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REPUBLIC OF SOUTH AFRICA

**ANNOUNCEMENTS,
TABLINGS AND
COMMITTEE REPORTS**

THURSDAY, 14 MAY 2026

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ANNOUNCEMENTS

National Assembly and National Council of Provinces

The Speaker and the Chairperson

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

- (1) Bills passed by National Council of Provinces on 14 May 2026:
 - (a) **Special Appropriation (2025/26 financial year) Bill** [B3–2026] (National Assembly – sec 77).
 - (b) **Public Service Commission Bill** [B30B–2023] (National Assembly – sec 76).

2. Assent by President in respect of Bills

- (1) **Immigration Amendment Bill** [B8B–2024] – Act No. 11 of 2025 (assented to and signed by President on 11 May 2026) (*nguMtsetfo wekuChitjiyelwa kweMtsetfo Wekungena Kulelive*) (*siSwati*).
- (2) **South African National Water Resources Infrastructure Agency SOC Limited Amendment Bill** [B13–2025] – Act No. 6 of 2026 (assented to and signed by President on 11 May 2026) (*uMthetho wokuChitshiyelwa kweziNhlaka zoMbuso zeNgqalasizinda yemiThombo yaManzi kaZwelonke eNingizimu Afrika*) (*isiZulu*).

National Assembly

The Speaker

1. Referral to Committees of papers tabled

- (1) The following paper is referred to the **Portfolio Committee on Trade, Industry and Competition**:

- (a) Memorandum of Understanding (MoU) between the Government of the Republic of South Africa and the Government of the Republic of Cote D’Ivoire on Economic Cooperation, tabled in terms of section 231(3) of the Constitution of the Republic of South Africa, 1996.

2. Membership of Committees

- (1) The following committee membership changes have been made by uMkhonto weSizwe Party:

Portfolio Committee on Trade, Industry and Competition

Discharged: Nkosi, Ms SI [Alternate]

Discharged: Ntshingila, Mr EM

Appointed: Nkosi, Ms SI

Appointed: Ntshingila, Mr EM [Alternate]

Portfolio Committee on Women, Youth and Persons with Disabilities

Discharged: Nkosi, Ms SI

Appointed: Mchunu, Ms G

TABLINGS

National Assembly and National Council of Provinces

1. The Minister of Finance

- (a) Municipal Finance Management Act (MFMA) Compliance Report for 2024-25 – Strengthening Municipal Financial Management.

2. The Minister of Defence and Military Veterans

- (a) Annual Activity Report of the Office of the Military Ombud for 2025-26.

3. The Minister of Small Business Development

- (a) Revised Annual Performance Plan of the Department of Small Business Development for 2026/27.

National Assembly

1. The Speaker

- (a) A petition from residents of Zilandana Village, in the Balasi Administrative Area in the Eastern Cape, calling on the Assembly to investigate failure of the Kumkani

Mhlotlo Local Municipality to consult them during the 2025/2026 ward demarcation process. (P Dotyeni)

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

- (b) Letter from Minister in The Presidency, requesting the Assembly to initiate a process in terms of section 6 of the Media Development and Diversity Agency Act, 2002 (Act No. 14 of 2002).

Referred to the **Portfolio Committee on Communications and Digital Technologies** for consideration and report.

- (c) Letter from the Minister of Small Business Development, requesting withdrawal and re-tabling of a Revised Annual Performance Plan of the Department of Small Business Development for the 2026/27 Financial Year.

Referred to the **Portfolio Committee on Small Business Development** for consideration and report.

COMMITTEE REPORTS

National Assembly

1. Report of the Portfolio Committee on International Relations and Cooperation on Budget Vote 6: International Relations and Cooperation, dated 13 May 2026

The Portfolio Committee on International Relations and Cooperation (hereinafter referred to as the Committee) having considered the directive of the National Assembly to consider and report on the Strategic Plans, Annual Performance Plans and Budget allocations of the Department of International Relations and Cooperation (hereinafter referred to as the Department) and the African Renaissance Fund (hereinafter referred to as the ARF), tabled by the Minister of International Relations and Cooperation, in terms of the Public Finance Management Act (Act No 32 of 2003), reports as follows:

1. Background

Parliament plays an important role in overseeing planning and performance of government departments and public entities as well as Chapter 9 and 10 institutions. Section 27 of the Public Finance Management Act stipulates that the Minister must table the annual budget for a financial year in the National Assembly before the start of the financial year. After that, the Money Bills Amendment Procedures and Related Matters Act, No. 9 of 2009, section 10 (1) (c) clearly stipulates that the relevant members of Cabinet must table updated strategic plans and annual performance plans for each department, public entity or institution, which must be referred to the relevant Committee for consideration and reporting.

In considering the strategic and annual performance plans, the Committee ensured that the Department of International Relations and Cooperation and the African Renaissance Fund plans and budget allocations are in line with Medium Term Development Plan 2024-2029. The Budget allocation serves as a key instrument for government to promote socio-economic development. It plays a critical role as an economic instrument of the government to reflect on the country's socio-economic policy priorities, by translating priorities and political commitments into expenditures. Furthermore, the Budget serves as a vital tool to operationalise government activities towards the achievement of its intended priorities. It also gets to highlight the constraints and trade-offs in policy choices.

2. Introduction

The Committee met on 6 May 2026 to consider presentations on the Department's Strategic Plan 2025-2030 and the Annual Performance Plan (APP) 2026/27 and the related budget allocations. The Committee further considered the Strategic Plan 2025-2030 and the Annual Performance Plan 2026/27 of the African Renaissance and International Cooperation Fund and its budget allocation. This report summarises the said presentations of the Department and the ARF, their budget allocations as well as allocations over the MTDP.

2.1 Opening remarks by the Chairperson of the Portfolio Committee of International Relations and Cooperation, Honourable SOR Mahumapelo MP

In his opening remarks, Honourable Mahumapelo welcomed both the Members and those representing the Department, led by the Deputy Minister T Moraka. The Chairperson further noted the fast-changing international landscape and the need for the Portfolio Committee to keep abreast of international developments that shape the trends influential to South Africa's Foreign Policy. He emphasised the importance of oversight over the foreign policy activities of the country under the stewardship of the Department. He highlighted that the oversight approach would focus on service delivery for the benefit of the people of South Africa.

The Chairperson observed that the Committee was to consider the Budget Vote of the Department, which comprised the Strategic Plans and Annual Performance Plans of both the Department and its entity, the African Renaissance Fund (ARF). He reminded the Committee that the budget vote process is very important to Parliament, as it is an oversight tool that indicates where the budget allocation would be spent on in line with predetermined objectives. The Chair pointed out that the budget vote shapes the oversight strategy, as to what priorities for the year would be, and allows the Committee to scrutinise areas where the Department has set its targets. In conclusion Hon Mahumapelo indicated that the Portfolio Committee would ensure that there would be implementation of the set objectives.

2.2 Political Overview of the Strategic Plan 2025-2030 and the Annual Performance Plan 2026/27 by the Deputy Minister T Moraka of the Department of International Relations and Cooperation

In her political overview, Deputy Minister Moraka thanked the Chairperson for his Opening remarks. She stated that the APP for 2026/27 was crafted to ensure the department advanced South Africa's foreign policy, which is Africa-centric and focused on national interest.

She noted that the department operates in a fluid and contested world order, marked by polarised national interests and coercive measures by developed nations against developing countries. Deputy Minister indicated that internally, the department faces significant resource constraints, including limited budget, slower growth and a high vacancy rate.

She highlighted that the ARF would prioritise projects that support these objectives, including election observation missions (noting Zambia's elections in August 2026), conflict mediation, and humanitarian aid for countries such as Sudan and the Democratic Republic of Congo (DRC).

The department mentioned that its Strategic Plan, tabled in April 2025, remains unchanged as there had been no significant policy shifts. The APP for 2026/27 had been finalised on 30 March 2026. The department's strategic outcomes are linked to the Medium-Term Development Plan (MTDP) priorities of inclusive growth and job creation (Priority 1) and a capable, ethical, and developmental state (Priority 3).

Key focus areas include implementing the African Continental Free Trade Area (AfCFTA) to increase South African exports; strengthening economic diplomacy with trading partners; using South Africa's G20 presidency to tackle global inequality and poverty and promoting peace, security, and socio-economic development in SADC and the continent.

On budget allocation, the department stated that DIRCO's budget for 2026/27 was R7.22 billion, a 2% increase from the previous year. The increase is mainly on compensation of employees to cover cost-of-living adjustments. Goods and services decreased due to the end of G20-related funding. Payment for capital assets increased to R210 million.

The department noted that the 2% increase was absorbed by inflation and exchange rate fluctuations. The department would prioritise statutory meetings, engagements aligned with government's economic priorities, and meetings where South Africa holds a significant role in

BRICS, G20, NAM. However, funding for the upcoming SADC summit had not been provided, requiring reprioritisation.

On properties, the department stated that R174 million of the R210 million capital budget would be used for three major renovation projects: the official residence in Denmark (R60 million), the boiler system at the chancery in London (R69 million), and residential accommodation in London (R30 million). No funding had been allocated for the ICT modernisation project.

