National Command Centre.

5.2. During the demonstration, the Committee was shown a live dashboard of the tax-facilitation process. The Committee was informed that the system records daily revenue collection and separates the various categories of payment, including payments such as those relating to the Unemployment Insurance Fund. The Committee also received a customs-depot operations demonstration. SARS emphasised that the system relies only on permanent employees, which was presented as an important safeguard to ensure that the cyber environment remains secure and cannot easily be compromised. The Committee was further informed that a cadet programme for customs services had been introduced, both to support the modernisation programme and to contribute to addressing unemployment among young graduates.

5.3. Members raised further questions during this part of the visit. They asked what happens to persons apprehended at the borders for involvement in illicit trade and whether SARS tracks and traces such cases. Members also asked what happens to illicit goods confiscated at ports of entry; how goods in transit are monitored in relation to the transmission of diseases; whether SARS could extend the working hours of call-centre employees during the filing season; whether SARS can monitor the activities of legal and illegal immigrants at points of service relating to social services such as health and education; whether the system can be directed to detect offshore tax activities; and how SARS intends to monitor gambling tax.

6. TOKEN OF APPRECIATION

6.1. At the conclusion of the visit, the Committee expressed its appreciation for the service of the outgoing Commissioner. The token of appreciation was received by the Deputy Commissioner.

7. COMMITTEE OBSERVATIONS AND RECOMMENDATIONS

7.1. The Committee welcomes the progress reported in rebuilding SARS following the governance failures and institutional damage experienced in the past. The Committee notes the work undertaken since 2019 to restore governance and integrity, rebuild leadership and critical institutional capabilities, implement the recommendations of the Nugent Commission, re-establish the Large Business and International and Integrity capabilities, and modernise SARS's operating model.

7.2. The Committee further notes the positive performance and institutional-integrity indicators presented by SARS. These included taxpayer service of 90.27 per cent, compared with 54 per cent in 2019; public trust of 75 per cent, compared with 48 per cent; employee engagement of 71 per cent, compared with 61 per cent; a Voluntary Compliance Index of 70.49 per cent; and a Trade Facilitation Index of 74.6 per cent. The Committee considers that the formal transition from the outgoing Commissioner to the incoming Commissioner should preserve these institutional gains while addressing the remaining weaknesses in compliance, enforcement and taxpayer service.

7.3. The Committee notes the substantial return that SARS attributed to investment in tax-administration capacity. SARS reported that additional revenue raised between 2019 and 2026 amounted to R1.6 trillion; that artificial-intelligence detection models had prevented more than R672 billion in outflows; and that 1 200 serious tax and customs crime investigations had yielded more than R80 billion. SARS also reported that 219 state-capture audits had resulted in R6 billion in revenue. These figures reinforce the concern raised by Members that inadequate funding of SARS could constrain revenue collection, compliance enforcement and the ability of the state to fund public services.

7.4. The Committee acknowledges and welcomes the additional funding allocated to SARS by the Minister of Finance. The Committee considers this additional support necessary in view of SARS's central role in revenue collection, customs administration, compliance enforcement, digital modernisation and the fight against the illicit economy. The Committee again recommends that National Treasury continue providing SARS with adequate, predictable and appropriately structured funding until the institution is sufficiently resourced to discharge its mandate effectively. SARS should continue reporting to Parliament on the use of the additional funding and on the measurable revenue, compliance, service, customs, enforcement and cybersecurity outcomes arising from that investment.

7.5. The Committee notes with concern that the effectiveness of the National Illicit Economy Disruption Programme and the proposed Smart Border Reform Programme will depend on resolving fragmentation and mandate tensions among the institutions operating at the borders. SARS identified tensions involving SARS, the Border Management Authority, the South African Police Service, the South African National Defence Force and the Department of Home Affairs. These included overlapping authority, duplicated enforcement functions, gaps in the transfer of intercepted persons and goods, and separate immigration and customs systems that may weaken identity verification and the detection of trade-related abuse.

7.6. The Committee further notes SARS's warning that the redevelopment of border posts through public-private partnerships would not, by itself, address revenue leakage and illicit trade. SARS presented the Lebombo Border Post as a proof of concept through which the border post and the borderline would be treated as one fiscal and enforcement system, supported by integrated data, scanners, artificial-intelligence risk engines, sensor-enabled monitoring and coordinated operational command. SARS cautioned that, unless the operating model was properly designed, significant expenditure could result in modern facilities that did not address the underlying fiscal and enforcement problems.

7.7. The Committee therefore recommends that SARS, the Border Management Authority and the relevant departments finalise an inter-agency governance and operating framework for the Smart Border Reform Programme before the operating arrangements for the border public-private partnerships are concluded. The framework should clearly set out statutory and operational responsibilities, command and escalation arrangements, information-sharing protocols, handover procedures, consequence-management arrangements and mechanisms for tracking cases from interception to prosecution and recovery. The relevant institutions should also provide Parliament with a coordinated implementation plan for the Lebombo proof of concept, including its scope, preliminary cost, procurement approach, scanner and technology requirements, implementation milestones and measurable revenue and enforcement outcomes.

7.8. The Committee welcomes SARS's continued digital transformation and its development of Modernisation 3.0. The Committee notes that machine learning, automated assessments, pre-populated returns, artificial-intelligence detection models and real-time operational dashboards have become central to taxpayer service, compliance risk management and enforcement. The National Operations Command Centre demonstrated the potential of integrated and timely data to support daily revenue monitoring, tax administration and customs operations.

7.9. The Committee nevertheless observes that the increasing reliance on artificial intelligence, integrated taxpayer data and automated decision-making requires strong governance, cybersecurity and accountability safeguards. The Committees therefore recommend that SARS report to Parliament on the governance framework applicable to Modernisation 3.0, including data protection, access controls, auditability of automated decisions, human oversight, cybersecurity resilience, system continuity and the protection of taxpayer confidentiality. SARS should also indicate how it is recruiting, retaining and developing the data-science, technology, customs and cybersecurity skills required to operate these systems sustainably.

7.10. The Committee welcomes the customs cadet programme presented during the visit to the National Operations Command Centre. The programme has the potential to strengthen customs capacity while creating structured opportunities for young graduates. The Committee encourages SARS to monitor the retention, placement and career progression of participants so that the programme contributes to sustainable institutional capability and does not operate only as a short-term employment intervention.

7.11. The Committee notes that Members raised important operational questions regarding what happens after persons are apprehended for illicit trade, whether such matters are tracked through investigation and prosecution, how confiscated illicit goods are stored or disposed of, and how goods in transit are monitored for health and biosecurity risks. Members also raised questions concerning offshore tax activities, gambling tax and the coordination of agencies at ports of entry.

7.12. The Committee therefore recommends that SARS provide written responses to the outstanding questions raised during the visit. The responses should include information on the end-to-end tracking of illicit-trade cases, referrals to the National Prosecuting Authority and other law-enforcement bodies, prosecution outcomes, revenue recovered, the management and disposal of confiscated goods, and coordination with the responsible health, agricultural and environmental authorities where goods present public-health or biosecurity risks.

7.13. The Committee notes the importance of maintaining accessible taxpayer services alongside the expansion of digital channels. Members specifically raised the need for tax education and awareness in rural areas and asked whether call-centre operating hours could be extended during the filing season. Although SARS indicated that it would work with media organisations to strengthen tax education, the Committees consider that taxpayers who have limited access to digital services require targeted and sustained support.

7.14. The Committee therefore recommends that SARS strengthen its taxpayer-education and service-access programme in rural and underserved areas. SARS should also review demand patterns during the filing season and consider extending contact-centre operating hours where the evidence demonstrates that additional access is required.

7.15. The Committee thanks SARS, its leadership and its officials for the briefing, demonstrations and cooperation extended to the Committee during the oversight visit. The Committee expresses its appreciation to the outgoing Commissioner, Dr Edward Kieswetter, for his leadership and contribution to the rebuilding, modernisation and institutional renewal of SARS, and wishes him well in his future endeavours.

7.16. The Committee further welcomes the appointment of Dr Johnstone Makhubu as the incoming Commissioner. The Committee particularly welcomes the appointment of an experienced senior official from within SARS who is familiar with the institution, its systems, strategic priorities and remaining challenges, and who will therefore be able to assume responsibility and continue the work without an extended period of institutional adjustment. The appointment reflects the importance of effective succession planning, leadership continuity and the development of internal institutional capability. The Committee expects the incoming Commissioner to preserve the governance, integrity, compliance, service and modernisation gains achieved in recent years, while addressing the remaining weaknesses and taking SARS into its next phase of institutional development.

Report to be considered

4. REPORT OF THE STANDING COMMITTEE ON FINANCE ON THE OVERSIGHT VISIT TO THE PUBLIC INVESTMENT CORPORATION AND PIC-FUNDED PROJECTS IN BELA-BELA, LIMPOPO, AND TSHWANE ON 28 AND 29 APRIL 2026, DATED 04 AUGUST 2026.

1. INTRODUCTION

1.1. The Standing Committee on Finance (hereinafter referred to as "the Committee") undertook an oversight visit to the Public Investment Corporation (PIC) and selected PIC-funded projects in Bela-Bela, Limpopo, and Tshwane on 28 and 29 April 2026.

1.2. The oversight visit formed part of the Committee's approved programme and was undertaken in line with Parliament's constitutional mandate to oversee and monitor the use of public resources, the performance of institutions within the finance portfolio, and the extent to which those institutions are implementing their mandates. The visit followed a series of engagements between the Committee and the PIC during meetings on, among others, the Budgetary Review and Recommendation Report, the Budget Vote Report, and related oversight processes.

1.3. These engagements enabled the Committee to consider matters relating to strategy, financial performance, governance and operations. However, the Committee considered it necessary to undertake direct oversight in order to monitor implementation on the ground and to observe the practical effect of matters previously presented to Parliament.

1.4. The oversight visit focused on selected PIC-funded projects in different sectors and at different stages of operational maturity. These included Daybreak Foods in Bela-Bela, Limpopo, as a distressed agricultural investment under business rescue; the Menlyn Maine precinct in Tshwane, as a PIC-funded mixed-use development; and Raslouw Private Hospital in Tshwane, as a PIC-supported healthcare investment.

1.5. The oversight visit accordingly enabled the Committee to observe, on the ground, three distinct categories of PIC-supported investments, namely a distressed poultry-sector investment undergoing business rescue, a mixed-use urban precinct development, and a healthcare-sector investment presented as part of a broader private healthcare platform.

1.6. This Report sets out the purpose of the oversight visit, the briefings received, the issues raised by Members, and the Committee's observations and recommendations arising from the engagements.

2. PURPOSE AND OBJECTIVES OF THE OVERSIGHT VISIT

2.1. The primary purpose of the oversight visit was to oversee and monitor the use of public resources, the performance of PIC-supported investments, and the extent to which the PIC was exercising appropriate stewardship over public funds invested across different sectors and investment models.

2.2. In particular, the Committee sought to interrogate selected PIC-funded projects in different sectors and at different stages of development and operational performance, including Daybreak Foods in Bela-Bela, Limpopo; the Menlyn Maine precinct in Tshwane; and Raslouw Private Hospital in Tshwane.

2.3. In relation to Daybreak Foods, the objective of the visit was to observe the extent of the company's financial and operational distress, the business rescue measures being implemented, the prospects for recovery, and the implications for employment, governance, regulatory compliance and the protection of public funds.

2.4. In relation to the Menlyn Maine precinct, the objective of the visit was to observe the developmental, commercial and strategic significance of a PIC-funded mixed-use precinct development, including the extent to which the investment reflected broader objectives relating to urban development, commercial sustainability, asset utilisation and the productive deployment of public funds.

2.5. In relation to Raslouw Private Hospital, the objective of the visit was to observe the developmental and operational significance of a PIC-supported healthcare investment, including its infrastructure, service offering, operational performance and growth trajectory, and to understand its place within a broader healthcare platform presented as aimed at expanding access to private healthcare services, particularly in peri-urban and underserved areas.

2.6. More broadly, the oversight visit was intended to enable the Committee to monitor whether PIC investments were yielding developmental, economic and social value, whether governance and accountability frameworks were operating effectively, and whether such investments advanced transformation objectives, operational sustainability and longer-term public interest outcomes.

Parliamentary Delegation

2.7. The parliamentary delegation that attended the oversight visit to the PIC and PIC funded projects on 28 and 29 April 2026 comprised Dr MJ Maswanganyi, Ms N A Gcaleka-Mazibuko, Mr S C Sekoati, Mrs W R Alexander, Mr D Van Rooyen, Mr A Beesley and Mr N M Hadebe.

Parliamentary officials accompanying the delegation were Dr Z Hlophe (Content Advisor), Ms A Manamela (Researcher), Mr A Wicomb (Committee Secretary), Ms T Sepanya (Committee Secretary) and Ms B Tsana (Committee Assistant).

PIC, National Treasury and Project Delegations

2.8. The Committee's engagements during the oversight visit were attended by representatives of the Public Investment Corporation, officials from National Treasury and the Ministry of Finance, representatives of Daybreak Foods (Pty) Ltd and its business rescue support team, and representatives of Raslouw Private Hospital / RH Managers and Menlyn Maine representative. The PIC representatives included Mr Patrick Dlamini, Chief Executive Officer; Mr Deon Botha and Mr Sekgoela Sekgoela from PIC Corporate Affairs; Ms Constance Madzikanda from PIC Portfolio Management and Valuations; Mr Ken Wienand, Fund Principal: TOVA; Mr Nkanyiso Nxumalo, Associate: TOVA; Mr Tumelo Kgatla, Asset Manager; Mr Zweli Mabaso, Asset Manager; Mr Batandwa Damoyi, Chief Financial Officer; Mr Sobuzola Soboyela, Senior Specialist: Media Relations; Mr Bothwell Hlaka, Head: Investment Management; and Mr August Van Heerden, Acting Chief Investment Officer.

2.9. Officials from National Treasury and the Ministry of Finance included Mr Lindile Batwa, Ms Nokwanda Mahori, Mr Hlamalani Mnengwani and Ms Cindy August. Representatives associated with Daybreak Foods and the business rescue process included Mr Tebogo Christopher Raymond Maoto, Senior Business Rescue Practitioner; Dr Chrissie Makati; Mr Miyelani Shikwambana; Mr Clifford Mphahlele; Mr E W van Zyl, Legal Advisor to the BRP; and Mr Mpoti Moalosi, Advisor to the BRP. Representatives of Raslouw Private Hospital / RH Managers included Mr Quinton Zunga, Chief Executive Officer; Dr Ismail Mitha, Shareholder and Sponsor; Dr Ifti Ebrahim, Shareholder and Sponsor; Ms Maryke Lotz, Hospital Manager; Ms Lebogang Mahlatji; Adv Colin Clarke; Ms Yondi Metu; Dr Dumani Kula; and Mr Dean Dimairo.

3. VISIT AT DAYBREAK FOODS IN BELA BELA, LIMPOPO

3.1. On 28 April 2026, the Committee visited Daybreak Foods facilities in Worthing, Bela-Bela, Limpopo, where it first visited the breeder farm and thereafter proceeded to the hatchery. The Committee then received a briefing from representatives of Daybreak Foods (Pty) Ltd and the senior Business Rescue Practitioner. The oversight engagement enabled Members to observe on the ground the operational facilities that remained active during the business rescue process. The briefing covered the company's background and history, the causes of its financial distress, the business rescue process and recovery strategy, the current operational position, funding requirements, the Strategic Equity Partner process, reactivation milestones, and the immediate next steps contemplated by the Business Rescue Practitioner.