3. Presentation by the Department on Budget Vote 6: International Relations and Cooperation 2026/27 and Medium-Term Development Plan (MTDP) expenditure focus

The Department presented its work towards the realization of South Africa's Foreign Policy objectives. This is done through:

- coordinating and aligning South Africa's international relations,
- monitoring developments in the international environment, communicating government's policy positions, developing and advising the government on policy options, and creating mechanisms and avenues for achieving objectives, protecting South Africa's sovereignty and territorial integrity,
- contributing to the creation of an enabling international environment for South African businesses,
- sourcing developmental assistance and assisting South African citizens abroad¹.

3.1 Strategic linkages to the National Development Plan (NDP) 2030

It has been highlighted that South Africa's Foreign Policy finds its inspiration on the country's domestic agenda. It endeavours to address the triple challenges of poverty, inequality and unemployment through the implementation of an independent foreign policy, within a highly volatile, uncertain, complex, ambiguous (VUCA) and dynamic international environment.

According to the Annual Performance Plan (APP), the conduct of South Africa's foreign policy would be driven by the quest to realise the aspirations of the NDP Vision 2030 and its

¹Annual Performance Plan 2026/27, Department of International Relations and Cooperation

development trajectory. This would be done with full recognition of the challenges posed by international environment the Department operates in.

Regarding international relations and cooperation Chapter 7, the NDP focuses on the need to enhance South Africa's position in the region and the world, and to increase trade and investment. The plan further states that the country's foreign policy should be shaped by the interplay between diplomatic, political, security, environmental, economic and regional dynamics that define international relations. The plan envisions the country positioning itself as one of Africa's powerhouses, leading development and growth on the continent; and deepening integration with the Brazil-Russia-India-China-South Africa (BRICS) group of countries.

There has been a clear and deliberate move to ensure there is a link between the activities of the Department and the implementation of Chapter 7 of the NDP Vision 2030. The NDP underscores the importance of building a nation that contributes to the prosperity of the southern Africa region, the African continent and the betterment of the lives of the marginalised throughout the world.

The NDP further requires that South Africa build a resilient economy which would contribute towards creating a working nation, to narrow and eventually eliminate the gap between the rich and poor. The Department recognises that the national priorities as contained in the NDP are inextricably linked to the aspirations of the African continent. Hence, economic diplomacy would be used to promote the country as a trade and investment destination, thereby attracting foreign investment and boosting its tourism sector.²

The aspirations of the NDP have also found expression in the Southern Africa Development Community (SADC)'s development mechanism, the Revised Regional Indicative Strategic Development Plan (RISDP). These aspirations are also found in the continental programme as encapsulated in the African Union's (AU) Agenda 2063 Vision, and in the UN 2030 Agenda on Sustainable Development Goals. The economic development integration of SADC remains a key focus area³.

3.2 Planned policy initiatives

² National Development Plan 2030, Chapter 7 thereof

³ Annual Performance Plan 2026/27 of the Department of International Relations and Cooperation

The Department intends to enhance its operational capacity in the following key area in the medium term⁴:

The establishment of the South African Development Partnership Agency remains a focus area. The resubmission of a draft ARF Amendment Bill to Cabinet under the 7th Administration would follow planning and discussions with the Minister of Finance.

3.3 Legislative mandates of the Department

According to the Strategic Plan 2025-2030, the Department is further responsible for regulation and implementation under the following Acts⁵:

- *The African Renaissance and International Cooperation Fund (ARF) Act, 2001 (Act 51 of 2001)*: The Act establishes the Fund to enhance cooperation between the South Africa and other countries, in particular, African countries. This is achieved through the promotion of democracy, good governance, the prevention and resolution of conflict, socio-economic development and integration, humanitarian assistance and human resource development.
- *The Foreign States Immunities Act, 1981 (Act 87 of 1981)*: This Act regulates the extent of the immunity of foreign states from the jurisdiction of courts of the Republic and provides for matters connected therewith.
- *The Diplomatic Immunities and Privileges Act, 2001 (Act 37 of 2001)*: This Act provides for the immunities and privileges of diplomatic missions and consular posts and their members, heads of state, special envoys and certain representatives of the United Nations and its specialized agencies, and other international organizations and of certain other people. Provision is also made for immunities and privileges pertaining to international conferences and meetings held in South Africa.
- *The Foreign Service Act, 2019 (Act 26 of 2019)*: The Act is the first of its kind in South Africa, regulating officials in South African Missions abroad. It aims to provide for the management, administration, accountability, and functioning of a professional Foreign Service of the Republic of South Africa. It also provides for the operational requirements

⁴ Annual Performance Plan 2026/27 of the Department of International Relations and Cooperation

⁵ Strategic Plan 2025-2030, Department of International Relations and Cooperation

that are suitable and supportive of the operations of the Foreign Service in a global environment.

The Department is further responsible for the following policy mandates:

The *Measures and Guidelines for Enhanced Coordination of South Africa's International Engagements* and its annexures, approved by Cabinet in 2009, establish more effective measures and mechanisms to coordinate the conduct of international relations and the implementation of South Africa's foreign policy.

- *The White Paper on Foreign Policy*, approved by Cabinet in 2011, assesses South Africa's foreign policy against the rising expectations of the critical role of foreign policy to meet domestic priorities.
- Foreign Service Dispensation (FSD) is implemented in terms of the provisions of Section 3(3) (c) of the Public Service Act, 1994 (Act 103 of 1994), as amended, and is applicable to designated employees who serve in a foreign country at a South African mission abroad and fall within the scope of the Public Service Coordinating Bargaining Council.

The Department is a custodian of international agreements (bilateral and multilateral) concluded by the Republic in terms of relevant constitutional provisions (sections 231(2) and (3) of the Constitution).

4. Strategic outlook in the Strategic Plan 2025-2030

4.1 The Portfolio Committee's Strategic focus areas

The focus of the assessment by the Portfolio Committee is on the performance of the five key programmes of the Department comprising of Administration, International Relations, International Cooperation, Public Diplomacy and State Protocol and International Transfers. The Department's performance is also measured against its own mandate and plans for implementation set out in the Medium-Term Development Plan (MTDP) 2024-2029. It is further guided by the aspirations of the National Development Plan 2030 (NDP) and the National Interest Framework. It is also guided by the Statement of Intent (SoI) of the Government of National Unity (GNU), as espoused in the Medium-Term Development Plan (MTDP), 2024–2029 as adopted by the Government of National Unity (GNU) and serves as a focal strategic framework that guides South Africa's diplomatic engagements. The MTDP aligns with the NDP 2030 which prioritises sustainable economic growth, social

transformation, and peacebuilding as its core priority objectives. The plan commits the Department to continuously utilise foreign policy as a strategic tool to contribute towards ongoing efforts by government to address structural economic constraints, unemployment and inequality.

The Government's key priorities have been identified in the President's State-of-the-Nation Address (SONA) of February 2026. It is also guided by the vision set out in the Southern Africa Development Community (SADC)'s regional integration agenda as contained in the Regional Indicative Development Plan (RISDP); similarly guided by the African Union's (AU) Agenda 2063, and the United Nations (UN) 2030 Agenda for Sustainable Development Goals (SDGs). The source documents for this analysis include the 2026 Estimates of National Expenditure (ENE); and the Annual Performance Plan 2026/2027 (APP) of the Department of International Relations and Cooperation.

4.2 The Mandate of the Department

The overall mandate of the Department is to work for the realisation of South Africa's international relations policy objectives. The foundation of South Africa's foreign policy is built on a desire to promote South Africa's national interest and values, the African Renaissance and the creation of a better world for all⁶.

South Africa's Foreign Policy perspective is guided by the commitment to create a better South Africa in a better Africa and a better world that is inspired by key national policy documents, including the National Interest, NDP, and MTDP. All these are aimed at directing available resources in international engagements to ensure the advancement of the three strategic priorities of the GNU. All government departments are expected to contribute to the following three (3) strategic priorities of the GNU:

- **Priority 1: Drive inclusive growth and job creation**
- **Priority 2: Reduce poverty and tackle high cost of living**
- **Priority 3: A capable, ethical and developmental state**

The Department contributes to Priority 1 and Priority 3.

The Strategic Plan 2025-2030 and the Annual Performance Plan 2026/27, illustrate the Department having a dynamic role to play in the improvement of the lives of South Africans,

⁶ Department of International Relations and Cooperation, Strategic Plan 2025-2030

through utilising its bilateral relations and global footprint effectively and profitably. This would include identifying strategic opportunities for skills and knowledge development, targeted investments and growing markets for South Africa's products and services, in an integrated and inclusive manner. The Department's Strategic Plan 2025–2030 and Annual Performance Plan 2026/27 are further geared towards the achievement of national development objectives, as well as Priority 1 and Priority 3 of the Medium-Term Development Plan (MTDP) in the execution of the country's international obligations.

4.3 Planned Outcomes for Five-year period

The Department intends to enhance its performance through seven strategic outcomes.

Outcome 1: A modern, effective department with capable and skilled employees, that is committed to the excellent execution of South Africa's foreign policy. This would ensure that the available resources and departmental capabilities are directed towards the articulation of the country's foreign policy in an efficient and professional manner. This is intended to be delivered by adopting proper governance structures and systems that are based on ensuring the department's contribution to effective and sound management of Dirco's resources.

Outcome 2: Leveraged bilateral, political, economic, and social relations to achieve the objectives of the NDP and the MTDP priorities. Bilateral cooperation efforts would be geared towards advancing the country's National Interest and safeguarding its constitutional principles. The Department has an annual target of 30 structured bilateral mechanisms activities towards achieving the strategic priorities of the GNU.

Outcome 3: Strengthened Economic Diplomacy through tourism promotion, trade, and investment opportunities in support of the one-government investment approach. Economic Diplomacy is an enabler of increased tourism, trade, and investment. The Department has planned an annual target of 60 Economic Diplomacy activities. The economic diplomacy architecture would be central in driving inbound and outbound tourism, trade, and investment opportunities, which are necessary to create a predictable condition for the achievement of the priorities of the seventh administration.

Outcome 4: Increased Regional Integration: The Department is mandated to coordinate all departments that participate in SADC programmes and projects to ensure adherence to South Africa's Foreign Policy. The SADC's integration agenda is anchored in political, security and economic integration. Critical to regional economic integration is the rapid implementation of the Tripartite Free Trade Area (TFTA), as well as the African Continental Free Trade Area

(AfCFTA), to boost industrial and infrastructure development and enhance intra-regional trade. In its Annual Plan, the Department would closely monitor South Africa's progress on the implementation of the Regional Indicative Strategic Development Plan (RISDP) projects.

Outcome 5: South Africa's National Interest and values in all international engagements are advanced. In its Annual Plan, the Department intends to use South Africa's diplomatic engagements within the global system of governance to advance the economic agenda to its benefit. This is inclusive of contributions to the development agenda of the South. In this context, the developmental agenda of institutions of the South, such as the African Union (AU), India, Brazil, South Africa (IBSA), and Brazil, Russia, India, China, South Africa, plus (BRICS+) would be well-positioned to influence the global development agenda.

Outcome 6: Domestic and foreign audiences informed on South Africa's foreign policy objectives and priorities. The Department advocates a principled and people-centred foreign policy for consumption by both local and international audiences. It will also provide a state-of-the-art Protocol service. In its Annual Plan, the Department intends to issue 30 Foreign Policy messages.

Outcome 7: Multilateralism strengthened through membership fees. The Department aims to maintain sustainable membership contribution in key multilateral bodies. Membership contribution to international bodies maintains South Africa's image and enhance South Africa's chances of filling its quotas in critical positions through strategic deployment to various multilateral bodies.

In highlighting the rationale for its outcomes, the Department indicated that Outcomes 2, 3, and 5 are linked to strategic priority 1: drive inclusive growth and job creation. These outcomes are considered important as they are tied to the efforts aimed at creating an enabling environment for economic growth that would lead to the eradication of unemployment, poverty, and inequality.

In terms of Outcomes 1, 4, 6, and 7, the Department reported that they are critical components of strategic priority 3: a capable, ethical and developmental state. The envisaged capable, ethical and developmental state is aimed at upholding professionalism and a merit-based and corruption-free developmental state. These are heralded as critical components of achieving the objectives of the NDP and strategic priorities of the MTDP.

Under the GNU, these strategic priorities remain central in guiding the country's international relations and economic diplomacy. In this regard, economic diplomacy engagements entailed creating strategic partnerships to attract foreign direct investment, promote tourism, and create enabling conditions for trade.

4.4 The Annual Performance Plan 2026/27 of the Department

The Department of International Relations and Cooperation's (DIRCO) Annual Performance Plan (APP) for the 2026/27 financial year, represents the second year of implementation of the department's Strategic Plan (2025–2030). The Department seeks to maintain a principled, strategic and development orientated diplomacy in the current global environment besieged by geopolitical contestation, economic volatility and deepening inequality. Building on the foundations of South Africa's 2025 Group of 20 (G20) Chairship under the theme *Solidarity, Equality, Sustainability*, the department's focus will be on translating that global leadership role into sustained partnerships that yield tangible benefits for Africa's development agenda and for the people of South Africa.

South Africa has historically been a vocal supporter of Palestinian self-determination and has consistently advocated for a two-state solution based on the 1967 borders, with East Jerusalem as the capital of Palestine. This position aligns with international consensus and UN resolutions.

South Africa would continue to utilise various international forums to condemn actions that seek to undermine the peace process, including the expansion of Israeli settlements in the occupied Palestinian territories. The South African government emphasises the importance of negotiations and adherence to international law to achieve a just and lasting peace in the region.

The African continent continues to be the primary focus in South Africa's foreign policy engagements. Guided by the African Union's Agenda 2063, South Africa has resolved to continue advancing continental and regional integration, peace, and development through the African Union (AU), the Southern African Development Community (SADC), and the African Continental Free Trade Area (AfCFTA). South Africa's commitment to African-led solutions to conflict and to strengthening the capacity of continental institutions is to remain firm. This will be clearly demonstrated in South Africa's Chairship of SADC later this year and through the Chairship of the African Union Follow-Up Committee on Agenda 2063 as well as South Africa's tenure in the African Union Peace and Security Council.

The Department reported that South Africa will continue to promote a rules-based system based on international law, an inclusive multilateral system, and advocate for the reform of global institutions, including the United Nations Security Council (UNSC) and the international financial architecture, to ensure greater equity and representation for developing nations. Furthermore, we will continue to advance South-South cooperation and deepen partnerships through strategic forums such as Brazil, Russia, India, China, and South Africa (BRICS+); India, Brazil, and South Africa (IBSA); and the Indian Ocean Rim Association (IORA).

The department will intensify efforts in public and economic diplomacy, digital transformation, and climate cooperation. These initiatives aim to ensure that South Africa's foreign policy remains both principled and responsive to emerging global trends. In advancing these priorities, the department will also promote the meaningful participation and empowerment of women, youth, and persons with disabilities in both its institutional practice and international engagements. South Africa's diplomacy will continue to be guided by the values of the Constitution and the enduring spirit of Ubuntu the conviction that this nation's prosperity is inseparable from that of its neighbours and the broader global community.

The department has continued to strengthen its institutional capacity and implement the Foreign Service Act, advancing a professional, ethical, and responsive diplomatic corps which remains central to institutional renewal. Furthermore, the modernisation of missions' operations and reinforcement of intergovernmental coordination are imperative in enhancing the effectiveness and expansion of South Africa's economic diplomacy. These efforts are anchored in the priorities of the Government of National Unity, which calls for coherent international engagement that supports inclusive growth, industrial development, investment mobilisation and sustainable job creation, in line with government's economic recovery and reconstruction priorities.

4.5 Budget allocation for programmes of the Department in 2026/27

Table 1 Budget Allocation-Vote 6: International Relations and Cooperation 2026/27

Programme	
(R million)	2026/27

1: Administration	1 831 662
2: International Relations	3 570 896
3: International Cooperation	608 777
4: Public Diplomacy & Protocol	330 977
5: International Transfers	884 820
Total	7 227 132

Source: Estimates of National Expenditure 2026

The Department has received a slightly increased budget allocation. The total budget shows a marginal increase from R7.090 billion (2025/26) to R7.227 billion (2026/27), which is an increase of approximately 2%. The current budget allocation impacts on various operational and strategic initiatives and does not fully respond to the Department's expanding mandate. Compensation of employees (CoE) budget remains a challenge as the increase in 2026/27 allocation is insufficient to adequately address the high vacancy rate within the Department. The continued engagement with National Treasury remains critical to address budget pressures as well as challenges caused by exchange rate volatility.

The increase is notable on Programme 1: Administration, Programme 2: International Relations and Programme 3: International Cooperation. A decrease in budget is notable under Programme 4: Public Diplomacy and State Protocol, including Programme 5: International Transfers.

The department's spending is largely affected by the exchange rate fluctuation of main currencies as well as local currencies as 60% of the department's budget allocation is spent abroad. It was reported that there were ongoing engagements with National Treasury to address challenges caused by exchange rate volatility. The Department would continue to

transfer payments, which arise from obligations undertaken by South Africa at international, regional and subregional multilateral levels, and to its entity, the African Renaissance Fund.⁷ Slight increase is experienced on compensation of employees (CoEs), where spending is largely affected by the exchange rate fluctuation of main currencies as well as local currencies. The Department operates mainly through the 114 diplomatic missions in 102 countries where South Africa has representation, and as such, compensation of employees is its main cost driver. The CoEs ceiling that has been set is not sufficient to cover the salary bill of filled positions in the Department as well as most critical vacant critical positions.

5. The Strategic Plan 2025-2030 of the African Renaissance and International Cooperation Fund (ARF)

The Department has one entity, the African Renaissance and International Cooperation Fund (ARF). After 1994, the democratic government took a deliberate decision to establish a Fund, to promote development assistance and consolidate peace and reconstruction in Africa. The African Renaissance and International Cooperation Fund was thus established in 2000 pursuant to an Act of Parliament, the African Renaissance and International Cooperation Fund Act (Act 51 of 2000). The fund's mandate is to enhance cooperation between South Africa and other countries, particularly African countries⁸.