3.2. The Committee was informed that Daybreak Foods operates within the poultry sector and that, prior to the commencement of business rescue proceedings, its business model was based on a fully integrated value chain encompassing breeding, hatcheries, broiler farming, feed milling, and the processing and packaging of both fresh and frozen chicken products. At its peak, the company generated gross annual revenue of approximately R3.8 billion, its facilities were capable of processing up to nine million birds in a thirty-four-day cycle, and it employed over 3 400 people, positioning it as South Africa's fifth-largest poultry producer by volume, with historic output of more than 50 million chickens per annum. The Committee was further informed that Daybreak was the only other fully integrated poultry value-chain business apart from Astral Foods and Rainbow Chicken.

3.3. The presentation recorded that in 2015 the Unemployment Insurance Fund, the Government Employees Pension Fund and the Compensation Fund, acting through the Public Investment Corporation as fund manager, collectively financed the acquisition of the Afgri Group poultry division by a black empowerment consortium led by Matome Maponya Investments. The Committee was informed that, in 2016, those funds, acting through the PIC, perfected their security and took over the complete shareholding of the company. In 2024, the company was rebranded from Daybreak Farms to Daybreak Foods.

Causes of financial distress

3.4. The Committee was informed that the company's financial distress arose from a combination of internal and external factors. Internally, the Business Rescue Practitioner attributed the deterioration of the company to systematic management failures across the company's leadership and operations, poor management, weak operational oversight, lack of governance compliance, financial irregularities, inefficient cost structures, and weak working capital management. The Committee was also informed that the company received a disclaimer audit opinion on its 2024 annual financial statements and that governance failures extended to non-compliance with environmental legislation, including failure to obtain the required water use licences at various plants since 2015.

3.5. Externally, the company was said to have been adversely affected by ongoing load shedding, rising feed-related commodity input costs, cheap poultry imports and the outbreak of Avian Influenza in 2023. The presentation stated that these combined pressures contributed to a sustained financial decline over the past decade, culminating in the company's inability to sustain operations and meet debt and employment-related obligations in the ordinary course of business.

3.6. The Committee was further informed that the company also faced liquidity collapse, operational breakdowns across feed, hatchery, broiler and abattoir nodes, reputational damage arising from NSPCA litigation and compliance breaches, loss of market share and customer confidence, and the departure of key personnel.

Business rescue proceedings

3.7. The Committee was informed that Daybreak Foods entered business rescue on 12 June 2025, pursuant to a board resolution filed in terms of section 129 of the Companies Act, following sustained operational and financial distress. The board nominated and appointed Mr Tebogo Christopher Raymond Maoto to act as the company's senior Business Rescue Practitioner. The presentation indicated that the business rescue process was aimed at stabilising operations, restoring cash flow and repositioning Daybreak through a phased, insight-led recovery strategy.

3.8. The Committee was informed that the core objectives of the rescue process were to restore liquidity to cover critical operational costs, stabilise operations, preserve employment where possible, attract a Strategic Equity Partner, rebuild governance, and transition the company to a more sustainable operating model. The recovery plan was said to rest on three broad pillars, namely operational reactivation, financial stabilisation, and strategic restructuring, including a shift toward an asset-light model that would reduce capital intensity and execution risk through partnerships, toll processing and selective reactivation.

3.9. The presentation also set out the formal sequence of business rescue events. These included the signing of the section 129 resolution on 12 June 2025, the first meeting of creditors on 23 June 2025, the first meeting of employees on 24 June 2025, publication of the Business Rescue Plan on 22 August 2025, the second meeting of creditors on 5 September 2025, publication of amended and further amended rescue plans on 12 September 2025 and 25 September 2025, and adoption of the Business Rescue Plan on 26 September 2025.

Recovery strategy framework

3.10. The Business Rescue Practitioner explained that the recovery strategy had been structured into three phases. Phase 0, described as the emergency phase, was intended to restore liquidity, protect core operations and enable short-term recovery, thereby paving the way for stabilisation. During this phase the company secured R150 million in emergency funding, sustained critical hatchery and breeder farm operations, restored hatchery output to more than 750 000 day-old chicks per week, implemented cash-preservation measures, froze non-essential capital expenditure, renegotiated supplier and creditor terms, and took steps to stabilise labour relations, information technology systems and asset protection.

3.11. Phase 1 was the reactivation phase, focused on leveraging existing assets and partnerships to restore operational rhythm and generate early cash flow. Key initiatives in this phase included restarting one abattoir, specifically the Sundra abattoir, through operating partnerships, labour rationalisation, possible re-employment of approximately 1 000 to 1 100 employees, revenue generation through cold-storage leasing and day-old chick resale, and disposal of non-core assets such as the KwaZulu-Natal hatchery.

3.12. Phase 2, described as the stabilisation phase, was intended to achieve longer-term sustainability through an asset-light and margin-rich operating model. According to the presentation, this phase would rely on strategic partnerships, outsourced logistics, modular growth, restart of the feed mill and abattoir through partners, broader reseller networks for day-old chick sales, and expansion of branded product sales.

Strategic options under consideration

3.13. The Committee was informed that three business rescue options had been developed. The first was a reactivation option, involving breeder and hatchery operations together with the restart of one abattoir, with broiler farms and the feed mill remaining mothballed under a cost-minimisation model. This option required approximately R350 million in funding and, due to the unsuccessful TERS application, was associated with the retrenchment of approximately 1 899 employees.

3.14. The second was a lean operations option, which was presented as the current operating position and involved continuing breeder and hatchery operations only while feed mills, broiler farms and abattoirs remained mothballed. This option required approximately R220 million in funding and also entailed approximately 1 899 retrenchments. The third was a wind-down option, involving full cessation of operations, requiring approximately R160 million and resulting in the retrenchment of all employees.

Current operations overview and update

3.15. The Committee was informed that the company's operational footprint had been significantly reduced. At the time of the briefing, the feed mill, broiler farms and abattoirs were not operational. The feed mill, which had a capacity of 18 000 tons, had all employees retrenched.

The broiler farm operations, with a capacity of 1.1 million broilers, were also non-operational and had no placement at contract broilers. The abattoirs were similarly non-operational, with no stock and all employees retrenched, although Delmas had a recorded staffing complement of 943 and Sundra 826 before retrenchment.

3.16. By contrast, breeder farms remained operational at minimal levels. The Committee was informed that various breeder sites remained in production and rearing, with feed provided by Astral Foods and paid for through day-old chick sales. The breeder operations had a capacity of approximately 700 000 birds, with staff complements of 105 at Merino and 101 at Diepputten, while further retrenchments were likely to affect 41 employees.

3.17. The hatchery also remained operational at minimal levels, with Worthing continuing to produce day-old chicks while the KwaZulu-Natal hatchery was no longer operational following the sale of that farm. The hatchery had a capacity of 1.75-million-day-old chicks per week, with 148 employees at Worthing. The Committee's visit to the breeder farm and thereafter to the Worthing hatchery therefore gave Members a practical opportunity to observe the two core operational nodes that had remained active during the rescue process.

3.18. The Committee was further informed that the head office had no normal staff presence apart from critical personnel, and that the total number of employees remaining after retrenchments would amount to approximately 334. The presentation also stated that skeleton staff remained at the cold-storage facility, despite there being no stock at that facility.

Financial support and funding requirements

3.19. The Committee was informed that a range of funding measures had been put in place or were under consideration. The presentation recorded that the PIC had approved R300 million in reactivation funding through the Unemployment Insurance Fund and the Compensation Fund, and that the relevant agreements had been executed, with initial drawdowns having commenced. In addition, the company had previously secured R150 million in emergency-phase funding from PICOF, which had already been fully utilised. Internal operations had generated more than R170.3 million in net cash through the sale of day-old chicks, while other funding avenues included cold-storage leasing options, sale of non-core assets and possible Land Bank support of R50 million. The presentation also confirmed that the KwaZulu-Natal hatchery had been sold for R25 million.

3.20. The Business Rescue Practitioner stated that, in order to restart one abattoir, Daybreak required approximately R350 million in funding based on cash-flow forecasts. This amount was broken down into R93.2 million for capital expenditure, R85.1 million for flock replenishment, R107.9

million for operational and restart costs, including care and maintenance, and R63.8 million for working capital. The Committee was informed that decisions required from funders included approval of support aligned to reactivation milestones, agreement on the structure of the funding support, and commitment to governance oversight and performance monitoring. The BRP also stated that without this support the company would not be able to achieve break-even volumes or restore its branded product lines.

Emergency-phase achievements and reactivation milestones

3.21. The presentation recorded a number of achievements during the emergency phase. These included publication of the Business Rescue Plan on 22 August 2025, securing emergency funding of R150 million, preservation of funding for longer than originally budgeted, continued cash generation from breeding and hatchery operations, and a significant increase in hatchery output from zero to over 750 000-day-old chicks per week.

3.22. The Committee was also informed that labour relations had been stabilised, with no protest action since July 2025, that the Altron information technology system had been restored and placed on a managed exit path, that security had been increased while insurance cover was being sourced, and that employee temporary lay-offs had been implemented through a stipend arrangement from August 2025.

3.23. In relation to the reactivation phase, the BRP remained of the view that there was a reasonable prospect of rescuing the company. The milestones presented included securing reactivation funding, restarting one abattoir, completing labour rationalisation, pursuing TERS support where possible, re-employing around 1 100 employees once the first abattoir was reactivated, leasing cold storage, pursuing the sale of non-core assets, and advancing the Strategic Equity Partner process through a formal request-for-proposals process. The presentation indicated that some of these milestones had been achieved, others were in progress, and some remained outstanding.

Strategic Equity Partner process

3.24. The Committee was informed that the Strategic Equity Partner process was central to the future of the business. The SEP process had moved through advertisement, expressions of interest, due diligence, BRP evaluation and affected-party consultations, with binding offers having been extended to 16 January 2026. The presentation indicated that a total of three offers had been received, comprising two cash offers and one non-cash offer. The cash offers related to the sale of assets, while ongoing negotiations were being conducted with one offeror to amend the structure in a way that would support business continuation and creditor repayment. The BRP indicated that an SEP report had already been prepared and presented to PIC for consideration, and that once a final SEP offer was received, a further amended Business Rescue Plan would be published for creditors' consideration.

Abattoir reactivation update

3.25. The Committee was informed that the quickest and least-cost path to reactivation remained the desired approach. However, the decision as to which abattoir would be prioritised depended on several interrelated considerations. These included machinery, structural, electrical and refrigeration assessments; capital cost implications; regulatory compliance requirements; customer and product mix requirements; staffing and labour-relations issues; community buy-in; and overall safety of the facilities.

3.26. The presentation noted that Delmas assessments had been completed and cost estimates were awaited, while the Sundra inspection was still to be completed. It also stated that water use licence applications were required for both plants and that remediation of wastewater treatment plants formed part of the compliance process.

3.27. The Committee was informed that Sundra had stronger frozen-product capacity, while Delmas offered higher fresh-product capacity. In addition, Delmas was said to have a possible water-supply arrangement from a neighbouring property that might assist in recommencing operations. The Committee was told that technical assessments had been completed in relation to the wastewater treatment plant at Sundra and were underway at Delmas, and that a final decision on which abattoir to restart would be made once the technical and compliance processes were completed.

Current activities and next steps

3.28. The Committee was informed that retrenchment proceedings at the company's non-operational divisions had already been finalised, with a total of 1 879 employees retrenched, while the retrenchment process at the operational divisions was expected to be finalised in the first week of May 2026, with approximately 50 additional employees likely to be affected. The BRP stated that, if the first abattoir were successfully reactivated, approximately 1 100 employees would be re-employed. The Committee was further informed that the BRP intended to pursue the TERS application again once the company's financial statements had been prepared and audited, which was expected by September 2026.

3.29. In governance terms, the BRP informed the Committee that a governance reset was under way in line with the adopted Business Rescue Plan and that appropriate governance structures and policies were being implemented. In relation to reactivation, the immediate steps included finalising SEP negotiations, completing technical assessments of Sundra and Delmas, securing the outstanding funding requirement, advancing water use licence processes across the divisions, and restarting one abattoir.

3.30. The Committee was informed that a further amended Business Rescue Plan would be published once the SEP process had been finalised and that the plan would address the proposed manner of creditor repayment, including retrenchment costs, the outcome of the SEP process and the proposed steps going forward. In the interim, the operational divisions would continue to operate on a lean basis while work toward the reactivation of one abattoir continued.

VISIT TO RASLOUW PRIVATE HOSPITAL AND PRESENTATION BY RH MANAGERS

4.1. On the morning of 29 April 2026, the Committee visited Raslouw Private Hospital in Tshwane, where it was briefed by RH Managers and thereafter undertook a walkabout of the hospital. The Committee was received by Mr Quinton Zunga, Chief Executive Officer of RH Managers, and the hospital-side engagement included Dr Ismail Mitha, Shareholder and Sponsor; Dr Ifti Ebrahim, Shareholder and Sponsor; and Ms Maryke Lotz, Hospital Manager. RH Managers also briefed the Committee on the broader healthcare investment platform within which Raslouw Private Hospital was situated.

4.2. RH Managers informed the Committee that South Africa's private healthcare system remained structurally unequal. The Committee was told that roughly 16 per cent of South Africans held private medical aid, representing 9.17 million insured lives in 2024, while the private healthcare system absorbed more than half of national healthcare spending. RH Managers stated that the remaining 84 per cent of the population, including a large part of the employed working class, depended on an overstretched public system, particularly outside metropolitan centres. RH Managers further stated that private hospital ownership and bed capacity remained concentrated in the three dominant groups, namely Netcare, Life and Mediclinic, which they said held the majority of private hospital beds and enjoyed pricing power and geographic concentration in the major metros.

4.3. The Committee was further informed that private medical aid cover had declined as a share of the population over time. RH Managers stated that medical aid coverage had fallen from 16.2

per cent in 2010 to 14.7 per cent in 2024, even as healthcare costs and the overall population had continued to grow. The Committee was told that total scheme benefits paid in 2024 amounted to R259 billion, while members incurred approximately R46 billion in out-of-pocket payments for services not covered by schemes. RH Managers used this context to submit that the private healthcare system was contracting at the very point at which broader access and lower-cost care should have been expanding.

4.4. RH Managers informed the Committee that its response to South Africa's private healthcare access and affordability challenge had been structured as a two-phase strategy. The first phase, covering the period 2014 to 2024, was described as a phase of building access, aimed at bringing private healthcare to towns and peri-urban areas that, according to RH Managers, had not been prioritised by the major private hospital groups. In relation to this first phase, RH Managers stated that it had built or developed 35 hospitals, established approximately 2 382 hospital beds, created 2 424 jobs, of which 85 per cent were permanent and 73 per cent were held by women, and grown assets under management across its funds and listed vehicle to approximately R6.0 billion. RH Managers presented the footprint as extending across most provinces, while elsewhere in the briefing it referred to 8 of 9 provinces.

4.5. RH Managers further informed the Committee that this first phase had laid the foundation for its second phase, covering 2025 to 2035, which it described as a phase of building affordability under Project NOVA / One Care. In relation to this second phase, RH Managers stated that it intended to consolidate RH Fund I, RH Fund II and RH Bophelo into One Care, which it described as a permanent capital vehicle aligned to National Health Insurance.

4.6. RH Managers informed the Committee that this second phase contemplated 20 hospitals consolidated under One Care, approximately 4 682 beds, a revenue target of R2.2 billion by FY29, a target market of nine million uninsured working South Africans, and a pipeline of 25 facilities representing a programme of approximately R5.66 billion. RH Managers also informed the Committee elsewhere in the presentation that its broader platform had a footprint in 8 of 9 provinces, was a Level 2 B-BBEE contributor, and was 63 per cent black-owned, and described itself as the largest black-owned healthcare investment platform in South Africa backed by the PIC since inception.

Table 1: RH Managers' two-phase healthcare strategy as presented to the Committee

Phase	Period	Strategic focus	Details presented to the Committee

Phase 1	2014–2024	Building access	Bringing private healthcare to towns that, according to RH Managers, the "Big 3" chose not to serve. RH Managers stated that this phase delivered 35 hospitals built or developed, approximately 2 382 hospital beds across 9 provinces, 2 424 jobs created (85% permanent; 73% women), and approximately R6.0 billion in assets under management across funds and its listed vehicle.
Phase 2	2025–2035	Building affordability	Consolidating RH Fund I, RH Fund II and RH Bophelo into One Care / Project NOVA, described as a permanent capital vehicle aligned to National Health Insurance. RH Managers stated that this phase would involve 20 hospitals consolidated under One Care, approximately 4 682 beds, a R2.2 billion revenue target by FY29, a target market of 9 million uninsured working South Africans, and 25 pipeline facilities representing a R5.66 billion programme.

4.7. In explaining where it had invested, RH Managers informed the Committee that it had deliberately expanded into small towns, peri-urban and underserved areas that had not been prioritised by the major hospital groups. The examples presented to the Committee included Lebowakgomo, Bela-Bela, Barberton, Piet Retief, Vryheid, KwaDukuza, Carletonville, Vryburg, Rustenburg, East London, Welkom and Harrismith. RH Managers submitted that its portfolio had been built around extending private healthcare access into locations that had historically had limited or no meaningful private hospital presence.

4.8. RH Managers also took the Committee through the structure and evolution of its investment platform. The Committee was informed that RH Fund I had been launched in 2014 at R1.54 billion; that RH Bophelo had listed on the JSE in 2017 at R500 million; that RH Fund II had followed in 2018 at R1.8 billion; that RH Bophelo had cross-listed on the Rwanda Stock Exchange in 2020; that a DBSA debt fund and RH Africa Fund I had followed in 2021; that a USAID partnership had been signed in 2023; and that Project NOVA / One Care had been launched in 2025, with RH Fund III and One Care consolidation identified as the next phase in 2026.

4.9. The Committee was further informed that the RH platform currently operated through three main vehicles. RH Managers stated that Razorite Fund I was a R1.54 billion fund with 16 investments and 597 beds, with first close in August 2014, and that its limited partners included the PIC on behalf of the Compensation Fund and UIF, together with other institutional investors. RH Managers stated that Razorite Fund II was a R1.8 billion fund with 19 investments, 1 112 beds, a current gross IRR of 13.2 per cent, and first close in August 2018. RH Managers stated that RH Bophelo was a permanent listed vehicle of more than R1 billion, with 11 investments, 673 beds, a current gross IRR of 17.3 per cent, and that the PIC held 66.6 per cent in that vehicle.

4.10. In relation to employment and transformation, RH Managers informed the Committee that the platform had created 2 424 direct jobs across its portfolio. The Committee was told that 85 per cent of those jobs were permanent and 15 per cent were temporary, that 73 per cent of the jobs were held by women and 27 per cent by men, that the platform was 58 per cent black female-owned, and that management was 100 per cent black-led. RH Managers presented these figures as part of the developmental and transformation case for continued PIC support.

4.11. RH Managers also briefed the Committee on the leadership team responsible for executing the platform strategy. RH Managers stated that its executive team combined more than 130 years of sector experience across private equity, hospital operations, financial services and listed company governance. The Committee was informed that Mr Quinton Zunga, Group Chief Executive Officer, had raised more than US$1.5 billion in healthcare debt and equity capital and had 25 years' experience; that Ms Lebogang Mahlatji, Group Chief Operating Officer, had 22 years' experience in operations and investment management; that Adv Colin Clarke, Group Chief Investment Officer, brought legal, private equity and governance experience, including service at the National Empowerment Fund; that Ms Yondi Metu CA(SA) served as Group Chief Financial Officer with responsibility for audit, reporting, treasury and capital structure; that Dr Dumani Kula, Chief Executive Officer of Africa Health Care, had been brought in as a hospital turnaround specialist; and that Mr Dean Dimairo, CFA, Partner for Funds I and III, brought investment and pension-fund experience.

4.12. RH Managers also showed the Committee a table setting out a sample of its current operating hospitals. Through that table, RH Managers sought to demonstrate the spread of its operating footprint across several provinces and towns, including metropolitan, peri-urban and smaller-town locations. The sample presented to the Committee included hospitals in Gauteng, KwaZulu-Natal, the Eastern Cape, North West, the Free State, Mpumalanga, Limpopo and the Western Cape. The hospitals listed were Raslouw in Pretoria, Eden Gardens in Pietermaritzburg, Royal Buffalo in East London, Louis Pasteur in Pretoria, Medicare in Rustenburg, RH Matjhabeng in Welkom, Rondebosch Medical Centre in Cape Town, Kiaat in Nelspruit, The Fountain in Carletonville, KwaDukuza in KwaDukuza, Lebowakgomo (Medleb) in Lebowakgomo, AbaQulusi in Vryheid, RH Vryburg in Vryburg, RH Piet Retief in Piet Retief, Healing Hills in Inchanga, and RH Bell (psych.) in Krugersdorp. RH Managers stated that the table was illustrative only and that the full portfolio comprised 35 facilities and approximately 2 382 beds across 8 provinces. Within that illustrative sample, Raslouw was reflected as a 100-bed hospital in Pretoria.

Table 2: Sample of current operating hospitals presented by RH Managers

Hospital	Town	Province	Beds
Raslouw	Pretoria	Gauteng	100
Eden Gardens	Pietermaritzburg	KwaZulu-Natal	125
Royal Buffalo	East London	Eastern Cape	150
Louis Pasteur	Pretoria	Gauteng	160
Medicare	Rustenburg	North West	110
RH Matjhabeng	Welkom	Free State	136
Rondebosch Medical Centre	Cape Town	Western Cape	123
Kiaat	Nelspruit	Mpumalanga	116
The Fountain	Carletonville	Gauteng	163
KwaDukuza	KwaDukuza	KwaZulu-Natal	70
Lebowakgomo (Medleb)	Lebowakgomo	Limpopo	21
AbaQulusi	Vryheid	KwaZulu-Natal	50

RH Vryburg	Vryburg	North West	54
RH Piet Retief	Piet Retief	Mpumalanga	43
Healing Hills	Inchanga	KwaZulu-Natal	23
RH Bell (psych.)	Krugersdorp	Gauteng	51

RH Managers indicated that this table was illustrative and that the full portfolio comprised 35 facilities and approximately 2 382 beds across 8 provinces.

4.13. RH Managers further informed the Committee that its activities were not confined to private hospitals. Through its Public Private Partnership model under Sakhiwo Infrastructure Solutions, RH Managers stated that it had undertaken turnkey hospital development, specialised paediatric infrastructure, hospital revitalisation work, and facility maintenance across multiple provinces. Examples put before the Committee included work at Cecilia Makiwane Regional Hospital, the Frere Hospital Oncology Unit, paediatric infrastructure at King Edward Hospital, Sebokeng Hospital and Ngwelezana Hospital, hospital revitalisation projects for the Limpopo Department of Health, and facility maintenance contracts covering 67 hospitals and 450 clinics in Limpopo and 97 hospitals and 784 clinics in the Eastern Cape. RH Managers also stated that it had contributed to COVID-19 surge capacity at 28 Gauteng hospitals and at field hospitals in Tshwane and Durban.

4.14. RH Managers then presented what it described as the second phase of the platform, namely Project NOVA or One Care. The Committee was informed that this phase was intended to focus on building affordability and would consolidate RH Fund I, RH Fund II and RH Bophelo into a single permanent capital vehicle aligned to National Health Insurance affordability objectives. RH Managers stated that the proposed platform would consolidate 20 hospitals, comprise approximately 2 300 beds across the network, target R2.2 billion in revenue by FY29, target R250 million EBITDA by FY29, and include 25 pipeline facilities.

4.15. RH Managers also used different numerical formulations in different parts of the briefing. In one part of the briefing, One Care was presented as involving 20 hospitals, approximately 2 300 beds across the network, a R2.2 billion revenue target by FY29, a R250 million EBITDA target by FY29, and 25 pipeline facilities. In another part of the briefing, Project NOVA / One Care was presented as involving 20 hospitals, approximately 4 682 beds by FY29, and a R5.66

billion programme, while the pipeline slide referred to 26 new hospitals, 2 047 or 2 300 new beds, and 8 provinces covered.

4.16. RH Managers further informed the Committee that One Care had been designed for working South Africans who are employed but uninsured. RH Managers described this target group as people who earn too much to qualify for free public care but too little to afford traditional medical aid, and gave examples such as nurses, factory workers, civil servants, retail managers, security personnel and small-business owners. The Committee was told that the affordability model would rest on GP- and nurse-led pathways, specialist input only where clinically necessary, optimised theatre and bed utilisation, the use of weekend, evening and seasonal capacity at reduced rates, discounted prosthetics and devices negotiated at network scale, co-located primary care entry points, and bundled, transparent DRG-style pricing rather than fee-for-service billing.

Table 3: Selected sites from the Project NOVA / One Care pipeline presented by RH Managers

Town	Province	Beds	Investment
Thohoyandou	Limpopo	160	R480 million
Giyani	Limpopo	100	R300 million
Polokwane	Limpopo	100	R300 million
Mokopane	Limpopo	50	R150 million
Hazyview (Akani)	Mpumalanga	100	R300 million
Lydenburg	Mpumalanga	100	R300 million
Embalenhle	Mpumalanga	50	R150 million
Ulundi (King Cetshwayo)	KwaZulu-Natal	110	R330 million
Ixopo	KwaZulu-Natal	80	R240 million
Eshowe	KwaZulu-Natal	50	R150 million
Brits (Gateway)	North West	142	R426 million

Mt Frere (KwaBhaca)	Eastern Cape	50	R150 million
Mamelodi	Gauteng	100	R300 million
Rosslyn	Gauteng	100	R300 million

4.17. RH Managers indicated that this table reflected a selection from a wider Project NOVA / One Care pipeline and that the wider programme was presented elsewhere in the briefing as involving 25 or 26 new hospitals, depending on the slide, across multiple provinces and with an overall programme value of approximately R5.66 billion.

4.18. RH Managers informed the Committee that One Care was intended to function as a vertically integrated healthcare ecosystem rather than merely a hospital chain. The Committee was taken through the eight pillars of the model, namely Africa Health Care as the community hospital operating arm; 1Pharma / HealthworX for pharmacy distribution and formulary control; Alemé Pharmacy for courier dispensing in HIV, renal and oncology cohorts; Bophelo Radiology; a Renal Care Division; Health Credit as a patient affordability finance and receivables platform; Wesmart EMR & AI for clinical data and utilisation reporting; and the Dr SME Fund for specialist credentialling and centre-of-excellence finance. RH Managers stated that this integrated model was intended to lower costs and widen access by linking hospitals with supporting healthcare services and financing mechanisms.

4.19. RH Managers also positioned Project NOVA as what it termed the prospective "4th force" in South African private healthcare. In support of this, RH Managers compared the estimated private hospital beds of the major private hospital groups, using figures of approximately 9 700 for Netcare, 8 500 for Life Healthcare and 7 700 for Mediclinic, against 2 382 beds for Project NOVA "today" and 4 682 beds by FY29. RH Managers submitted that the consolidation would create the largest black-owned private hospital group in South Africa and the only one specifically built for NHI affordability in rural and peri-urban geographies. RH Managers further stated that the consolidation would unlock scale, procurement efficiencies, single governance, data benchmarking, JSE-listed capital access and a managed dilution of the PIC's interest from 68 per cent to a target of 49.4 per cent.

4.20. The Committee thereafter undertook a walkabout of Raslouw Private Hospital and received a hospital-specific briefing on the facility's current capabilities. The Committee was informed that Raslouw was operating as a 112-bed hospital with three theatres, two cath labs and a hepatobiliary centre. The Committee was also informed that the hospital had a fully equipped radiology unit operated by Burger Radiology, on-site laboratory services provided by Lancet, Ampath and PathCare, an accredited student training institute affiliated with Tshwane University of Technology, and a SANC-accredited facility for student nursing programmes.

4.21. The hospital-specific briefing further set out a wide range of clinical specialisations offered at Raslouw. These included cardiology, general surgery, orthopaedics, paediatrics, pulmonology, ear, nose and throat, maxillofacial surgery, obstetrics and gynaecology, gastroenterology, neurology and neurosurgery, pathology, plastic and reconstructive surgery, rheumatology, thoracic surgery, urology, radiology, and specialist physician services. The Committee was therefore presented with Raslouw as a multidisciplinary hospital with a broad service offering across both medical and surgical fields.

4.22. In relation to hospital performance, the Committee was informed that Raslouw had a hospital occupancy rate of 78.4 per cent and theatre utilisation of 68.9 per cent. These figures were presented to the Committee as indicators of current patient demand and use of the hospital's existing theatre infrastructure.

4.23. The Committee was also taken through the hospital's development timeline. Raslouw was said to have opened in 2022 with 100 beds, three theatres, a 24-hour emergency department and one cath lab. In 2024, the hospital added six critical hospital beds. In 2025, it commissioned a second cath lab and three NICU beds. In 2026, the Committee was informed that the hepatobiliary centre had opened, with the aim of performing kidney and liver transplants, and that two PICU beds were being commissioned.

4.24. The Committee was further informed that Raslouw was undertaking an expansion project aimed at increasing capacity. The expansion figures presented during the walkabout included 20 ICU beds, 20 private ward beds, 10 high-care beds, and one additional theatre.

4.25. The hospital also highlighted maternity-related support services, including antenatal classes covering pregnancy, labour and birth education, breastfeeding guidance, newborn care essentials, partner involvement and an interactive support environment, as well as a baby clinic providing growth and development monitoring, immunisations, feeding and general health advice, and dedicated professional support.

4.26. The visit to Raslouw Private Hospital accordingly provided the Committee with both a strategic and an operational perspective. Through the RH Managers briefing, the Committee was presented with a broader case for PIC-backed healthcare investment, transformation, access and affordability. Through the hospital walkabout, the Committee was able to observe a specific operating facility within that platform, including its existing capabilities, utilisation levels, current specialist services and planned expansion trajectory.

5. VISIT TO THE MENLYN MAINE PRECINCT / CENTRAL SQUARE AND BRIEFING BY REPRESENTATIVES OF THE MENLYN MAINE DEVELOPERS

5.1. In the afternoon of 29 April 2026, the Committee visited the Menlyn Maine precinct in Tshwane, also known in the engagement as Central Square, where it was briefed by representatives of the Menlyn Maine developers and thereafter undertook a walkabout of the precinct.

5.2. During the engagement, the Committee was informed that the Menlyn Maine precinct was a mixed-use urban development in the Menlyn district of Pretoria. The precinct was presented as an integrated development combining residential, hospitality, office, conferencing, retail, dining and entertainment functions within a single node. This was consistent with the Menlyn Maine public description, which presents the precinct as “the heartbeat of Pretoria” and describes it as bringing together “live, play, work and stay” functions in one precinct.