The ARF continues to be an invaluable 'soft power' instrument in pursuit of the priorities identified in the MTDP. As foreign policy is an extension of national priorities, the ARF would contribute towards the development of a better Africa and a better world by enhancing cooperation between South Africa and other countries. This it would achieve through the promotion of democracy, good governance, the prevention and resolution of conflict, socio-economic development and integration, humanitarian assistance and human resource development. Countries in need of assistance apply for funding from the fund. Through this fund, South Africa can be counted among those who strive to restore human dignity and bring relief to people in distress as and when humanitarian situations arise.

⁷ Estimates of National Expenditure 2026, National Treasury

⁸ Strategic Plan 2025-2030, African Renaissance Fund

The ARF is in the Department, under the supervision of the Director-General. Transfers to the Fund are included in the monies appropriated to the Department. Consequently, the Portfolio Committee oversees the activities of this Fund.

The strategic focus of the ARF is guided by the NDP 2030, as unpacked in the Medium-Term Development Plan Framework (MTDP) 2024-2029, which is aligned with the integration agenda of SADC's Regional Indicative Strategic Development Plan (RISDP), AU's Agenda 2063, and the UN's Sustainable Development Goals (SDGs) 2030 Agenda.

The ARF would support South Africa's strategic goals for the African continent, namely, the resolution of conflict and creating conditions for socioeconomic development. In South Africa's view, peace and stability are a sine qua non to socioeconomic development; the advancement economic integration of the continent through the African Continental Free Trade Area (AfCFTA); and to lead continental efforts aimed at solving conflicts in Africa. The ARF would continue to be an invaluable instrument in pursuit of goals of South Africa's Foreign Policy.

In terms of planned policy initiatives within the five-year period, the ARF seeks to amend the ARF Act, 2000 (Act 51 of 2000) through the ARF Amendment Bill, which would rename the African Renaissance Fund to the South African Development Partnership Agency (SADPA). The amendment of the ARF Act aims to create a fully-fledged development agency. It would remain a Schedule 3A public entity listed in the Public Finance Management Act (PFMA) and would substitute the ARF Fund with SADPA in the PFMA. The draft Amendment Bill would be presented to Cabinet for approval to submit the Bill to Parliament for further deliberation, and, subsequently, the President signing the Bill into law.

5.1 Annual Performance Plan 2026/27 of the African Renaissance Fund

The ARF has a budget allocation of R56 million for the 2026/27 financial year, with an anticipated R1 million in interest income. The Fund would request National Treasury to retain a surplus of approximately R400 million from the previous year to supplement its budget. The Agency anticipates supporting election observation missions (notably Zambia in August 2026), and the funding of socio-economic development projects that support South African exports and give local companies international exposure. The ARF would focus on the sustainability of projects and prioritise its allocations to maximise the impact of its interventions given the high demand for its resources.

The ARF continues to be an invaluable instrument in supporting South African Foreign Policy. The Agency remains an important tool that seeks to enhance development assistance and cooperation with a dedicated focus on the realisation of the African Agenda. The ARF is committed to promoting South Africa's national interests and values, and the creation of a better world for all.

The Annual Performance Plan 2026/27 indicates that the ARF would promote regional integration, which would focus on the cooperation and development on the African continent and other countries. This would be achieved through partnerships with the private sector to unlock more funding. Humanitarian Assistance remains one of the key focus areas in Africa. Through this fund, South Africa could be counted among those who strive to restore human dignity and bring relief to people in distress as and when humanitarian situations arise.

The fund would support mediation activities aimed at resolving conflicts to create a better Africa for all. The ARF would also support initiatives to promote democracy and good governance as well as the prevention and resolution of conflict.

In implementing South Africa's Foreign Policy, the ARF would ensure ownership of the process by the recipient country. The relevant country must determine the immediate, medium- and long-term actions that would address the issues contained in its project proposal.

It would also seek an understanding of the political, economic and security considerations of the recipient country, and ensure that a needs assessment is conducted with direct involvement and ownership of the process by the country concerned. The Agency acknowledges that integrated planning and coordination are critical in ensuring that South Africa's efforts are in line with the development needs of the identified country.

South Africa would continue to play its part in fostering integration on the continent and support the incoming AU Chair and the organisation in its efforts to meet the aspirations of the AU's Agenda 2063. To realise this vision, the ARF would implement projects that would improve the socio-economic conditions of citizens. The funding of projects that would fast-track the operationalisation of the AfCFTA would realise a shared prosperity for Africa. The AfCFTA would accelerate progress towards continental unity and integration for sustained growth, trade, the exchange of goods and services, the free movement of people, and fast-track economic integration.

6. Findings by the Committee

6.1 The Portfolio Committee noted that DIRCO requires strategic and annual plans that can operate in a complex and dynamic global environment and which position South Africa to engage effectively in global politics, trade and development.

6.2 Concerns were raised regarding the budget allocation for 2026-2027, which showed nominal increases but significant cuts in some areas, including Public Diplomacy and State Protocol International Transfers and on goods and services due to the end of G20-related funding. It was noted that the increase on compensation of employees was to cover cost-of-living adjustments. Members expressed a concern about the impact of budget cuts on Programme 4, for communication of South Africa's Foreign Policy positions to the world. The Portfolio Committee applauded the increase on payments for capital assets to enable the Department to focus on its huge property portfolio in the Missions abroad.

6.3 The Portfolio Committee observed that the bulk of work of the Department is in the South Africa's Missions abroad. However, the limited budget allocations further suffer from impact of foreign exchange fluctuations. The Department requested the Portfolio Committee to intervene and urge National Treasury to reconsider future allocations because of the uniqueness of the mandate of the Department. The committee recommended that the department engage with National Treasury to address budget pressures and exchange-rate volatility. The committee also requested feedback on discussions with Treasury and further requested the department to consider benchmarking with peer committees or resident embassies on managing currency fluctuation risks.

6.4 The Committee supported the ARF initiative to request National Treasury for authority to retain a surplus of approximately R400 million. A call was made for the department to accelerate the finalisation of the transition of the African Renaissance Fund into a fully-fledged agency to drive cooperation and economic development in African countries where a need arises.

6.5 The Committee was of a view that embassies and consul generals should be sufficiently capacitated to strengthen economic diplomacy with current and potential trading partners. Moreover, the department should consider setting targets for missions to accomplish trade

agreements. The Chairperson said that the department should ensure the implementation of the Johannesburg G20 outcomes, especially cooperation in operationalisation of the AfCFTA.

6.6 It was noted that the 2% increase was absorbed by inflation and exchange rate fluctuations. The department would prioritise statutory meetings, engagements aligned with government's economic priorities, and meetings where South Africa holds a significant role in BRICS, G20, NAM. However, funding for the upcoming SADC summit had not been provided, requiring reprioritisation. Given only a 2% budget increase clarity was sought on the turnaround strategy that would prioritise resources to achieve its economic diplomacy targets. The 2% budget growth was considered insufficient for the department's expanding mandate.

6.7 On properties, the Committee noted that R174 million of the R210 million capital budget would be used for three major renovation projects: the official residence in Denmark (R60 million), the boiler system at the chancery in London (R69 million), and residential accommodation in London (R30 million). Clarity was sought on the plans DIRCO had to renovate embassies.

6.8 Concerns were raised that the budget cuts created perceptions that DIRCO was undervalued by the Government of National Unity (GNU), and that austerity-driven budget cuts were harming South Africa's international representation. It was further noted that embassies were in poor condition and consular staff were not properly supported.

6.9 The committee raised concerns about the value of DIRCO's targets, arguing they measured the number or frequency of diplomatic activity meetings, reports, rather than economic outcomes. Clarity was sought on the number of export contracts, jobs, or market access opportunities for township and black-owned businesses had resulted from these engagements.

6.10 A proposal was made that every embassy should operate as an economic war room with ambassadors having performance contracts linked to investment and job creation.

6.11 A concern was raised that the national interest framework was outdated and had not been discussed by the Committee, especially after the GNU's formation.

6.12 Clarity was sought whether DIRCO could afford its large foreign mission footprint, noting that some embassies had only five or six staff sharing a laptop, and that there had been no ambassador in Australia for over three years. It was proposed that non-performing embassies should be closed.

6.13 The Committee requested the department to focus on enabling missions to become strategic partners and prioritise the implementation of the African Continental Free Trade Area to increase South Africa's exports to the rest of the continent and the world.

6.14 A concern was raised whether the mandate for maintaining state properties abroad had been transferred from Public Works to DIRCO without the corresponding budget or skills, leading to dilapidated embassy buildings.

6.16 Clarity was sought on what concrete outcomes had been achieved from South Africa's G20 presidency. The Committee stressed that the department should ensure the implementation of the Johannesburg G20 outcomes, especially cooperation in operationalisation of the AfCFTA.

6.17 The Committee observed that coordination with economic departments like the Department of Trade, Industry and Competition (DTIC) must translate into measurable outcomes like trade opportunities and job creation. It was further noted the importance of assessing the return on investment from South Africa's contributions to international organisations.

6.18 The Committee observed that no funding had been allocated for the ICT modernisation project. It was further noted that the pace of digital transformation was too slow, with only two business processes targeted for automation in the 2026/27 financial year. The committee further noted that ICT challenges continue in South African missions abroad, which increases operational risk, and it called on the department to prioritise this challenge during the 2026/27 financial year. The Committee called for an accelerated digital transformation strategy.

6.19 Members raised concerns about the persistent high vacancy rate which has become a significant weakness and clarity was sought on a strategy to fill critical posts despite budget constraints. There were concerns that the budget increase for compensation of employees

would still not allow DIRCO to fill its 26.3% vacancy rate, especially given exchange rate fluctuations affecting staff paid abroad. The Committee noted that the compensation of employees remains a pressure point, as the 2026/27 increase is not sufficient to address high vacancy rates at headquarters and missions (115 missions in 102 countries), where staffing costs are the main cost driver. During oversight visits to missions, the committee noted that some are under-resourced to the extent that staff sometimes share one laptop among five people. The staff at headquarters and Missions have burnout episodes as they are required to double-up on extra work. It called for all missions to be properly resourced.

6.20 The Committee encouraged efforts to introduce the youth to diplomacy through youth employment.

6.21 The Chairperson proposed that the department develop a system to set specific, research-based key performance indicators for each embassy and mission, focused on attracting foreign direct investment. He said this would require collaboration with research institutions and would allow for tracking of investment volumes, job creation, and skills transfer. He noted that the current practice of ambassadors receiving guests was insufficient and that they must be given targets before appointment.

6.22 The Chairperson noted that South Africa's economic growth has been stagnant for over 15 years and is not projected to exceed 2% until 2030. He urged the department to engage with the National Treasury and the Department of Trade, Industry and Competition to create a different trajectory that prioritises foreign direct investment as a domestic economic booster. He suggested exploring strategic fuel reserves with Nigeria's Dangote to cushion South Africa from global shocks.

6.23 The Chairperson reminded the Deputy Minister that the Minister had committed to appearing before the Committee once a quarter. As the first quarter had lapsed, the Minister would need to appear twice in the second quarter.

6.24 There was a call for increased humanitarian aid to Cuba, support for Palestine, and continued condemnation of Morocco's occupation of Western Sahara.

7.1 Responses by the Department

7.1 The Department Deputy Minister Moraka responded that South Africa's foreign policy is guided by the principles of Pan-Africanism, respect for international law, human rights, and the sovereignty of states. She cautioned members against encroaching on the domestic affairs of neighbouring countries, stating that election observer reports are submitted to SADC and are available to the Committee.

7.2 She clarified that DIRCO's APP adheres to the National Treasury's SMART principles (specific, measurable, achievable, realistic, time-bound). Detailed outcomes, such as job creation and investment figures, are reported in quarterly and annual reports, not in the APP itself.

7.3 On public participation, she defended the outreach programme as necessary to explain DIRCO's mandate to citizens, following the Committee's own call to improve public understanding of the department's work.

7.4 The Department addressed the national interest framework, stating that it was approved in 2019. It was recently presented to Cabinet, which agreed it remained relevant. The document was also presented to the GNU Clearing House. He offered to brief the Committee on the framework.

7.5 On economic diplomacy, the DG stated that a draft economic diplomacy framework and strategy had been finalised after a year of consultations and would be tabled at a future Cabinet meeting. The framework would address how DIRCO leverages its footprint to improve investment and trade, including dealing with barriers at the WTO and customs level.

7.6 The DG disputed that South Africa had one of the largest foreign missions footprint, noting that the G20 average is 193 missions, the OECD average is 150, and South Africa has 114. If South Africa reduced its footprint, the undesirable result would be that reciprocity would reduce the number of foreign missions in Pretoria, which is a valuable space for diplomatic work.

7.7 On the G20 legacy, the DG listed key Johannesburg outcomes including a debt sustainability agreement for Global South countries, the establishment of an international panel on inequality chaired by Nobel laureate Professor Joseph Stiglitz, and principles on food security and combating illicit financial flows. These outcomes were approved by the African Union.

7.8 On fuel prices, the DG stated that an inter-departmental meeting led by DTIC was looking at using administered prices to buffer the impact on citizens, and a proposal would go to Cabinet soon.

7.9 The Department reported that the vacancy rate was 26.3%, representing 624 vacancies (522 at head office, 102 at missions). The department would prioritise filling positions vacated by voluntary severance packages and positions for officials posted abroad. However, unfunded positions could not be filled without additional funding from Treasury.

7.10 It was confirmed that the R174 million for properties would cover only three major projects: Denmark (R60m), London chancery boiler system (R69m), and London residential accommodation (R30m). She noted that no funding was provided for the ICT project, and the department would have to decide whether to drop a renovation project to fund ICT.

7.11 The ARF stated that the transition to SAPDA remained a priority. The draft bill had been consulted with Treasury and was with legal advisors before submission to Cabinet. SAPDA would create a fully-fledged entity with a CEO, separating roles between DIRCO and the fund.

7.12 The ARF stated that the Fund now had capacity, with three managers reporting to the head, and vetting would be extended to project managers. An action plan had addressed previous audit findings on performance information. On sustainability, the fund was matching humanitarian projects with socio-economic development projects (e.g., farming instead of food aid). The financial model allows for retention of surplus funds, and the fund expects to request retention of about R400 million.

7.13 The Department stated that ICT infrastructure had been neglected for years. The initial project focused on buying new computers before upgrading the network, leading to connectivity problems. These issues have been largely resolved at missions visited by the Committee. A written report with specific updates will be provided.

7.14 It was confirmed that several automation projects had been postponed due to lack of funds. On public diplomacy, he said the department was stretched and had to rely on free platforms like social media to counter misinformation. He noted that funding cuts were causing staff burn-out for being overburdened with extra work responsibility.

8. Conclusions

After discussions during the briefing, the Committee concluded as follows:

The Department has received a slightly increased budget for financial year 2025/26. The budget would still be further affected by the imminent foreign exchange currency fluctuations and unavoidable mandates and responsibilities in its diplomatic intercourse and conduct of

international relations. Its main operations abroad have previously been affected by currency fluctuations.

The Portfolio Committee is encouraged by the Department's undertaking that it will do more with less and avoid under-performance despite the circumstances.

The Committee noted the limited budget allocated the ARF despite the potential requests for assistance. The Portfolio Committee therefore supported the ARF initiative to request National Treasury for authority to retain a surplus of approximately R400 million.

9. Recommendations

Having considered the Strategic Plan 2025-2030 and the Budget Vote 6 of the Department 2026/27 and its entity, the Committee recommends that the Minister should consider the following and report on progress within three months of adoption by the National Assembly of this report:

9.1 Conduct a full assessment of the effect of budget cuts on the operations of the Department and the ARF, on predetermined objectives, and planned service delivery.

9.2 Liaise with National Treasury on the best model to address the budgetary constraints further impacted by the foreign exchange fluctuations and the shortfall on the Compensation of Employees due to the budget ceiling. Furthermore, consider benchmarking with peer committees or resident missions on managing currency fluctuation risks for embassies abroad.

9.3 Prepare for a full briefing on the ICT modernisation and infrastructure project, with service providers, if necessary, to be scheduled for August 2026 after the parliamentary recess. With no budgetary allocation this financial year for the modernisation project, submit a report on a turnaround strategy to enable the Department to reach completion of the ICT project by the 4th quarter of 2026/27.

9.4 Engage with the National Treasury and the Department of Trade, Industry and Competition to create a different trajectory that prioritises foreign direct investment as a domestic economic booster and report to the Portfolio Committee.

9.5 Ensure availability of the Minister for a monthly meeting with the Portfolio Committee on geopolitical matters physically or at least virtually involving accountability on the mandate of the Department. The Minister had committed to appearing before the Committee once a quarter. As the first quarter had lapsed, the Minister would need to appear twice in the second quarter.

9.6 Ensure that the headquarters and Missions abroad are adequately resourced to address the 26% high vacancy rate and report quarterly on the strategy to fill critical posts and submit plans to address overburdening of staff with extra work due to shortage of personnel.

9.7 Develop a system to set specific, research-based key performance indicators for each embassy and mission, focused on attracting foreign direct investment. Ensure that Missions report on all non-tariff and domestic legislative barriers to trade and foreign direct investment with South Africa.

9.8 Assess the return on investment from South Africa's contributions to international organisations, to translate into measurable outcomes like trade opportunities and job creation.

9.9 Introduce more young people, women and people with disability to diplomacy through youth employment and other programmes. Report quarterly on progress in this regard.

9.10 Submit an update in July 2026, on when the department plans to table the long-awaited process of migrating from African Renaissance Fund to the South African Development Partnership Agency. Ensure the sustainability of the fund to match humanitarian projects with socio-economic development projects.

9.11 Provide a report on concrete outcomes achieved from South Africa's G20 presidency; and ensure the implementation of the Johannesburg G20 outcomes, especially cooperation in operationalisation of the AfCFTA.