5.3. The Committee was informed that the precinct comprised a number of interconnected components. These included Menlyn Maine Residences, The Capital Hotel, Time Square Hotel, Colab as a co-working and conferencing hub, Central Square as the retail and dining component, and the wider Time Square entertainment environment, including the SunBet Arena and casino facilities. The Menlyn Maine public description similarly identifies these components as part of the broader precinct offering.

5.4. In relation to the work and conferencing aspects of the precinct, the Committee was informed that Colab provided flexible workspace arrangements, including drop-in, flexible and permanent options, together with conference-centre facilities for meetings, training and larger events. The Menlyn Maine public description likewise states that Colab offers flexible workspace and conference-centre facilities.

5.5. In relation to Central Square itself, the Committee was informed that it served as the retail, dining and lifestyle component of the precinct. Central Square caters to both local users and visitors, offers a range of shops and dining options, and is positioned adjacent to the Time Square SunBet Arena, hotel and casino facilities, and The Capital Hotel. Central Square further provides convenience retail and lifestyle services within the precinct.

5.6. The Committee was therefore able to observe, on site, a PIC-backed mixed-use precinct development that differed materially from the other investments visited during the oversight programme. Whereas Daybreak Foods represented a distressed agricultural investment under business rescue and Raslouw Private Hospital represented a healthcare-sector investment, Central Square / Menlyn Maine represented a mixed-use urban property development combining commercial, hospitality, residential, work, conferencing and entertainment elements.

5.7. The Committee was later informed during the presentation at the PIC offices that Central Square, a formal name Menlyn Maine precinct, was one of the PIC's top 10 directly held properties. The PIC stated that the top 10 directly held properties accounted for R7.9 billion, or 51.5 per cent, of the total directly held property value, with the remaining 134 properties accounting for 48.5 per cent. Within that grouping, Central Square was reflected with a market value of R1,280,317,035.26 and an income return of 13 per cent. The PIC further stated that ongoing tenanting and reinvestment into existing assets were being undertaken to counter negative performance.

6. PRESENTATION BY THE PUBLIC INVESTMENT CORPORATION AT PIC OFFICES

6.1. Following the site visits conducted on 28 and 29 April 2026, the Committee received a separate presentation at the PIC offices on 29 April 2026 dealing with the PIC's portfolio structure, asset allocation, listed and unlisted investment performance, unlisted investment strategy, governance processes, unlisted property exposure, and the broader social impact of the PIC's investments.

6.2. The Committee was informed that, as at 31 March 2026, the PIC's assets under management were spread across a number of major asset classes. The PIC stated that listed equities accounted for 47.2 per cent of assets under management, listed bonds for 31.1 per cent, global listed equities for 8.7 per cent, cash and money markets for 4.1 per cent, unlisted investments for 3.8 per cent, listed properties for 2.3 per cent, Africa investments excluding South Africa for 1.7 per cent, and global listed bonds for 1.2 per cent. The client split remained dominated by the Government Employees Pension Fund, followed by the Unemployment Insurance Fund, the Compensation Fund, the Compensation Commissioner Pension Fund, Guardian Fund, among other clients.

6.3. The PIC also took the Committee through overall assets-under-management growth over the preceding 12 months and on a daily basis. In doing so, it highlighted a number of macroeconomic and geopolitical events that had influenced market conditions during the period. These included the 2024 South African elections and the formation of the Government of National Unity, United States recession fears, interest-rate cuts and Chinese stimulus, United States elections, "Liberation Day" tariffs in the United States, the Iran war, and a local market rally. The PIC indicated that total assets-under-management growth remained subject to change pending outstanding values for international funds.

6.4. In relation to listed investments, the PIC presented performance for its top client groupings across five time horizons, namely three months, 12 months, 24 months annualised, 36 months annualised and 60 months annualised. The presentation reflected returns for PIC top five client listed portfolios, Government Employees Pension Fund total listed portfolios and sub-components, the Unemployment Insurance Fund, the Compensation Fund, the Compensation Commissioner Pension Fund, GDFN and PICOF. The Committee was also shown comparative performance against CPI-linked targets, including CPI plus 5.5 per cent for the Government Employees Pension Fund and CPI plus 3 or 3.5 per cent for other funds.

6.5. The PIC then briefed the Committee on the rationale for investing in unlisted asset classes. The Committee was informed that unlisted investments enabled access to underserved sectors not typically accessible through listed markets, including infrastructure and early-stage ventures; expanded the investable universe beyond public markets into niche and emerging sectors; enabled catalytic capital by crowding in other investors into high-impact opportunities; and allowed the PIC to influence outcomes directly through active ownership and governance participation. The PIC also stated that these investments supported economic development by creating new assets, stimulating job creation and innovation, and catalysing transformation by directing capital to areas with high developmental impact.

6.6. In relation to transformation, the PIC informed the Committee that facilitation of BEE matters was undertaken in a manner that did not compromise the PIC's investment process. The PIC listed a number of transformation principles, namely that no compromise should be made regarding economic returns over social returns; that the PIC should not pay for value created by its own participation in a transaction; that operational involvement of a BEE sponsor was primary and preferred; that a clear transformation strategy and targets should be contracted; that funds should be used to increase productive assets; that strategy should be determined upfront; that single-promoter limits applied with the entrepreneur's contribution being commensurate with personal wealth; and that a clear, quantifiable and probable exit strategy should be known before the PIC committed funds. The PIC stated that these principles were intended to support adherence to statutory requirements, alignment with industry standards and best practice, standardisation of the treatment of politically exposed persons, equity, fairness, transparency and the combating of corruption.

6.7. The PIC also explained the delivery channels through which it made unlisted investments. The Committee was informed that the PIC undertook direct equity and debt investments in projects, participated in co-investments with other financial investors, developed strong partnerships with experienced developers and technical partners, and also invested through private equity funds where the mandate was better met through a fund manager. The PIC stated that it made use of partnerships with, among others, the Department of Energy Independent Power Producer Office, development finance institutions such as the IDC, DBSA and AfDB, financial institutions including major banks and infrastructure funds, and major developers in various sectors.

6.8. In setting out its approach to deal selection, the PIC informed the Committee that it considered a range of factors, including the credibility, competence, experience and commitment of sponsors; robust revenues, cost management, working capital and debt management; the existence of adequate security; prevailing market conditions; a sufficiently material monetary contribution and skill contribution from sponsors; clean credit history; cohesiveness and alignment of interests; the capacity of the company and its sponsors to contract, manage and execute strategy; compliance with rules, laws, governance practices, policies and client mandates; and competitiveness factors such as supplier and customer bargaining power, rivalry and competitive advantages.

6.9. The PIC further took the Committee through its Isibaya investment process. The presentation reflected a sequence of origination, pipeline and project development, screening and mandate compliance, due diligence, structuring and report drafting, approval, deal scoping, contracting, collating conditions precedent and disbursement. The Committee was informed that the process involved a range of governance structures, including the Asset Allocation Committee, Deal Screening Committee, GMIC 1, GMIC 2, the Investment Committee, the Group Investment Committee and the Board. The PIC further stated that rigorous intervention took place at various stages of the investment process and that this included independent investment reviews and reports from risk, legal and ESG functions, which were considered alongside the investment appraisal report.

6.10. Turning to unlisted portfolio performance, the PIC informed the Committee that it had approximately 146 active investments across client portfolios, with the Government Employees Pension Fund accounting for 83 per cent of the assets under management in the active unlisted portfolio, the Unemployment Insurance Fund accounting for 14 per cent, and the Compensation Fund accounting for 3 per cent. The Committee was informed that the active unlisted portfolio had R113 billion in committed capital, R104 billion invested, R47 billion repaid by investees, R69 billion in current unrealised value and R116 billion in total value, with a multiple on invested capital (MOIC) of 1.1x. The PIC further stated that, since inception, it had exited 49 investments worth R49 billion, having invested R29 billion at a MOIC of 1.7x, with total value including exited deals of R165 billion and total repayments of R96 billion from active and exited deals combined. It also recorded a since-inception MOIC of 1.3x and a since-inception internal rate of return (IRR) of 4 per cent.

6.11. The PIC also briefed the Committee on the concentration of performance within the top 20 unlisted investments. The Committee was informed that these significant exposures represented 60 per cent of total assets under management while accounting for 42 per cent of invested capital, and that they contributed significantly to portfolio performance and capital repaid. The sectors represented in this grouping included housing, manufacturing, financial services, renewable energy, fund-of-funds structures, health and other categories.

6.12. In relation to unlisted real estate, the PIC informed the Committee that its unlisted property portfolio had a value of R62.4 billion, comprised 410 assets, had gross lettable area of 3.7 million square metres, and had recorded year-on-year asset growth of 14.6 per cent. The presentation also reflected a sectoral split across industrial, office, retail, specialised property, student accommodation and vacant land.

6.13. The PIC then presented a breakdown of its top indirectly held properties. The Committee was informed that the top 5 indirectly held properties accounted for 81 per cent, or R35 billion, of the total property value, while the remaining 12 exposures comprised 19 per cent of the portfolio. The properties reflected in this category were Pareto Properties, the V&A Waterfront, ACSA, ATTACQ AWIC, BVI – Pareto Subsidiary, GREA, Arch Property Fund, Shenge Property Group, Emerging African Property Ltd and NCS-CCPIT. The income-return data presented by the PIC reflected, among others, Pareto Properties at 11.7 per cent, the V&A Waterfront at 7.05 per cent, ACSA at 4.89 per cent, ATTACQ AWIC at 10.27 per cent, BVI – Pareto Subsidiary at 10.52 per cent, GREA at 0 per cent, Arch Property Fund at negative 10.8 per cent, Shenge Property Group at 7.7 per cent, Emerging African Property Ltd at 10.77 per cent and NCS-CCPIT at 8.04 per cent.

6.14. In relation to directly held properties, the PIC informed the Committee that the top 10 directly held properties accounted for R7.9 billion, or 51.5 per cent, of the total directly held property value, while the remaining 134 properties comprised 48.5 per cent of the portfolio. The PIC further stated that ongoing tenanting and reinvestment into existing assets were being undertaken to counter negative performance.

6.15. Within that top 10 directly held category, the PIC listed Deloitte Building, Central Square (Menlyn Maine precinct), Oceans Umhlanga Retail, Vangate Mall, Riverwalk Office Park, Tshwane Regional Mall, Business Connexion, Central City Shopping Centre, Tlhabane

Shopping Centre and Kasteelpark Office Park. The market values and income returns reflected to the Committee were as follows: Deloitte Building, R1,884,100,000 with an income return of 14 per cent; Central Square, R1,280,317,035.26 with an income return of 13 per cent; Oceans Umhlanga Retail, R860,982,000 with an income return of 7 per cent; Vangate Mall, R678,441,667.75 with an income return of 9 per cent; Riverwalk Office Park, R659,342,033.63 with an income return of 0 per cent; Tshwane Regional Mall, R617,500,000 with an income return of negative 2 per cent; Business Connexion, R564,000,000 with an income return of 13 per cent; Central City Shopping Centre, R513,110,223.79 with an income return of 9 per cent; Tlhabane Shopping Centre, R479,200,000 with an income return of negative 9 per cent; and Kasteelpark Office Park, R339,027,612.85 with an income return of negative 4 per cent.

Table 4: Top 10 directly held properties presented by the PIC

Property	Market value	Income return
Deloitte Building	R1,884,100,000.00	14%
Central Square	R1,280,317,035.26	13%
Oceans Umhlanga Retail	R860,982,000.00	7%
Vangate Mall	R678,441,667.75	9%
Riverwalk Office Park	R659,342,033.63	0%
Tshwane Regional Mall	R617,500,000.00	-2%
Business Connexion	R564,000,000.00	13%
Central City Shopping Centre	R513,110,223.79	9%
Tlhabane Shopping Centre	R479,200,000.00	-9%
Kasteelpark Office Park	R339,027,612.85	-4%

6.16. The PIC also briefed the Committee on the broader social impact of its investments. The Committee was informed that, since inception, the PIC on behalf of its clients had contributed meaningfully to the facilitation of 200,556 jobs across sectors, compared to 190,258 in the previous year. The employment impact reflected 49,456 jobs occupied by women and 85,757 by men. The PIC stated that these jobs spanned a range of sectors and reflected its commitment to inclusive economic development.

6.17. In the healthcare sector, the PIC informed the Committee that it had directly and indirectly invested in 49 hospitals, medical centres and 3 clinics, with more than 6,000 beds across South Africa, and that these investments had supported more than 8,000 jobs. The PIC also noted that Clinix, with the biggest footprint in Gauteng, had the most hospital beds.

6.18. In the property sector, the PIC informed the Committee that its investments had facilitated 7,907 jobs and that the portfolio had sustained 5,953 jobs, representing an increase of 1,325 jobs from the prior year. The PIC added that its unlisted property strategy continued to increase exposure to rural and township retail investments.

6.19. The PIC also provided a broader sectoral social-impact breakdown. It stated that road infrastructure, transport and logistics investments had facilitated 9,088 jobs, with 92 per cent of employees being black, and that women employed in that sector totalled 1,642, of whom 83 per cent were black women. It stated that manufacturing investments had facilitated 2,058 jobs; that energy investments had supported over 2,300 MW of capacity, including 2,100 MW from renewables across wind, photovoltaic, concentrated solar power, gas and hydro, together with 202 MW from Kelvin Coal Power Station; that financial-services investments had supported 21,295 jobs, with 40 per cent occupied by men and 60 per cent by women; that education-focused investments had created 1,818 jobs, up from 1,700 in the previous year; that agriculture investments had facilitated 31,433 jobs in rural areas and were concentrated largely in Mpumalanga and the Eastern Cape, with 19 farms supported; that mining and beneficiation investments had supported 12,819 jobs; and that student-accommodation investments had resulted in the creation or management of approximately 17,008 student beds, together with an estimated 2,000 jobs during construction and operation, comprising 766 permanent and 1,234 temporary jobs.

6.20. In the housing sector, the PIC informed the Committee that its investments had contributed to 72,099 houses and that it had partnered with commercial banks, development finance institutions and asset managers to back property entrepreneurs and catalyse inclusive housing delivery. Specific investees reflected in the presentation included Trust Urban Housing Finance, which financed 53,440 units; Johannesburg Housing Company, 4,468 units; Housing Impact Fund SA, 11,690 units, including 7,270 rental units; Gauteng Partnership Fund, 6,521 social and affordable units; and Royal Bafokeng Properties, 1,575 units.

ISSUES RAISED BY MEMBERS AND RESPONSES BY THE PIC

6.21. Following the presentation, Members raised questions concerning the PIC's domestic and offshore asset allocation, the time taken to process unlisted investment applications, the adequacy of the PIC's capacity to monitor its unlisted and property portfolios, compliance with the PIC's investment policies, implementation of the recommendations of the Mpati Commission, the screening of politically exposed persons, consequence management, investment in water and sanitation infrastructure, the geographical spread of investments, transformation outcomes and the adequacy of the PIC's communication with its clients, beneficiaries and the public.

6.22. In relation to diversification, the PIC informed the Committee that approximately 12.5 per cent of the portfolio was invested outside South Africa. The PIC stated that it intended to increase offshore exposure within the applicable client mandates in order to improve diversification and identify additional sources of value. It cautioned, however, that the pace and extent of such increases had to take account of the potential consequences of withdrawing substantial capital from the domestic economy.

6.23. Members expressed serious concern that the PIC's unlisted investment process was taking approximately 18 months and, in some cases, considerably longer. Members observed that credible applicants and co-investors were unlikely to wait for such extended periods and that delays could result in viable transactions being lost to other funders. The PIC acknowledged that its investment processes were too slow and stated that some transactions had taken close to 30 months. It informed the Committee that it intended to reduce the process to approximately three-to-six months, without bypassing the required due diligence and governance controls.

6.24. Members also questioned whether the PIC had adequate personnel and systems to exercise effective oversight over the large number of active unlisted investments and property assets. The PIC acknowledged that its capacity to manage distressed assets and aspects of its property-development portfolio was below the required level. It stated that vacancies were being filled, investment-management responsibilities were being restructured and automated and digital portfolio-monitoring systems were being developed.

6.25. In response to Members' concern that the deterioration of investments such as Daybreak had not been detected sufficiently early, the PIC stated that it was developing an improved performance-monitoring framework intended to identify distress and trigger intervention before an investment reached a critical stage. The PIC acknowledged that earlier detection and intervention remained an area requiring improvement.

6.26. Members questioned whether the PIC had departed from or altered its own investment policies in respect of any unlisted investments. The PIC stated that it disputed the interpretation underlying at least one audit finding but accepted that the institution could not be perceived as disregarding its own policies. It undertook to improve the consistent application of its investment processes and policies.

6.27. In relation to the recommendations of the Mpati Commission, the PIC informed the Committee that the recommendations directed specifically at the PIC had been addressed and that a recent National Treasury review of the unlisted investment environment had confirmed their implementation. The PIC distinguished these recommendations from those directed at National Treasury and the Government Employees Pension Fund. The PIC also stated that its compliance, ethics and anti-money-laundering functions regularly reviewed the treatment and screening of domestic and foreign politically exposed persons as part of its customer due-diligence and know-your-client controls.

6.28. The PIC acknowledged that the presentation had not fully reflected its funds-of-funds and indirect private-market investments. It subsequently informed the Committee that it had provided approximately R15 billion in capital to about 36 fund managers and that these managers, in turn, provided the PIC with exposure to approximately 370 underlying portfolio companies. The PIC stated that approximately 80 per cent of the relevant private-market fund managers were black fund managers and undertook to provide the Committee with more complete information on the investments, developmental impact and geographical reach of the funds-of-funds portfolio.

6.29. Members requested a clearer breakdown of investments benefiting women, young people, persons with disabilities and other designated groups, as well as investments situated in rural areas, townships and provinces outside the major economic centres. The PIC referred to women- and youth-owned investments, black fund managers, township retail developments, local employment and procurement by property developments and the indirect reach of its funds-of-funds programme. It nevertheless acknowledged that the information had not been presented in sufficient detail and undertook to provide a fuller report.

6.30. In relation to water and sanitation infrastructure, the PIC stated that infrastructure was a strategic focus and that water and sanitation formed part of the areas in which it wished to increase its participation. The PIC indicated that it was considering partnerships with government, development finance institutions, private investors and international institutions. It cautioned that weak governance, limited revenue collection and inadequate institutional capacity in some municipalities constrained the bankability of projects and the development of a more liquid municipal bond market.

6.31. Members expressed dissatisfaction with the apparent absence of visible consequence management in investee companies where governance failures, mismanagement or criminal conduct had occurred. The PIC explained that its available measures differed according to whether the persons concerned were PIC employees or employees and directors of investee companies. In respect of investee companies, the PIC stated that its measures could include perfecting security, taking control of an investment, changing governance arrangements, instituting civil recovery proceedings and referring suspected criminal conduct to law-enforcement authorities. It acknowledged the need to strengthen its collateral-management systems so that the existence, ownership and current value of pledged security could be verified on an ongoing basis.

6.32. The PIC further informed the Committee that it had a number of active litigation matters relating to investee companies, including instances in which investees had resisted the appointment of PIC representatives to their boards or had failed to provide financial information. It stated that current internal disciplinary and investigative matters were being monitored and that it did not have employees remaining on suspension without active processes being undertaken.

6.33. The Chairperson raised concern about the absence of a clear, coordinated and proactive communication strategy. The Committee observed that public reporting about the PIC was frequently dominated by distressed investments and governance controversies, while successful investments and their developmental contribution were less visible. The PIC accepted that its communication required improvement and indicated that communication, institutional capacity and digital reporting formed part of the strategy and organisational structure recently approved by its Board.

7. COMMITTEE OBSERVATIONS AND RECOMMENDATIONS

7.1. The Committee believes that the oversight visit provided a useful cross-section of materially different categories of PIC-supported investments. Through the visits to Daybreak Foods, the Menlyn Maine precinct / Central Square, Raslouw Private Hospital and the subsequent presentation at the PIC offices, the Committee was able to exercise oversight over a distressed agricultural investment under business rescue, a directly held mixed-use property asset, a healthcare-sector investment presented as part of a broader private healthcare platform, and the PIC's wider investment and governance framework. The Committee therefore considers that the visit strengthened Parliament's oversight of the developmental impact, governance quality, operational sustainability and stewardship of workers' funds across different investment models.

7.2. The Committee notes with serious concern the extent of the distress at Daybreak Foods. The Committee was informed that 1 879 employees had already been retrenched, that approximately 50 additional retrenchments were expected in early May 2026, that only about 334 employees would remain after retrenchments, and that approximately 1 100 employees might be re-employed only if one abattoir were successfully reactivated.

7.3. The Committee also notes that the PIC had approved R300 million in reactivation funding through the Unemployment Insurance Fund and the Compensation Fund, and that R150 million in emergency-phase funding from the PIC's Operating Fund had already been fully utilised. The company remained dependent on further funding, technical remediation, regulatory compliance, including water use licences, and the outcome of the Strategic Equity Partner process. The Business Rescue Practitioner also indicated that approximately R350 million would be required to restart one abattoir.

7.4. The Committee therefore recommends that the PIC submit, within 60 days of the adoption of this Report by the National Assembly, a detailed progress report on Daybreak Foods. That report should include the status of approved and disbursed funding; progress on the Strategic Equity Partner process; the decision regarding the prioritised abattoir for reactivation; the status of technical assessments and wastewater remediation; progress on water use licence applications; the status of retrenchments and possible re-employment; the intended resubmission of the Temporary Employer/Employee Relief Scheme application; and progress on the governance reset contemplated in the Business Rescue Plan.

7.5. The Committee further recommends that any further PIC support to Daybreak Foods be linked to clearly defined milestones, governance conditions, compliance requirements and periodic reporting obligations.

7.6. The Committee observes that the Daybreak case reinforces concerns already recorded by the Committee in the adopted 2026 Budget Vote 8 report regarding governance, due diligence, incubation, support and post-investment monitoring in relation to the PIC's unlisted investments. In that report, the Committee noted concerns relating to distressed assets, non-performing unlisted investments, the role of the Turnaround and Value Add unit, bankable feasibility studies, valuation changes, impairments, recovery actions and the adequacy of post-investment monitoring.

7.7. The Committee also notes that the PIC's active unlisted portfolio was presented as comprising approximately 146 active investments, with R113 billion in committed capital, R104 billion invested, R47 billion repaid by investees, R69 billion in current unrealised value and R116 billion in total value. The Committee considers that these factors underline the importance of stronger post-investment monitoring, earlier intervention and clearer reporting on performance and risk.

7.8. The Committee therefore recommends that the PIC strengthen due diligence, incubation, post-investment support and post-investment monitoring in respect of unlisted investments. This should include more structured technical support, stronger early-warning systems, more timely turnaround intervention in distressed assets, and clearer accountability in relation to the Turnaround and Value Add unit.

7.9. The Committee further recommends that the PIC provide the Committee with a specific update on the use and adequacy of bankable feasibility studies in unlisted investments, including whether the absence or inadequacy of such studies occurred in investments other than Bambili, and whether consequence management has been or will be implemented where due diligence failures are confirmed.

7.10. The Committee further observes that governance failures and distressed investments must be accompanied not only by remedial plans, but also by clear accountability where misconduct, negligence or control failures are identified. In this regard, the Committee expects that, once the Daybreak investigation is finalised, consequence management should be implemented where the findings so warrant.

7.11. The Committee therefore demands that the PIC submits, before the end of this month, a report to the Committee on all forensic investigations finalised over the past three years, together with the outcomes of implementation. This should include the findings of each investigation, the status of implementation of recommendations, the nature of any consequence management instituted, the status of any disciplinary, civil or criminal proceedings, and any amounts recovered or still being pursued.

7.12. The Committee also reiterates its earlier recommendation that the PIC should provide more transparent and disaggregated reporting on listed and unlisted investment performance, including investment amounts, returns, valuations, impairments, recovery actions, due diligence processes, governance safeguards, post-investment monitoring and the top and bottom performers within the unlisted portfolio.

7.13. The Committee observes that the PIC expressly acknowledged that its capacity to manage distressed assets and aspects of its property-development portfolio was below the required level. This admission is material, given the scale of the PIC's active unlisted and property portfolios and the consequences that delayed detection and intervention can have for client funds, employees, creditors and the sustainability of investee companies.

7.14. The Committee therefore demands that the PIC submit, within 30 days of the adoption of this Report, a detailed capacity and capability plan for its unlisted investment, property and turnaround functions. The plan should include the approved and filled establishment; critical vacancies; portfolio allocation per investment professional; the capacity and role of the Turnaround and Value Add unit; the use of external technical specialists; the restructuring of investment-management responsibilities; and the timelines for implementing the proposed automated and digital portfolio-monitoring system.

7.15. The Committee further recommends that the PIC develop and report against a formal early-warning and escalation framework for all material unlisted investments. The framework should identify the financial, operational, governance, regulatory and management indicators that trigger enhanced monitoring, placement on a watchlist, intervention by the Turnaround and Value Add unit, changes to governance arrangements, security perfection, restructuring, business rescue or other remedial action.

7.16. The Committee notes with concern that the PIC acknowledged that its unlisted investment process ordinarily took approximately 18 months and that some transactions had taken close to 30 months. Such delays expose the PIC to adverse selection, as viable investees and co-investors may obtain funding elsewhere, leaving the PIC with a weaker pipeline of transactions. Delays may also undermine developmental objectives by preventing credible emerging businesses from obtaining capital at the time it is required.

7.17. The Committee therefore recommends that the PIC adopt measurable service standards for each stage of the unlisted investment process, from initial screening and mandate assessment to due diligence, approval, contracting, fulfilment of conditions precedent and disbursement. The PIC should report quarterly on the average and median turnaround time at each stage, the number and value of applications exceeding the prescribed standards, the reasons for delays and the corrective action taken. The stated objective of reducing the overall process to no more than six months should be implemented without weakening due diligence, risk assessment or governance controls.

7.18. The Committee notes that the active unlisted portfolio was reported as having a multiple on invested capital of approximately 1.1 times, while the since-inception internal rate of return was reported as approximately 4 per cent. The PIC itself acknowledged that the return was below the level it considered desirable. Aggregate portfolio values may, however, obscure material differences between realised and unrealised returns, investment vintages, client mandates and the performance of individual investments.

7.19. The Committee therefore recommends that future reporting on the unlisted portfolio include realised and unrealised returns; performance by client, sector and investment vintage; comparison against approved client benchmarks and return objectives; distributions and repayments received; impairments and write-offs; valuation movements; the number and value of watchlisted and distressed investments; and the contribution of the top and bottom performing investments to overall portfolio returns.

7.20. The Committee notes that Members questioned whether any investments had been approved or managed through departures from the PIC's approved investment policies. The PIC's general assurance that it intended to improve policy compliance does not, on its own, enable the Committee to determine whether policy exceptions, waivers, deviations or irregular departures occurred, how they were approved or what remedial action followed.

7.21. The Committee therefore recommends that the PIC provide a schedule of all material deviations, waivers, exceptions or departures from investment policies and client mandates approved or identified during the preceding three financial years. The schedule should state the investment concerned, the relevant policy provision, the reason for the deviation, the authority that approved or subsequently identified it, its financial and governance implications and any remedial or consequence-management action taken.

7.22. The Committee notes the PIC's statement that all recommendations of the Mpati Commission directed specifically at the PIC had been implemented and that this had been confirmed through a National Treasury review. The Committee considers that this assurance should be supported by recommendation-specific evidence, particularly because Members continued to raise concerns relating to consequence management, investment governance, politically exposed persons and the management of unlisted investments.

7.23. The Committee therefore recommends that the PIC submit a recommendation-by-recommendation implementation matrix in respect of the Mpati Commission. The matrix should distinguish recommendations directed at the PIC, National Treasury, the Government Employees Pension Fund and other institutions; indicate the action taken, date of completion and responsible authority; identify the evidence relied upon to regard each recommendation as implemented; and record any outstanding, continuing or partially implemented measures. The matrix should include the results of any independent or National Treasury verification.

7.24. The Committee further recommends that the PIC provide the Committee with a briefing on its framework for identifying and managing politically exposed persons. The briefing should include the applicable policy, enhanced due-diligence requirements, conflict-of-interest controls, approval and escalation procedures, ongoing monitoring, the roles of compliance and ethics functions and aggregated information on the outcomes of screening, without disclosing protected personal information.

7.25. The Committee observes that consequence management in relation to investee companies cannot be limited to internal disciplinary proceedings because directors, executives and sponsors of investee companies are ordinarily not employees of the PIC. The PIC nevertheless retains a range of contractual, governance, civil and criminal remedies. These include changes to board representation, enforcement of contractual rights, perfection of security, takeover or restructuring of investments, civil recovery and referral of suspected criminal conduct to law-enforcement agencies.

7.26. The Committee therefore recommends that the briefing on forensic investigations contemplated in this Report be expanded to include, for each material matter, the date on which the misconduct or control failure was identified; the date and nature of the action taken; internal disciplinary action where PIC employees were involved; governance action taken at the investee company; security perfected or enforced; civil recovery proceedings; criminal referrals and available case-reference numbers; follow-up undertaken with law-enforcement agencies; the value of losses alleged or confirmed; amounts recovered; and amounts still being pursued.

7.27. The Committee further recommends that the PIC strengthen its collateral-management framework. The PIC should ensure that pledged assets and other security are legally valid, properly registered, periodically valued, adequately insured where applicable and continuously monitored so that their ownership, existence and enforceability can be confirmed before an investee reaches an advanced stage of distress.

7.28. The Committee observes that the PIC's property portfolio reflects both concentration and signs of uneven asset performance. The Committee was informed that the top five indirectly held properties accounted for 81 per cent, or R35 billion, of the total indirect property value, while the top 10 directly held properties accounted for R7.9 billion, or 51.5 per cent, of total directly held property value.

7.29. The Committee further notes that Central Square/Menlyn Maine, was reflected as one of the PIC's top 10 directly held properties, with a market value of R1,280,317,035.26 and an income return of 13 per cent. At the same time, the Committee notes that some property exposures reflected weak or negative returns, including GREA at 0 per cent, Arch Property Fund at negative 10.8 per cent, Riverwalk Office Park at 0 per cent, Tshwane Regional Mall at negative

2 per cent, Tlhabane Shopping Centre at negative 9 per cent and Kasteelpark Office Park at negative 4 per cent. The Committee considers that this underlines the need for more explicit reporting on asset-management strategy, tenanting, reinvestment and turnaround measures in the property portfolio.