9.12 Prepare a report on the department's plan to utilise capital budget for big renovation projects in London and Denmark, and how it plans to maintain the other properties in its portfolio. Report on engagements with Public Investment Corporation in terms of the institution assisting the Department in maintaining its huge portfolio of state-owned properties.

9.13 Focus on enabling missions to become strategic partners and prioritise the implementation of the African Continental Free Trade Area to increase South Africa's exports to the rest of the continent and the world.

9.14 Consider increased humanitarian aid to Cuba; continue the support for Palestine and for self-determination for the people of Western Sahara, or any other conflict-stricken areas.

9.15 Ensure DIRCO's targets are measured in terms of economic outcomes, as opposed to the number or frequency of diplomatic activities meetings, reports, rather than economic outcomes.

To the National Assembly

10 The Parliamentary Oversight Model must be reviewed to allow the Portfolio Committee on International Relations and Cooperation to have more regular oversight visits to South African Missions abroad. This will assist to have a holistic approach on the performance abroad of the Department of International Relations and Cooperation. Being mindful that cost considerations may not allow oversight visits to all the South African Missions abroad, the Portfolio Committee has resolved to conduct regional oversight and accountability processes in different regions of the world. The South African Mission congregate at a central point to account to the Portfolio Committee. It is the hope of the Committee that Parliament will embrace this innovation into the Oversight and Accountability Model.

10.1 The Parliamentary Oversight Model should allow the Portfolio Committee on International Relations and Cooperation to have more regular oversight visits to project areas of the African Renaissance and International Cooperation Fund (ARF), to have a holistic approach on the performance abroad of the entity of the Department of International Relations and Cooperation.

10.2 The Portfolio Committee should be allowed to conduct oversight visits to international organisation that the Republic of South Africa is a state-party. This would enable the Committee to assess the impact of the Department's participation on the overall outcomes at such forums.

10.3 The National Assembly should consider establishing a Standing Committee on International Matters. This would comprise the Portfolio Committees responsible for International Relations, Tourism, Public Works, Home Affairs, Trade and Industry, Small Business, Defence, Finance and any other relevant portfolio, twice a year, to consider matters of common interest regarding international relations developments, and issues emanating from oversight over SA Missions abroad.

10.4 The Committee recommends that Budget Vote 6: International Relations and Cooperation 2026/27 be passed.

Report to be considered.

2. REPORT OF THE PORTFOLIO COMMITTEE ON EMPLOYMENT AND LABOUR ON BUDGET VOTE 31: EMPLOYMENT AND LABOUR ON THE STRATEGIC PLAN 2025–2030 AND ANNUAL PERFORMANCE PLAN 2026/27, DATED 13 MAY 2026

The Portfolio Committee on Employment and Labour, having considered the budgets of the Department in line with the Strategic Plan 2025–2030 and Annual Performance Plan 2026/27 of the Department, which were presented to it on 29,30 April and 6 May 2026, reports as follows:

1. INTRODUCTION

The Department of Employment and Labour (Department) derives its legislative mandate from the Constitution, particularly the Bill of Rights. Some of the relevant sections include section 9 - Equality; section 10 - Human dignity; section 18 - Freedom of association; section 23 – Sound labour relations; section 24 – Environment; section 27 – Health care, food, water and social security; section 28 – Children; and section 34 – Equal access to courts. These Constitutional rights are given effect through various pieces of legislation, including the Labour Relations Act (1995); the Basic Conditions of Employment Act (1997); the Employment Equity Act (1998), as amended; the Occupational Health and Safety Act (1993); the Employment Services Act (2014); and the National Minimum Wage Act (2018).

1.1 POLICY MANDATE

The Department of Employment and Labour’s policy mandate is to:

- Promote employment and regulate the South African labour market.
- Ensure decent work and economic growth through:
 - Appropriate legislation and regulation.
 - Inspection and enforcement mechanisms.
 - Protection of workers’ rights.
 - Provision of employment services.

- Advancement of employment equity.
- Provision of social protection.
- Promotion of social dialogue.

1.2 VISION AND MISSION

- Vision: A labour market which is conducive to investment, economic growth, employment creation and decent work.
- Mission: To promote employment and regulate the South African labour market for sustainable economic growth.

1.3 CORE VALUES

- Exemplary conduct.
- Dignity and respect for employees.
- Accountability and integrity.
- Client-centered services.
- Commitment to learning and development.
- Upholding Batho Pele principles.
- Service Charter compliance.

This report presents the strategic and operational priorities of the Department of Employment and Labour (DEL) and its entities for the period 2025–2030, with a focus on the 2026/27 financial year. It outlines the policy mandate, strategic direction, budget allocations, programme plans, key risks, and annual performance targets. This work aligns with South Africa’s Medium-Term Development Plan (MTDP) and the Government of National Unity’s goals to accelerate inclusive growth, create employment opportunities, and enhance service delivery. It is based on presentations made to the Portfolio Committee on Employment and Labour on 29, 30 April and 06 May 2026.

2. THE DEPARTMENT OF EMPLOYMENT AND LABOUR (DEL) STRATEGIC PLAN 2025–2030

2.1 PROGRAMMES OF THE DEPARTMENT

The functions of the Department are structured into four programmes, namely:

- Programme 1: Administration
- Programme 2: Inspection and Enforcement Service (IES)
- Programme 3: Public Employment Services (PES)
- Programme 4: Labour Policy and Industrial Relations (LP&IR)

3. THE FOLLOWING ENTITIES REPORT TO THE DEPARTMENT:

- Supported Employment Enterprises (SEE). This is not a stand-alone entity such as others.
- Unemployment Insurance Fund (UIF), Schedule 3A Public Entity as per PFMA. UIF report to the DG.
- Compensation Fund (CF), Schedule 3A Public Entity. CF also reports to the DG.
- Commission for Conciliation, Mediation and Arbitration (CCMA), a standalone and reports directly to the Minister of Employment and Labour.
- National Economic Development and Labour Council (NEDLAC). Report directly to the Minister.
- Productivity South Africa (PSA).

4. STRATEGIC PLAN 2025–2030

4.1 DEL HAS ADOPTED THE FOLLOWING SEVEN STRATEGIC PRIORITIES

- Strengthen regulatory capabilities.
- Coordinate employment interventions across government.
- Enhance corporate governance.
- Improve service delivery.
- Strengthen institutional capacity.
- Massify marketing of services and programmes.
- Advance the Department's new employment mandate.

4.2 THESE ALIGN WITH THE MTDP 2025–2030 STRATEGIC PRIORITIES

- Inclusive growth and job creation.
- Poverty reduction and lower cost of living.

- Capable, ethical and developmental state.

Table 1: MTDP Strategic Priorities 2025–2030 and DEL Departmental Priorities

MTDP Strategic Priority	Strategic Focus	Corresponding DEL Departmental Priorities
Priority 1	Drive inclusive growth and job creation.	-PR2: Coordination of employment interventions through collaborations, partnerships, and co-operations. -PR7: Advance the new employment mandate of the Department.
Priority 2	Reduce poverty and tackle the high cost of living.	-PR1: Strengthen the regulatory capabilities of the Department.
Priority 3	Build a capable, ethical, and developmental state.	-PR3: Good Corporate Governance - PR4: Improved Service Delivery. -PR5: Strengthen the institutional capacity of the Department - PR6: Massify service marketing.

Source: Presentation to the PC on Employment and Labour dated 18 June 2025

5. THE ANNUAL PERFORMANCE PLAN OF THE DEPARTMENT OF EMPLOYMENT AND LABOUR

5.1 DEPARTMENT BUDGET ANALYSIS

Table 2: Department budget Analysis

Category / Programme	Allocation (R million)	% of Total Budget

Total Budget	4 578.2	100%
Current Payments	2 385.9	52.1%
Transfers & Subsidies	2 065.0	45.1%
Capital Expenditure	127.3	2.8%

Source: Estimates of National Expenditure (Vote 31) and *Presentation to the PC on Employment and Labour* dated 29 April 2026

The composition of the DEL's 2026/27 budget reflects a structurally constrained expenditure framework, with clear implications for operational efficiency, programme impact, and long-term capability. At an aggregate level, the total allocation of R4.58 billion confirms that the department is operating within a tight fiscal envelope, with no meaningful real expansion. In practical terms, this limits DEL's ability to scale up interventions, particularly in response to persistently high unemployment. The budget is therefore not expansionary; it is maintenance-oriented, focused on sustaining existing functions rather than enabling transformation. The dominance of current payments (52.1%) indicates that more than half of the budget is absorbed by compensation of employees and operational costs.

This is typical of service-oriented departments, but at this scale, it raises efficiency concerns. A high wage and operational bill reduces fiscal flexibility and constrains the department's ability to redirect resources toward programmes that directly influence labour market outcomes. Unless productivity gains and service delivery improvements are evident, this structure risks crowding out developmental spending. The allocation to transfers and subsidies (45.1%) further reinforces the department's indirect mode of operation. Nearly half of the budget is channelled to external entities and programmes, such as dispute resolution bodies and employment initiatives.