7.30. The Committee therefore recommends that future PIC briefings on property assets provide clearer project-level reporting on directly held and indirectly held properties, including tenanting, occupancy, rental performance, reinvestment, maintenance, asset utilisation, turnaround measures, disposal considerations where relevant, and the extent to which such assets remain aligned with the PIC's property strategy and client mandates. In relation to Central Square specifically, the Committee recommends that future briefings provide clearer reporting on the operational and developmental significance of the asset, and not only its balance-sheet value.

7.31. The Committee notes with concern the PIC's acknowledgement that some properties inherited from former homeland and self-governing territory administrations may not yet have been fully reconciled to the PIC's asset register and that questions may remain concerning title, occupation, revenue collection and unauthorised use. This represents a potential financial reporting, asset-protection and governance risk.

7.32. The Committee therefore recommends that the PIC complete a comprehensive reconciliation and legal verification of its directly held property portfolio. This should include confirmation of legal title, asset-register completeness, physical inspection, occupation, lease status, rental collection, maintenance condition, insurance, security, encroachment or unlawful use, litigation, valuation and the proposed retention, rehabilitation or disposal strategy for each affected property.

7.33. The Committee observes that the Raslouw Private Hospital visit provided evidence of an operating healthcare asset with existing infrastructure, specialist service offerings, hospital utilisation and a stated expansion trajectory. The Committee was informed that Raslouw was operating as a 112-bed hospital with three theatres, two cath labs and a hepatobiliary centre, that hospital occupancy was 78.4 per cent, that theatre utilisation was 68.9 per cent, and that the planned expansion included 20 intensive care unit beds, 20 private ward beds, 10 high-care beds and one additional theatre. At the same time, the broader RH Managers presentation contained ambitious claims regarding future expansion, affordability, platform scale and healthcare delivery. The Committee considers that future reporting on healthcare investments should distinguish more clearly between verified current operational performance and forward-looking strategic projections.

7.34. The Committee therefore recommends that future PIC briefings on healthcare investments provide verified and disaggregated reporting on current operations, including bed capacity, service offerings, hospital utilisation, employment, expansion status, affordability outcomes and the practical effect of such investments on access to healthcare in peri-urban and underserved communities. Where future projections or platform-wide expansion plans are presented, these should be clearly distinguished from verified current performance data.

7.35. The Committee notes that the PIC placed before it substantial information on the developmental impact of its investments. The Committee was informed that, since inception, the PIC on behalf of its clients had contributed to the facilitation of 200 556 jobs across sectors, compared with 190 258 in the previous year; that healthcare investments had supported more than 8 000 jobs across 49 hospitals, medical centres and 3 clinics with more than 6 000 beds; that property investments had facilitated 7 907 jobs and sustained 5 953 jobs; that agriculture investments had facilitated 31 433 jobs in rural areas across 19 farms; that energy investments had supported over 2 300 megawatts of capacity; and that housing investments had contributed to 72 099 houses.

7.36. The Committee further notes that the PIC's investment activities are often viewed publicly through the prism of distressed assets, governance failures and negative media coverage, while the broader developmental and economic contribution of many PIC-supported investments is not always communicated with the same visibility. The Committee considers that these developmental outcomes are important, but that they should be reported and communicated in a more structured, disaggregated and accessible manner.

7.37. The Committee therefore recommends that the PIC develop a more standardised developmental-impact reporting framework for parliamentary briefings and annual reports. This should include, where applicable, a distinction between direct and indirect jobs, permanent and temporary jobs, jobs facilitated and jobs sustained, project location, beneficiary profile, sector, infrastructure output, and the methodology used to derive the reported figures. The Committee further recommends that the PIC strengthen its media liaison and stakeholder communication so that public reporting reflects both the risks in distressed investments and the positive developmental contribution of PIC-supported investments.

7.38. The Committee notes that the PIC acknowledged that the presentation did not provide a complete account of the funds-of-funds portfolio. The subsequent explanation that approximately R15 billion had been allocated through about 36 fund managers, providing indirect exposure to approximately 370 portfolio companies, indicates that this is a material component of the PIC's developmental and transformation activity and should not be omitted from parliamentary reporting.

7.39. The Committee therefore recommends that the PIC submit a detailed funds-of-funds report setting out each fund manager, the relevant client mandate, committed and disbursed capital, management and performance fees, investment performance, underlying portfolio companies, sectoral and provincial distribution, jobs created and sustained, ownership and management by women, youth and other designated groups, impairments, exits and the methodology used to avoid double counting developmental outcomes.

7.40. The Committee observes that the information presented on transformation was not sufficiently disaggregated to enable Members to determine the actual participation of women, young people, persons with disabilities and other designated groups as owners, sponsors, fund managers, executives, employees, suppliers and beneficiaries. General references to black ownership or black management do not provide a complete account of who ultimately controls or benefits from PIC-supported investments.

7.41. The Committee therefore recommends that the PIC establish measurable and mandate-consistent reporting indicators for women, youth, persons with disabilities and other designated groups across direct investments, funds-of-funds, procurement and investee-company employment. The PIC should distinguish ownership from management control, employment, procurement participation and ultimate beneficial interest, and should report separately on each category.

7.42. The Committee further observes that Members called for a wider geographical distribution of PIC-supported investments, particularly in rural areas, townships and provinces outside the major economic centres. The Committee does not suggest that the PIC should invest in projects that are commercially unsustainable or inconsistent with client mandates. It nevertheless considers that the PIC should more deliberately identify bankable opportunities across all provinces and use its partnerships and funds-of-funds structures to extend its reach.

7.43. The Committee therefore recommends that future developmental-impact reporting provide a provincial, district and, where practicable, municipal breakdown of PIC-supported investments. The PIC should explain how it identifies investment opportunities in underdeveloped areas, how it collaborates with provincial and local economic-development institutions, and how financial sustainability and client returns are protected when pursuing developmental investments.

7.44. The Committee notes the PIC's confirmation that water and sanitation infrastructure forms part of its strategic focus, while weak municipal governance, revenue collection and institutional capacity continue to constrain the bankability of projects. The Committee considers that the deterioration of water, sanitation and electricity-distribution infrastructure presents both a significant national risk and a potential area for appropriately structured long-term investment.

7.45. The Committee therefore recommends that the PIC provide a report on its existing and prospective exposure to water, sanitation and municipal infrastructure. The report should identify the project pipeline, investment instruments being considered, partnerships with government and development finance institutions, expected developmental and financial returns, municipal governance and revenue risks, security arrangements and the safeguards that would apply before client funds are committed.

7.46. The Committee observes that the Chairperson and Members expressed concern about the absence of a sufficiently visible and coordinated PIC communication function. Communication should not be confined to reacting to adverse media reports. Public servants, pensioners, workers, client funds, Parliament and the broader public require timely and reliable information about material risks, remedial action and the developmental outcomes achieved through the investment of their funds.

7.47. The Committee therefore recommends that the PIC implement a formal stakeholder and crisis-communication framework, supported by a clearly designated spokesperson and defined approval processes. The framework should provide for prompt communication to client funds and Parliament on material developments, coordinated responses to inaccurate public reporting, accessible reporting on developmental outcomes and appropriate communication with workers and affected communities when major investee companies enter distress or restructuring.

7.48. The Committee observes that the PIC's assets under management remain highly concentrated both by client and by broad asset-class exposure. The Committee was informed that the Government Employees Pension Fund accounted for 88.7 per cent of total assets under management, while the Unemployment Insurance Fund accounted for 5.3 per cent, the Compensation Fund 2.4 per cent, the Compensation Commissioner Pension Fund 2.1 per cent, the Guardian Fund 0.6 per cent and other clients 0.9 per cent.

7.49. The Committee further notes that the portfolio remained predominantly weighted toward listed domestic assets, with listed equities accounting for 47.2 per cent and listed bonds 31.1 per cent of assets under management, while unlisted investments accounted for 3.8 per cent, listed properties 2.3 per cent, Africa investments excluding South Africa 1.7 per cent, global listed equities 8.7 per cent, global listed bonds 1.2 per cent, and cash and money markets 4.1 per cent. The Committee considers that this concentration underscores the importance of clear client-specific reporting, mandate alignment, diversification discipline and transparent explanation of how the asset mix supports both financial returns and developmental objectives.

7.50. The Committee therefore recommends that the PIC, in future parliamentary briefings and annual reporting, provide a clearer explanation of client concentration and asset-allocation strategy, including the extent to which the dominance of the Government Employees Pension Fund shapes overall portfolio positioning, risk and reporting. The Committee further recommends that the PIC provide more explicit reporting on how the prevailing asset-class mix aligns with each major client's mandate, liquidity requirements, return objectives, risk profile and developmental expectations, and how diversification across listed, unlisted, property, offshore and rest-of-Africa exposures is being managed over time.

7.51. The Committee further notes the PIC's statement that approximately 12.5 per cent of the portfolio was invested outside South Africa and that it intended to increase offshore exposure within applicable mandates. The Committee recognises the diversification benefits of offshore investment but also notes the PIC's developmental role and the possible domestic consequences of large-scale capital outflows.

7.52. The Committee therefore recommends that the PIC provide client-specific reporting on offshore asset allocation, including the limits and objectives contained in each client mandate, current exposure, intended medium-term allocation, geographical and currency concentration, performance, liquidity, risk reduction and the implications for domestic investment. Any increased offshore exposure should be supported by a documented assessment of both portfolio-diversification benefits and the PIC's continuing contribution to productive investment in South Africa.

Report to be considered.

National Council of Provinces

1. REPORT OF THE SELECT COMMITTEE ON PUBLIC PETITIONS AND EXECUTIVE UNDERTAKINGS ON THE EXECUTIVE UNDERTAKINGS MADE BY THE MINISTER OF BASIC EDUCATION DURING THE HOUSE SITTING, AS ADOPTED ON 23 JUNE 2026.

2. BACKGROUND

On 08 July 2025, the Minister of Basic Education made the following executive undertakings during the question-and-answer session in the National Council of Provinces (House):

2.1 Executive Undertaking 1: **“We have set ourselves a bold target to register ten thousand ECD centres in the current financial year”.**

2.2 Executive Undertaking 2**: “In addition, the National Catalogue for Grades 1 to 3 is being updated to ensure learners receive higher quality curriculum aligned materials. Hon Members, we anticipate this new National Catalogue being in place by 2026 for procurement for the 2027 school year”.**

2.3 Executive Undertaking 3: **“We are reviewing the Public-School Infrastructure Regulations to strengthen oversight and enforcement. The review, scheduled for completion in this financial year will include public and stakeholder inputs”.**

2.4 Executive Undertakings 4**: “We have also initiated the development of disaster management guidelines to assist our schools. This is especially important in light of the Mthatha natural disasters where sadly learners lost learners, Hon Members and hundreds of schools were damaged”.**

2.5 Executive Undertakings 5: **"We are reviewing the models used by provinces to implement the National School Nutrition Programme to improve efficiency, financial management and accountability in how the programme is implemented".**

2.6 Executive Undertakings 6 ***"A R162 million is set aside for ECD infrastructure, focusing on the upgrading and formalisation of centres especially in poorer communities".***

2.7 Executive Undertakings 7 **"We are increasing efforts to support learners whose home language differs from the language they are taught in. And therefore, a further R57 million is allocated over the medium term for the mother tongue Based Bilingual Education".**

2.8 Executive Undertakings 8 **"The Funza Lushaka bursary scheme will support just over 9000 students in the financial year, focusing on math, science, and foundation phase".**

3. REFERRAL PROCEDURE TO THE COMMITTEE

The concerned executive undertakings were referred to the Select Committee on Public Petitions and Executive Undertakings (Committee) by the Chairperson of the National Council of Provinces (NCOP), for it to scrutinise and subsequently report to the House on their implementation.

After their referral, the Committee invited the Minister to appear before it and report on the progress made by the Department of Basic Education (department) in implementing the relevant executive undertakings.

4. COMMITTEE MEETING PROCEDURES

On 24 March 2026, the Minister and relevant officials from the department appeared before the Committee to report on the progress of implementing the executive undertakings under review.

The following Committee Members were present at the meeting:

3.1 Hon O J Mokae, DA, Northern Cape (Chairperson)
3.2 Hon I Nonkonyana, ANC, Eastern Cape (Committee Whip)
3.3 Hon J S Mananiso, ANC, Gauteng
3.4 Hon O D Medupe, North-West
3.5 Hon P A Phala, ANC Limpopo
3.6 Hon P Noe, ANC, Eastern Cape
3.7 Hon M Billy, DA, KZN
3.8 Hon N Gotsell, DA, Western Cape and
3.9 Hon S A Zulu, MKP, Mpumalanga.
3.10 Hon V Gericke, EFF, Western Cape
3.11 Hon A Matshobeni, EFF; Eastern Cape

The following Committee officials were in attendance:

3.12 Mr N Mkhize, Committee Secretary
3.13 Mr E Bazier, Committee Assistant
3.14 Mrs N Fakier, Executive Secretary

The following representatives of the Department of Basic Education appeared before the Committee during the meeting:

3.15 Hon S Gwarube – Minister
3.16 Dr S Taylor, Director: Research, Monitoring and Evaluation
3.17 Ms S Geyer, Deputy Director-General (DDG): Delivery and Support
3.18 Dr G Whittle, DDG: Social Mobilisation and Support Services
3.19 Mr R Mafoko, Acting Chief Director: Infrastructure Planning and Delivery
3.20 Mr E Rabotapi, Acting DDG: Teachers, Education, Human Resources and Institutional Development
3.21 Mr X Mhlubulwana, Chief Director, National Language Unit

5. PROGRESS REPORT BY THE DEPARTMENT OF BASIC EDUCATION

The department reported as follows:

4.1 Executive Undertaking 1:

In response, the department reported on the following progress made:

In response, the Department stated that the Bana Pele Mass Registration Drive received 19,376 registration applications, exceeding the target of 10,000. Of these, 14,442 were completed and 11,347 were approved at the bronze level. The Department was currently preparing for the silver and gold levels.

4.2 Executive Undertaking 2:

In response, the department reported that the review of the National Catalogue had been finalised. Procurement would take place in 2026, with implementation planned for the 2027 academic year.

4.3 Executive Undertaking 3:

The department stated that the review process was supported by a dedicated task team and that external stakeholder engagement was underway.

4.4 Executive Undertakings 4:

The department reported that its guidelines were under consultation with relevant stakeholders. Once approved, they would be published for public comment.

4.5 Executive Undertakings 5:

The department stated that a reform process had been initiated to standardise the NSNP across all provinces. The project plan, focused on procurement reforms and digital monitoring systems, would be finalised by the end of the 2025/26 financial year.

4.6 Executive Undertakings 6:

The department submitted that the funding was used to carry out minor infrastructure upgrades at conditionally registered ECD centres, to construct new facilities in high-demand areas, and to provide health and safety support.

4.7 Executive Undertakings 7:

In response, the department stated that in teacher training and capacity development, the medium-term focus was to extend teacher orientation to Grades 5, 6, and 7 and to implement continuous professional development via digital platforms. Regarding assessment and learning outcomes, bilingual Grade 4 assessments were completed, and preparatory work for Grade 5 assessments was underway.

4.8 Executive Undertakings 8:

The department reported that 8397 bursaries were awarded in quarter one. This figure rose to 8647 in quarter two. The bursaries were awarded to the foundation, intermediate, and senior phases of the Bachelor of Education degree.