While this reflects DEL's institutional mandate and reliance on entities such as the CCMA, it introduces a critical governance issue: performance is outsourced, but accountability remains with the department. This necessitates strong oversight mechanisms to ensure that transferred funds translate into measurable outcomes, particularly in employment facilitation and labour market efficiency. The most significant structural weakness is the extremely low level of capital expenditure (2.8%). This suggests minimal investment in systems, digital infrastructure, and

modernisation initiatives. In the context of Public Employment Services, which depends heavily on data systems, matching platforms, and digital accessibility, this underinvestment is a binding constraint. It limits the department's ability to improve efficiency, scale services, and enhance labour market matching. Over time, this perpetuates a cycle where operational costs remain high while service delivery innovation remains stagnant.

Taken together, the budget structure reveals a department that is:

- Operationally heavy, with high fixed costs
- Transfer-dependent, relying on external entities for delivery
- Capital-constrained, with limited investment in future capability

The implication is that DEL's ability to influence employment outcomes is structurally limited. The department is better positioned to regulate and administer the labour market than to transform it. In a context where unemployment is driven by structural economic constraints, this budget composition reinforces DEL's role as a facilitator and regulator, rather than a primary driver of job creation. From an oversight perspective, the critical issue is not only the size of the budget, but its efficiency and composition. Key questions arise around whether current spending levels are justified by performance outcomes, whether transfers are delivering measurable value, and whether the near absence of capital investment is undermining long-term effectiveness. Without shifts in these areas, the department's impact will remain constrained despite ongoing fiscal support.

5.2 PER PROGRAMME BUDGET ANALYSIS

Table 3: DEL Budget Allocation by Programme (2026/27)

Programme	Current Payments (R m)	Transfers & Subsidies (R m)	Capital (R m)	Total (R m)	Share of Total (%)
Administration	1 042.1	59.5	108.2	1 209.8	26.4%
Inspection & Enforcement Services	687.3	0.1	14.5	701.9	15.3%
Public Employment	479.0	716.2	3.3	1 198.5	26.2%

Services (PES)					
Labour Policy & Industrial Relations	177.5	1 289.2	1.3	1 468.0	32.1%
Total	2 385.9	2 065.0	127.3	4 578.2	100%

Source: Estimates of National Expenditure (Vote 31) and *Presentation to the PC on Employment and Labour* dated 29 April 2026

5.3 ANALYSIS OF PROGRAMME ALLOCATIONS

The distribution of DEL's 2026/27 budget reveals a structurally imbalanced expenditure framework, with a clear concentration of resources in regulatory and institutional support functions rather than direct employment creation. The largest allocation is directed to Labour Policy and Industrial Relations (32.1%), followed by Administration (26.4%) and Public Employment Services (26.2%), while Inspection and Enforcement Services receives the smallest share at 15.3%. A key feature of the budget is the dominance of transfers and subsidies, particularly within Labour Policy and Industrial Relations (R1.29 billion) and Public Employment Services (R716 million).

This indicates that a substantial portion of DEL's budget is channelled to external entities such as the CCMA and employment programmes rather than being used for direct service delivery within the department. While these transfers are essential for maintaining labour market institutions and facilitating employment initiatives, they raise oversight concerns regarding performance accountability, efficiency, and measurable outcomes. The Labour Policy and Industrial Relations programme, as the largest recipient of funds, reflects the department's continued prioritisation of labour stability, dispute resolution, and institutional governance. However, this allocation has a limited direct impact on employment creation. It primarily sustains the functioning of labour market institutions, suggesting that a significant share of the budget supports system maintenance rather than labour absorption.

The Public Employment Services (PES) programme, despite being central to job facilitation, receives a comparable but not dominant share of the budget. Importantly, over 59% of PES funding is allocated to transfers, which include employment stimulus initiatives and pathway management systems. While this signals a policy shift toward labour market activation, the scale remains insufficient relative to the magnitude of unemployment. The relatively low allocation to capital (R3.3 million) further suggests limited investment in digital infrastructure

and system modernisation, which are critical for improving matching efficiency between work seekers and employers.

The Administration programme, accounting for over a quarter of total expenditure, represents a significant cost centre. High administrative spending, largely driven by compensation of employees, raises efficiency concerns, particularly in a constrained fiscal environment. Without clear evidence of productivity gains or improved service delivery outcomes, this level of administrative expenditure may crowd out resources that could otherwise support frontline employment interventions. The Inspection and Enforcement Services programme, while smaller in budget share, plays a critical role in ensuring compliance with labour legislation. The relatively modest allocation (15.3%) suggests capacity limitations, particularly given the department's ambitious targets for inspections and enforcement. At the same time, in a low-growth environment, increased enforcement activity must be carefully calibrated to avoid unintended negative effects on small businesses and employment creation

5.4 PER PROGRAMME NON-FINANCIAL ANALYSIS

5.4.1 Programme 1: Administration – Department of Employment and Labour Annual Report 2026/27

Programme 1: Administration provides strategic leadership, governance, and institutional support services to the Department of Employment and Labour (DEL). The programme is responsible for ensuring the effective functioning of the Department through financial management, human resource management, information and communication technology (ICT), legal services, communication, monitoring and evaluation, supply chain management, and internal governance systems. The programme is aligned with the Medium-Term Development Plan (MTDP) Priority 3, which focuses on building a capable, ethical and developmental state.

In this regard, Programme 1 seeks to strengthen institutional capacity, improve operational efficiency, enhance governance systems, and support effective service. This programme is the backbone of the Department of Employment and Labour (DEL), providing governance, strategic leadership, financial administration, human resource management, ICT services, legal support, communication services, and internal monitoring systems necessary for the effective functioning of the Department. The programme is therefore critical in enabling all other operational programmes to function efficiently and deliver on the Department's broader labour

market mandate. The 2026/27 Annual Performance Plan reflects a strong emphasis on institutional strengthening, governance improvement, and operational modernisation. Key targets include filling 80 per cent of funded vacancies, implementing 100 per cent of planned ICT projects, ensuring that 90 per cent of invoices are paid within 30 days, and improving procurement participation for women, youth, and persons with disabilities.

Table 4: Key Targets of Programme 1

Key Performance Indicator	2026/27 Target
Percentage of funded posts filled	80%
Percentage of invoices paid within 30 days	90%
ICT project implementation rate	100%
Percentage of Employment Relations (ER) cases finalised	80%
Procurement from women-owned enterprises	30%
Procurement from youth-owned enterprises	20%
Procurement from enterprises owned by persons with disabilities	3%
Governance and compliance systems implemented	Full implementation
Financial management and internal control improvements	Strengthened compliance
Human resource capacity strengthening initiatives	Ongoing implementation

Source: Estimates of National Expenditure (Vote 31) and *Presentation to the PC on Employment and Labour* dated 29 April 2026

Table 5: Key Risks and Mitigation Measures

Risk Description	Potential Impact	Mitigation Measures
Budget constraints affecting operational capacity	Delays in recruitment, reduced service delivery capability, and inability to implement	Prioritisation of critical vacancies, expenditure reprioritisation, cost containment measures, and engagement with

	planned programmes	the National Treasury
Delays in filling funded vacancies	Reduced institutional capacity, operational backlogs, weakened oversight and enforcement capability.	Streamlining recruitment processes, fast-tracking appointments, maintaining recruitment databases and shortlists
Weak internal controls and governance systems	Audit findings, irregular expenditure, reputational damage, and weakened accountability	Strengthening internal audit systems, improving compliance monitoring, quarterly governance reporting, and consequence management
Delays in ICT modernisation projects	Continued service delivery inefficiencies, poor data management, and operational fragmentation	Establishment of ICT steering committees, phased implementation plans, and improved project management systems
Procurement non-compliance	Irregular expenditure, governance failures, and	Automated procurement systems, staff training on PFMA

	delays in service delivery	and SCM compliance, and enhanced oversight controls
Inadequate monitoring and evaluation systems	Poor performance tracking, weak accountability, unreliable reporting	Strengthening monitoring frameworks, improving performance reporting systems, and conducting regular performance reviews
Weak coordination between branches	Duplication, policy fragmentation, and operational inefficiencies	Improved inter-branch coordination structures, integrated planning and reporting systems
High dependence on manual administrative processes	Slow turnaround times and increased operational inefficiency	Expansion of digital systems and automation initiatives

Source: Estimates of National Expenditure (Vote 31) and *Presentation to the PC on Employment and Labour dated 29 April 2026*

5.4.2 Programme 2: Inspection and Enforcement Services (IES) – Annual Performance Plan 2026/27

Programme 2: Inspection and Enforcement Services (IES) is responsible for enforcing labour legislation and ensuring compliance with employment standards across workplaces in South

Africa. The programme performs a critical regulatory function aimed at protecting workers' rights, promoting fair labour practices, enforcing occupational health and safety standards, monitoring employment equity compliance, and ensuring adherence to the National Minimum Wage Act and other labour laws. The programme is directly aligned with the Medium-Term Development Plan (MTDP) priorities relating to inclusive growth, decent work, and the building of a capable and developmental state. It therefore occupies a central position within the