5. OBSERVATIONS AND KEY FINDINGS

In noting the progress report provided by the Department of Basic Education on the implementation of the executive undertakings under review, the Committee made the following observations and key findings:

5.1 Despite operating in a constrained fiscal environment, the Department of Basic Education made meaningful progress across several of the Undertakings. Regarding ECD, the Bana Pele Mass Registration Drive generated more than 19,000 applications, and more than 11,000 centres were approved at the Bronze level.

5.2 The Committee was informed that the National School Nutrition Programme (NSNP) was being reformed to introduce a standardised procurement process, enhance monitoring systems, and improve coordination across all levels of implementation.

5.3 The Committee was assured that teacher training for Mother Tongue-Based Bilingual Education (MTBBE) was complete across all provinces and that bilingual learning materials had been distributed. These efforts, supported by targeted funding, were essential to improving literacy and learning outcomes, particularly in the foundation phase.

6. RECOMMENDATIONS

Having noted the progress report from the Department of Basic Education on the implementation of the executive undertakings under review, the Committee observes that these undertakings have been adequately implemented and therefore recommends their closure.

Report to be considered.

2. REPORT OF THE SELECT COMMITTEE ON PUBLIC PETITIONS AND EXECUTIVE UNDERTAKINGS ON THE HEARINGS OF THE SOUTH AFRICAN EXPRESS AIRWAYS PETITION HELD ON 04TH DECEMBER 2025, 24 FEBRUARY 2026, AND 26 MAY 2026 ON A VIRTUAL PLATFORM, AS ADOPTED ON 23 JUNE 2026.

1. BACKGROUND

The Select Committee on Public Petitions and Executive Undertakings, having considered the South African Express Airways Petition (petition), received by the Office of the Chairperson of the National Council of Provinces (NCOP) and referred to the Select Committee on Public Petitions and Executive Undertakings (Committee) for its consideration and resolution, reports as follows:

The petition was submitted to the Chairperson of the NCOP by Mr. Hlumani Khasibe (the petitioner) on behalf of former employees of South African Express Airways (SAX).

The petitioner, inter alia, seeks the following relief from the government:

- The government should and must own up and disburse to deserving and qualifying employees all the monies due to them.
- The salaries they worked for before the liquidation in question.
- All monies from the liquidation proceeds be paid, as they are also creditors, by virtue of the salaries in question.
- All their outstanding amounts from both the pension and provident funds.
- Full payment of retrenchment packages, which the government finally announced in Parliament back in June 2020, (it should be noted that some SAA employees were given these retrenchment packages).
- Compensation (in monetary value) for the immeasurable pain and suffering, etc. the affected employees continue to be subjected to by the government (and the South African Human Rights Commission).

The petitioner requests the NCOP's assistance in resolving the matter.

2. HEARINGS ON THE PETITION

The Committee held three hearings on the petition via a virtual platform. The primary purpose of these hearings was to afford the petitioner and relevant stakeholders the opportunity to make oral submissions on the petition.

3. FIRST HEARING ON THE SAX PETITION

The first hearing on the petition was held on 04 December 2025 via a virtual platform.

3.1 Committee Members and Officials

The following Committee Members attended the hearing on the petition:

3.1.1 Hon. O J Mokae, DA, Northern Cape- Chairperson of the Committee;
3.1.2 Hon. M Nonkonyana, ANC, Eastern Cape-Committee Whip;
3.1.3 Hon. P Noe, ANC, Free State;
3.1.4 Hon. J S Mananiso, ANC, Gauteng;
3.1.5 Hon. M Billy, DA, Kwa-Zulu Natal;
3.1.6 Hon. P A Phala, ANC, Limpopo;
3.1.7 Hon. S A Zulu, MKP, Mpumalanga;
3.1.8 Hon. O D Medupe, ANC, North-West;
3.1.9 Hon. N Gotsell, DA, Western Cape;
3.1.10 Hon. V Gericke, EFF, Western Cape; and
3.1.11 Hon. M Mampuru, Gauteng.

The Committee Members attending the hearing were supported by the following Committee officials:

3.1.12 Mr. N Mkhize, Committee Secretary;
3.1.13 Ms. N P Ngqwala, Committee Researcher,
3.1.14 Mr. E Bazier, Committee Assistant; and
3.1.15 Ms. N. Fakier, Executive Secretary to the Committee Chairperson.

3.2 Stakeholders

The following stakeholders attended the hearing on the petition:

3.2.1 Mr. H.B. Khasibe, the Petitioner.
3.2.2 Hon. B Creecy, Minister of Transport.
3.2.3 Mr. M Malapane, Deputy Director Legal Services, Department of Transport; and
3.2.4 Mr. N Leontsinis – Parliamentary Liaison Officer

3.3 Submission by the Petitioner

Mr. H.B. Khasibe (petitioner) was afforded an opportunity to expatiate on the petition he had submitted on behalf of former (SAX) employees.
Mr. Khasibe briefly confirmed that he was seeking the NCOP's assistance to address what he called the impact of the government's failure to challenge the SAX liquidation, which left hundreds of workers without financial support.

He informed the Committee that in 2020, the government neither challenged nor intervened on the liquidation of SAX. During the period leading up to the liquidation in question, the employees had worked and fulfilled their duties but did not receive the salaries they had earned prior to liquidation.

He further stated that around the same period, when SAX was facing financial challenge, the government unfairly discriminated against SAX employees, whereas, in respect of South African Airways (SAA), the government performed its legal and constitutional duties and responsibilities by rescuing this State-Owned Enterprise, which resulted in some SAA employees being given retrenchment packages.

In closing his submission, Mr. Khasibe stated that the matter had been reported to the Human Rights Commission and that, to date, no progress had been made since 2020. He then pleaded with the Committee to request the relevant government entities pay all monies due to the affected workers, namely salaries earned before the liquidation in question, all outstanding pension and provident funds, and retrenchment packages.

3.4 Submission by the Department of Transport

In her opening remarks, the Minister of Transport, Hon. Creecy (the Minister), inter Alia, informed the Committee that Business Rescue Practitioners (BRPs) were appointed in 2020. In 2022, the BRP applied for SAX's liquidation, and the court ordered it.

The Minister reported that both SAA and SAX were victims of the alleged State Capture, and that these matters were aired before the Zondo Commission. Accordingly, arising out of the Zondo Commission, there should be investigations into some of the issues raised by the petitioner.
The Minister then allowed the Deputy Director of Legal Services, Mr. M. Malapane, to deliver a detailed presentation that led to the final liquidation of SAX.

In his presentation, Mr. Malapane revealed that a combination of past strategic misjudgments and operational errors by SAX, coupled with persistent operational inefficiencies and lack of financial controls, significantly contributed to SAX's demise. Such factors include:
- Overstatement of profits in previous financial years.
- In 2017-2018, the airline's Air Operator Certificate was suspended due to safety concerns.
- Over-reliance on chartered aircraft for the airline's scheduled services.
- Lack of funds to service legacy debt accumulated since the airline's establishment.
- Operational inefficiencies and poor on-time performance.
- Alleged malfeasance in the awarding of contracts.

In conclusion, Mr. Malapane recommended that the Committee invite the liquidators to respond to the petition from former SAX employees. He said the liquidators would be better placed to address former employees' concerns about outstanding salaries and pension payments.

4. SECOND HEARING ON THE SAX PETITION

The second hearing on the petition was held on 24 February 2026 on a virtual Platform.

4.1 **Committee Members and Officials**

The following Committee Members attended the second hearing on the petition:

4.1.1 Hon. O J Mokae, DA, Northern Cape- Chairperson of the Committee.
4.1.2 Hon. M Nonkonyana, ANC, Eastern Cape-Committee Whip
4.1.3 Hon. P Noe, ANC, Free State.
4.1.4 Hon. J S Mananiso, ANC, Gauteng;
4.1.5 Hon. M Billy, DA, Kwa-Zulu Natal;
4.1.6 Hon. P A Phala, ANC, Limpopo;
4.1.7 Hon. S A Zulu, MKP, Mpumalanga;
4.1.8 Hon. O D Medupe, ANC, North-West.
4.1.9 Hon. N Gotsell, DA, Western Cape.
4.1.10 Hon. V Gericke, EFF, Western Cape; and
4.1.11 Hon. M Mampuru, Gauteng.

The Committee Members attending the hearing were supported by the following Committee officials:

4.1.12 Mr N Mkhize, Committee Secretary.
4.1.13 Ms N P Ngqwala, Committee Researcher.
4.1.14 Mr E Bazier, Committee Assistant, and
4.1.15 Ms N Fakier, Executive Secretary to the Committee Chairperson.

4.2 **Stakeholders**

The hearing on the petition was attended by the following stakeholders:

4.2.1 Mrs Z Mbeki, Gauteng Provincial Manager, South African Human Rights Commission.
4.2.2 Mr P. Mkhombo and Mr D. Terblanche - Representatives of Business Rescue Practitioners.
4.2.3 Mr A Ndyamara - Representative of Joint Liquidators.

5. Reconvening the South African Express (SAX) petition hearing

At the second hearing on the petition, the Committee invited the Business Rescue Practitioners, and Liquidators to make submissions on the processes that led to the liquidation of South African Express Airways (SAX). It also invited the South African Human Rights Commission to account on allegations of non-intervention after the former employees of SAX had presented their case to it.

5.1 Submission by the Business Rescue Practitioners

The oral submission by the Business Rescue Practitioner (BRP) were led by Mr. P. Mkhombo and Mr. D. Terblanche, who were appointed as interim joint BRP by the South Gauteng High Court on 6 February 2020.

BRP briefly submitted that, after their appointment, it became clear that SA Express had been facing liquidity challenges for a very long time before being placed under business rescue. There were about four pending liquidation applications filed by other creditors seeking to place SA Express into liquidation.

The BRP further advised the Committee that the main objective of business rescue, in general terms, is to rescue a company by restructuring its affairs, business, property, debt and other liabilities, and equity in a manner that maximises the likelihood of the company continuing its existence on a solvent basis, or results in a better return for the company's creditors and/or shareholders than would result from the immediate liquidation of the company.

The Committee was also informed of the steps taken after the appointment, which included the following:

- The BRPs assumed management control as required by section 140 of the Companies Act, 71 of 2008 and delegated day-to-day management of the company to the existing management.
- Engagement with critical creditors or service providers, including lessors/owners of aircraft, to ensure business continuity.
- Engagement with employee representatives and organised labour. The first meetings with employees and creditors were held on 19 and 20 February 2020, respectively.
- Engaged with commercial banks to raise or secure post-commencement finance.

- Investigation of the Company's affairs as required by section 141 of the Companies Act.

In closing, BRP submitted that at the commencement of the business rescue, the Company had deducted employee-related taxes (PAYE, SDL, UIF) from employees' salaries but had not consistently remitted them to SARS for almost 18 months.

The application to discontinue the business rescue proceedings and convert them into liquidation was filed by the BRPs on 25 March 2020. The South Gauteng High Court granted a provisional order to discontinue the business rescue process and place the Company under provisional liquidation, effective from the date of filing of the application (25 March 2020), and called upon all affected persons to show cause by the 9th of June 2020 on why the Company should not be placed under final liquidation. After this, the Master of the High Court appointed provisional liquidators, who are now in charge of the liquidation process.

5.2 Submission by the South African Human Rights Commission

Submission by the South African Human Rights Commission (SAHRC) were led by Mrs. Z Mbeki, the Gauteng Provincial Manager.

Mrs. Mbeki informed the Committee that on 25 August 2020, the SAHRC received a complaint from Ms. Sego Kekana and approximately 691 employees of South African Express Airways. The complainants alleged that they had not been paid their salaries, overtime, leave pay, and retrenchment benefits following the company’s placement under business rescue and its subsequent provisional liquidation. A provisional order was in place.

Mrs Mbeki reported that SAHRC on 2 September 2020 issued formal letters that were sent to:

- Minister of Public Enterprises
- Minister of Finance (National Treasury)
- Minister of Employment and Labour
- Inclusion of additional stakeholders: NUMSA, Pilots Association, and Cabin Crew Representative

Regarding the inclusion, Mrs. Mbeki reported that SAHRC also obtained a legal opinion. The findings were as follows:

- SA Express was a separate legal entity, and the government was not automatically liable for its debts and claims were required to proceed through the formal liquidation process already underway in the High Court.
- The matter was sub judice, meaning SAHRC could not override court-mandated procedures.

5.3 Submission by the Liquidators

Submission by the Joint Liquidators were led by Mr. A. Ndyamara.

Mr Ndyamara submitted that SA Express traded under insolvent circumstances for many years. It was not well capitalised to trade sufficiently to meet its obligations, hence it found itself in a position where it was in rescue, ultimately in provisional liquidation, and then in final liquidation.

The Committee was informed that the role of liquidators is quite different from that of Business Rescue Practitioners. The Liquidators are governed by the Companies Act of 1973, as amended, in relation to the administration of insolvent estates.

He further reported that there had been several engagements between them as joint liquidators, and at the time the then Department of Public Enterprises was pursuing several milestones to preserve value and ultimately sell the airline for the benefit of all creditors, including employees.

It was further submitted that the estate has been substantially administered and that distributions have been made in accordance with the Insolvency Act; in terms of the preference, the movable and other assets.

The Liquidators manage to recover some debt collections, and there has been about 3.7 million rands payable to creditors. The masters' fees have all been fully detailed in the liquidation and distribution account.

According to the joint liquidators, most of the process for statutory claims is reflected in the large distribution account.

Mr. Ndyamara concluded that the transaction is not yet finalised. They are not yet certain when it will be finalised, but the two main outstanding items before the ultimate liquidation are the payment of employee salaries and the disposal of intangible assets. The final liquidation account lodged with the master estate has been substantially finalised, with only limited outstanding employee payments and a brand sale pending.

6. THIRD HEARING ON THE SAX PETITION

The third hearing on the petition was held on 26 May 2026 on a virtual Platform.

6.1 Committee Members and Officials

The following Committee Members attended the third hearing on the petition:

6.1.1 Hon. O J Mokae, DA, Northern Cape- Chairperson of the Committee.
6.1.2 Hon. M Nonkonyana, ANC, Eastern Cape-Committee Whip
6.1.3 Hon. P Noe, ANC, Free State.
6.1.4 Hon. J S Mananiso, ANC, Gauteng;
6.1.5 Hon. M Billy, DA, Kwa-Zulu Natal;
6.1.6 Hon. P A Phala, ANC, Limpopo;
6.1.7 Hon. S A Zulu, MKP, Mpumalanga;
6.1.8 Hon. O D Medupe, ANC, North-West.
6.1.9 Hon. N Gotsell, DA, Western Cape.
6.1.10 Hon. V Gericke, EFF, Western Cape; and
6.1.11 Hon. M Matshobeni, EFF, Eastern Cape.

The Committee Members attending the hearing were supported by the following Committee officials:

6.1.12 Mr. N Mkhize, Committee Secretary.
6.1.13 Ms. N P Ngqwala, Committee Researcher.
6.1.14 Mr. E Bazier, Committee Assistant,

6.1.15 Ms. N Fakier, Executive Secretary to the Chairperson.
6.1.16 Mr. A Macanda, Content Advisor; and
6.1.17 Ms. A Arnold, Legal Adviser;
6.1.18 Mr. J Majozi, Communication Services

6.2 Stakeholders

The hearing on the petition was attended by the following stakeholders:

6.2.1 Representatives from the Department of Employment and Labour: Hon. N Meth, Minister; Ms. A Moiloa, Acting Deputy Director-General, Inspection and Enforcement Services; Msiza, Acting Chief Director, Statutory and Advocacy Services; Dr. M Thompson, Acting UIF Commissioner; and Mr. R Makweya, UIF CIO.

6.2.2 Representatives from the Office of the Pension Funds Adjudicator: Mr. N Essop, Deputy Pension Funds Adjudicator.

7. Reconvening the South African Express (SAX) petition hearing

At the third hearing on the petition, the Committee invited the Department of Employment and Labour and the Office of the Pension Funds Adjudicator to make submissions and representations on whether the former South African Express (SAX) employees listed in the petition qualify for Unemployment Insurance Fund (UIF) payments, whether they were contributing to UIF, and to propose a way forward. The Parliamentary Legal Adviser's submission briefly outlined the legal framework for the issues raised in the petition and the extent to which the Committee should proceed to formulate informed recommendations at this stage, without exceeding its mandate or the legal framework. Lastly, the Committee Researcher's submission briefly summarised the research analysis of the SAX petitions.

7.1 Submission by the Department of Employment and Labour

In her opening remarks, Minister of Employment and Labour, Hon. N Meth, briefly outlined the Department of Employment and Labour's position on whether the former South African Express

(SAX) employees named in the petition are eligible for Unemployment Insurance Fund (UIF) payments and whether they contributed to the UIF.

The Minister submitted that *section 66 of the Unemployment Insurance Act* 63 of *2001* grants contributor's unemployment benefits if their unemployment is due to the termination of their employment contract by the employer or to the end of a fixed-term contract. The dismissal of the contributor is defined in terms of *section 186 of the Labour Relations Act 1995*, as amended, or insolvency in terms of the provisions of the Insolvency Act *1936*, as amended. Therefore, the employees are entitled to UIF benefits because SA Express is registered with UIF. The last declaration was for one employee in November 2021, and the back termination was done in August 2020.

The Minister further submitted that pension and provident fund benefits are not administered by the Department of Employment and Labour. However, the Department can provide information that, under *section 37B of the Pension Fund Act*, savings are protected and regarded as the employee's assets, but cannot be accessed immediately, as they are payable only after liquidation is completed.

Lastly, the Minister stated that *Section 16 of the Unemployment Insurance Act* entitles contributors who have lost their employment due to insolvency to unemployment insurance benefits. *Section 18 of the Pension Fund Act (PFA)* governs holiday pay, and employees are entitled to it in arrears. Section 41 of the Basic Conditions of Employment Act of 1997, as amended, provides for severance pay calculated at one week's salary for each year of continuous service. Section 37B of the PFA entitles employees to claim their pensions, profits, and fund benefits. Thereafter, the Minister handed over to the Acting Deputy Director-General and her team to continue the comprehensive presentation.

The Acting DDG together with the Acting Commissioner, delivered a comprehensive and substantive presentation to the Committee.

The Department's presentation stated that due consideration should be given to unpaid remuneration, wages, salaries and services rendered in the three months preceding the insolvency, and that contributions to unemployment insurance, medical aid, provident fund and any other benefit funds should also be secured for the three months prior to the insolvency. It further stated that whatever has accrued, be it holiday pay, leave, severance pay, etc. must be secured and paid accordingly. The Department assured the Committee that such protections are in practice and, under section 37B of the Pensions Funds Act, those savings are protected as a protected asset but can only be claimed once the liquidation has been finalised.

The Department committed to verifying whether the affected employees received the benefits in question. It also confirmed that the employees are entitled to unemployment insurance benefits. Under *section 16 of the UIF Act*, any employee who has not applied for unemployment insurance benefits must be afforded an opportunity to do so. It further acknowledged that they were supposed to receive severance pay, calculated at a minimum of one week's salary for each year of continuous service. The Department again committed to determining whether all SAX employees received severance pay; if not, it will decide whether to open a case and issue a compliance order against those who remain.

The Department further assured that, regarding the pension fund, it would establish whether any amounts deducted from affected employees and payable to the pension fund had been paid accordingly. In line with *section 34 of the Basic Conditions of Employment Act*, this would ensure the section is enforced, and the pension fund will have to play its role by ensuring that all affected employees have an opportunity to apply for pension fund benefits. If such applications are received, they must be adjudicated in accordance with the law.

In conclusion, the Department emphasised that it continues to have a responsibility to ensure compliance with law. It pointed out that its inspection and enforcement units are tasked with preventing any issues from liquidation that could negatively affect former employees.

Lastly, the presentation by the Unemployment Insurance Fund (the Department entity) addressed questions posed to the Fund regarding SAX's UIF contribution and benefit payments.

The presentation provided a brief background on the claims submitted by former SAX employees. According to the UIF system, it approved and paid 1,389 claims from 1994 up until 2021. In 2020, during the liquidation period, when many terminations were occurring, UIF had around 525 employees who came forward and filed claims, which were approved and subsequently paid to the individuals. The presentation highlighted to the Committee that during the COVID-19 pandemic, SAX submitted an application that was duly approved and paid to the employer.

7.2 Submission by the Office of the Pension Funds Adjudicator

The Deputy Pension Funds Adjudicator delivered a presentation covering the Office of the Pension Funds Adjudicator's (OPFA's) mandate, jurisdiction, and guidance on lodging complaints. The presentation also addressed the issues raised in the previous hearings and proposed a way forward.

The Committee was informed that the Office of the Pensions Funds Adjudicator is a statutory body established under the Pension Funds Act, which sets out its functions and responsibilities. It investigates UIF-related issues and is specifically required to investigate pension fund related issues; it cannot investigate complaints more than three years old. Those complaints are considered time barred. However, the calculation of the three-year period is based on a cross-reference to the Prescription Act. Factors such as whether the complainant had knowledge of the issues giving rise to the complaint, or matters pertaining to the age of maturity, come into play when calculating the three-year time-bar period and in determining whether the three-year period applies and whether the jurisdiction is ousted under section 30(1)(a) of the Pension Funds Act. The OPFAs also informed the Committee that the Financial Sector Conduct Authority (FSCA) has investigative powers and is not limited by the three-year period. So, if there was malfeasance with the pension fund, it can be investigated by the FSCA, regardless of how long ago it happened.

Regarding former SAX employees, the OPFA submitted that it does not maintain a database identifying which pension funds individual employees belonged to and would therefore rely on petitioners to provide that information. This information would typically appear on employees' payslips or in the name of the relevant pension fund. If necessary, the OPFA could also approach the FSCA, which maintains a database of pension fund membership.

In conclusion, the OPFAs recommended that the Department of Employment and Labour and/or the liquidators resolve issues arising from SAX's employee number audits before and after liquidation. If the petitioner contributed to a fund, the OPFAs should identify which fund the former SAX employees were members of and verify its registration under the Pension Funds

Act. Employees can then file complaints with the OPFAs, providing relevant details, completed claim forms, pay slips, proof of fund membership, and other necessary documents. The OPFAs will assess jurisdiction, including whether the case is time-barred or has already been litigated elsewhere. If jurisdiction is confirmed, they will proceed with their investigation.

7.3 Submission by the Parliament Legal Services Unit

The Parliamentary Legal Adviser's submission was led by Ms A. Arnold, who briefly outlined the legal framework for the issues raised in the petition and the extent to which the Committee should formulate informed recommendations without exceeding its mandate or the legal framework.

Legal Question

The key issues identified in the legal advice are as follows:

1. The perceived disparity in government support. This concerns the perceived difference in treatment between South African Airways, which was bailed out, and SAX, which was subsequently placed into liquidation.
2. The outstanding employee entitlements, comprising of claims by former SAX employees for unpaid salaries, unemployment insurance, and pension benefits.

Constitutional Legal Framework

1. The perceived disparity in state support, given that South African Airways received a bailout while SAX was liquidated. Under section 213 of the Constitution, all funds received by the national government must be deposited into the National Revenue Fund (NRF). Furthermore, section 213 provides that funds may be withdrawn from the NRF only through an Appropriation Act passed by Parliament or as a direct charge when explicitly provided for in the Constitution or legislation.

   She submitted that the legislative framework requires any bailout or further payments by the National Treasury to have occurred before liquidation, either through an Appropriation Act as part of the budget process or, alternatively, as a direct charge against the NRF when authorised by the Constitution or an Act of Parliament. This did not occur therefore the bailout, or any further payments by the National Treasury, did not take place as liquidation has already commenced and the liquidators have indicated to the committee that the process of liquidation is 90% complete.

2. The payment of former SAX employees' salary claims is governed by section 98A of the Insolvency Act. The liquidators have advised the committee that each employee will receive a flat preferential dividend. The total amount still available for payment is approximately R248 520.29. This relates to the 55 employees who are being traced or whose FICA documents are outstanding.

   The cap set by the Minister of Justice for claims under section 98A, in respect of salaries, is R12,000. According to the liquidator's figures, the free residue, which is what is available in the insolvency estate, was insufficient to satisfy the employees' preferent claims, which is why there was a flat preferent dividend.

   Since retirement and pension funds do not form part of the insolvent estate and the Financial Sector Conduct Authority (FSCA) appointed a liquidator for the Retirement and Pension Funds, it follows that the Financial Sector Conduct Authority, together with the appointed liquidator, would be able to direct or provide guidance on any outstanding fund monies due and on the process to be followed.

   In summary, the legal advice states that the National Treasury is authorised to make payments only if they are approved by an Appropriation Act or charged to the NRF, as permitted by the Constitution or an Act of Parliament. It is believed that any additional payments from the National Treasury would have been made before liquidation, but this issue requires further investigation by the National Treasury.

7.4 Submission by the Researcher Unit

The Committee Researcher, Ms. N. P. Ngqwala, briefly presented the following research analysis to the Committee on the SAX petitions.

In the SAX case, liquidators have stated that many workers' salary claims may remain unpaid due to limited state assets. Consequently, the role of the National Treasury should be examined in compliance with the Public Financial Management Act, which mandates that departments and public entities manage their resources efficiently and responsibly. Issues relating to internal financial management and fiscal decisions are overseen by the appropriate Parliamentary Committee, which can directly request clarification from the responsible executive authority.

In the present case, the Minister of Transport serves as the executive authority for South African air transport. In addition, the cabinet is responsible for approving funding proposals for the fiscal year, including those for state-owned entities. Parliament then considers these proposals through the appropriate processes.

According to Ms. Ngqwala's research, the Committee may request that the National Treasury brief the Committee on the fiscal and legal considerations relevant to the petition and assist in identifying the scope of relief that may lawfully and practically be provided to the practitioners.

8. **OBSERVATIONS AND KEY FINDINGS**

The Committee makes the following observations and key findings based on the various submissions made during the hearings on the petition:

8.1 The petitioner appealed to the Committee, requesting that the government pay all amounts owed to deserving and qualifying employees, including salaries earned before the liquidation, overdue pension and provident fund contributions, and retrenchment packages.

8.2 Both SAA and SAX were victims of the alleged State Capture, and there is a need to follow up on the Zondo Commission's findings regarding the issues raised by the Petitioner.

8.3 SAX traded whilst insolvent and could not pay its employees, which exacerbated the entity's financial crisis. As such, it traded recklessly, which ought to have rendered the directors of the time liable for the consequences caused to the entity and its employees.

8.4 Past strategic misjudgment and operational errors, together with persistent operational inefficiencies and lack of financial controls, significantly contributed to SAX’s demise.

8.5 Messrs. P. Mkhondo and D. Terblanche were appointed as interim joint Business Rescue Practitioners (PRB) on 6th of February 2020 to save the entity. In this regard, at the commencement of the business rescue, SAX deducted employee-related taxes such as PAYE, SDL and UIF from employees' salaries, which were not consistently remitted to SARS for almost 18 months.

8.6 On 25 March 2020, BRP instituted an application to discontinue business rescue. As a result, the Gauteng High Court granted a provisional order to discontinue the business rescue and placed the company under provisional liquidation, calling upon all affected parties to show cause on 9 June 2020 on why the company should not be placed under final liquidation.

8.7 The above intervention was not successful to save the entity, as it faced liquidation proceedings initiated by creditors. This led PRB to institute voluntary liquidation, which was successful at the Johannesburg High Court. The provisions of the Insolvency Act 24 of 1936 became applicable.

8.8 Joint liquidators were appointed under the leadership of Mr. A. Ndyamara, and the liquidators submitted a report stating that SAX traded under insolvent circumstances for many years and that there is no evidence that the company's directors were held responsible for this, which led to workers losing their jobs and some benefits.

8.9 The joint Liquidators found that about 55 employees of the company were still being owed dividends from the proceeds of the estate as preferred creditors, and the process of tracking those affected employees is continuing.

8.10 The employees and other stakeholders were consulted by the BRPs and the Liquidators during the period in question.

8.11 The Department of Employment and Labour confirmed that former SAX employees submitted U.I. F claims to it and paid 1,389 claims from 1994 up to 2020. However, during SAX's 2020 liquidation, it approved and paid claims for 525 employees.

8.12 The Parliamentary Legal Services explained that SAX, as a legal entity, is governed by the Companies Act of the Republic of South Africa and is distinct and separate from South African Airways, and that discussions on payment by the National Treasury appear to be moot.

8.13 The payment of former SAX employees' salaries is governed by section 98A of the Insolvency Act, 1936, and each employee will receive a flat preferential dividend from the remaining total of approximately R248 520.29.

8.14 Since retirement and pension funds do not form part of the insolvent estate, the Fiscal Sector Conduct Authority (FSCA) has authority to appoint a Liquidator to direct or provide guidance on any outstanding fund monies due and payable to employees.

8.15 Parliament to push for legislative reforms to ensure that existing laws are updated to reflect current conditions, particularly given the socio-economic challenges faced by employees when state-owned enterprises fail.

9. RECOMMENDATIONS

It is against the observations and key findings made by the Committee that it recommends as follows:

9.1 The Department of Transport, the Department of Employment and Labour (UIF), the Office of the Pension Funds Adjudicator, Liquidators, and the Financial Sector Conduct Authority should collaborate to review all ambiguous areas—such as severance packages, total pension fund benefits, and the Prescription Act—related to this issue. They must ensure that any identified ambiguities do not harm employees and instead benefit the petitioners.

9.2 Immediate Relief for the Pensioners – The Department of Employment and Labour must ensure compliance with the relevant provisions, particularly section 16 of the Unemployment Insurance Act, which requires that benefits be paid to the petitioners.

9.3 The Committee requests that the Office of the Pension Funds Adjudicator and the Financial Sector Conduct Authority, as explicitly tasked with investigating pension fund matters, investigate the eligibility of former South African Express (SAX) employees named in the petition, their contributions to other funds, and their eligibility for other benefits.

9.4 The Committee requests that the Liquidators finalise the winding up of SAX as soon as possible and pay the former employees of SAX what is due to them.

9.5 The recommendations of the Commission on State Capture pertaining to SAX be expedited and the Committee at an appropriate time may want to request for the President to issue a formal Proclamation on this matter.

9.6 The Financial Sector Conduct Authority, together with the appointed liquidator of the pension and provident funds, must provide guidance or advice regarding any remaining owed funds and the required procedures.

9.7 The investigation contemplated in this report must be finalised within six months of the House's adoption of this report. Upon completion, the affected stakeholders are to appear before the Committee, report on the outcomes, and propose a way forward.

Report to be considered.