Table 6: Key targets

Key Performance Indicator	2026/27 Target
Percentage of workplaces inspected for compliance with labour legislation	Increased annual inspection coverage
Percentage of inspected workplaces compliant with labour legislation	Improved compliance rate
Occupational Health and Safety inspections conducted.	Expanded inspections in high-risk sectors
Employment Equity inspections conducted	Increased monitoring of designated employers
National Minimum Wage compliance inspections	Strengthened enforcement nationally
Reactive inspections conducted in response to complaints	Improved turnaround time on complaints
Percentage of non-compliant employers issued with enforcement notices	Increased enforcement action
Follow-up inspections conducted	Improved compliance verification
Advocacy and awareness campaigns on labour rights	Expanded national outreach
Inspector training and capacity development interventions	Ongoing professional development programmes

Source: Estimates of National Expenditure (Vote 31) and *Presentation to the PC on Employment and Labour dated 29 April 2026*

Table 7: Key Risks and Mitigation Measures

Risk Description	Potential Impact	Mitigation Measures
Insufficient labour inspectors	Reduced inspection coverage and weak enforcement capability	Filling funded inspector vacancies, improving recruitment processes, and strengthening provincial capacity
Budgetary and operational constraints	Reduced inspections, limited travel capacity, and delayed investigations	Reprioritisation of resources, risk-based inspections, and improved operational planning
High levels of labour market non-compliance	Continued worker exploitation and weak labour protection	Increased proactive inspections, stronger enforcement actions, and improved compliance campaigns
Weak occupational health and safety compliance	Workplace injuries, fatalities, litigation risks	Intensified OHS inspections, targeted high-risk sector interventions, and awareness campaigns.
Delays in enforcement follow-ups	Reduced the effectiveness of inspections and weak compliance outcomes	Improved case management systems, monitoring mechanisms, and provincial oversight
ICT and data management weaknesses	Poor reporting, weak monitoring, and operational inefficiencies	ICT modernisation, integrated inspection systems, digital reporting tools
Growth of informal and non-standard employment	Difficulty regulating emerging forms of work	Policy adaptation, specialised inspector training, and strengthened labour market intelligence
Resistance from employers and businesses	Delayed compliance and legal disputes	Stakeholder engagement, awareness campaigns, and phased compliance support
Weak coordination between national and provincial offices	Inconsistent enforcement outcomes	Strengthened coordination frameworks, standardised reporting systems, and regular oversight meetings

Limited public awareness of labour rights	Underreporting of violations and worker vulnerability	Public education campaigns, outreach programmes, and worker awareness initiatives
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Source: Estimates of National Expenditure (Vote 31) and *Presentation to the PC on Employment and Labour dated 29 April 2026*

5.4.3 Analysis of Programme 3: Public Employment Services (PES) – Annual Performance Plan 2026/27

Programme 3: Public Employment Services (PES) is the Department of Employment and Labour’s primary labour market intervention programme aimed at facilitating access to employment opportunities and improving labour market participation. The programme is responsible for work-seeker registration, employment counselling, career guidance, employment matching services, labour market information systems, employer engagement, and implementation of labour activation initiatives. The programme operates within a highly constrained economic environment characterised by persistent structural unemployment, weak labour absorption, low economic growth, and increasing pressure on labour market institutions.

Table 8: Key indicators

Key Performance Indicator	2026/27 Target
Number of work-seekers registered on the Employment Services System (ESSA)	Increased annual registrations
Percentage of registered work-seekers provided with employment counselling	100% of targeted beneficiaries
Number of employment opportunities secured through employer partnerships	Annual increase targeted
Number of work-seekers placed into employment opportunities	Annual placement target implemented
Number of career exhibitions and advocacy programmes conducted	National and provincial implementation
Number of employers registered on ESSA.	Increased employer participation
Labour market information reports produced	Quarterly reports

Number of vulnerable groups supported through labour activation interventions	Increased participation targets
Percentage of PES services digitised	Expanded automation and digital access
Number of youths participating in labour activation programmes	Increased youth participation target

Source: Estimates of National Expenditure (Vote 31) and *Presentation to the PC on Employment and Labour dated 29 April 2026*

Table: 9 Key Risks and Mitigation Measures

Risk Description	Potential Impact	Mitigation Measures
Weak economic growth and low labour absorption	Limited employment placements despite improved systems	Strengthen partnerships with employers, align employment services with economic growth sectors
High unemployment levels exceeding programme capacity	Overburdened employment services and limited impact	Improve digital systems, prioritise vulnerable groups, and strengthen referral systems
Skills mismatch between work-seekers and labour market demand	Low placement success rates	Improve coordination with SETAs, TVET colleges, and skills development institutions.
Weak coordination between employment programmes and economic policy	Fragmented labour market interventions	Strengthen interdepartmental coordination and integrated planning
Digital exclusion affecting vulnerable work-seekers	Limited accessibility to employment services	Maintain physical service centres and community outreach programmes
Limited employer participation in placement programmes	Reduced placement opportunities	Expand employer engagement strategies and labour market partnerships
Inadequate labour market information systems	Weak employment matching and planning	Strengthen labour market intelligence and data management systems

Budget constraints are limiting the expansion of active labour market programmes.	Reduced programmes reach and effectiveness	Prioritise high-impact interventions and improve resource efficiency
Long-term unemployment among youth and vulnerable groups	Social exclusion and reduced employability	Expand labour activation programmes and targeted employment interventions
Weak monitoring of placement outcomes	Poor assessment of programme effectiveness	Improve monitoring and evaluation frameworks and post-placement tracking systems

Source: Estimates of National Expenditure (Vote 31) and *Presentation to the PC on Employment and Labour* dated 29 April 2026

5.4.4 Analysis of Programme 4: Labour Policy and Industrial Relations (LP&IR) – Annual Performance Plan 2026/27

Programme 4: Labour Policy and Industrial Relations (LP&IR) are responsible for the development and review of labour market policies and legislation, strengthening collective bargaining systems, promoting sound labour relations, facilitating social dialogue, and advancing employment equity within the South African labour market. The programme also oversees South Africa’s participation in international labour matters and engagement with multilateral labour institutions. The programme remains strategically important within the Department’s broader mandate because it directly shapes the regulatory and institutional environment within which labour market actors operate. In the context of South Africa’s persistently high unemployment, rising labour market informality, workplace instability, and technological transformation, the programme is expected to balance worker protection with economic sustainability and labour market flexibility.

Table: 10 Performance Indicators (KPIs): Programme 4 – Labour Policy and Industrial Relations (LP&IR)

Key Performance Indicator	2026/27 Target
Percentage of labour policies reviewed and developed within planned timeframes	100%
Percentage of Employment Equity reports analysed	100%

Percentage of collective agreements extended within legislated timeframes	100%
Number of labour market policy research reports produced	As planned in APP
Percentage implementation of National Minimum Wage monitoring activities	100%
Number of social dialogue engagements facilitated through NEDLAC and related structures.	As scheduled
Percentage of international labour obligations complied with	100%
Percentage of labour legislation amendments processed within planned timeframes	100%
Number of advocacy and awareness initiatives on labour rights and employment equity conducted	As planned
Percentage of employment equity inspections supported through policy interventions	100%

Source: Estimates of National Expenditure (Vote 31) and *Presentation to the PC on Employment and Labour* dated 29 April 2026

Table 11: Risks and Mitigation

Risk	Mitigation
Slow adaptation of labour legislation to technological and labour market changes	Continuous policy review and stakeholder engagement on non-standard work and digital labour platforms
Weak implementation of employment equity legislation	Strengthen inspections, compliance monitoring, and enforcement mechanisms.
Labour instability and increased workplace disputes	Strengthen collective bargaining systems and proactive labour market interventions.
Delays in policy reform processes due to social dialogue constraints	Improve coordination and turnaround times within NEDLAC and labour policy structures
Regulatory burden affecting small and vulnerable enterprises	Adopt a balanced and developmental approach to labour regulation and compliance

Weak coordination between labour policy and economic policy interventions	Strengthen interdepartmental coordination with economic and industrial policy institutions
Limited institutional capacity to monitor labour market transformation	Improve labour market research, monitoring systems, and data management
Growth in informal and non-standard employment outside existing protections	Develop new policy frameworks and expand labour protections for vulnerable workers.

Source: Estimates of National Expenditure (Vote 31) and *Presentation to the PC on Employment and Labour* dated 29 April 2026

6. SUPPORTED EMPLOYMENT ENTERPRISES (SEE): APP AND BUDGET ANALYSIS 2026/27

Supported Employment Enterprises (SEE) is a specialised component of the Department of Employment and Labour responsible for creating sustainable employment opportunities for persons with disabilities through state-supported manufacturing and production activities. The entity plays an important developmental role within South Africa's broader social protection and economic inclusion framework by combining employment creation, skills development, rehabilitation support, and workplace inclusion. The 2026/27 Annual Performance Plan (APP) was presented within a constrained fiscal and economic environment characterised by rising operational costs, limited procurement opportunities, and increasing pressure to improve financial sustainability and governance outcomes. In response, SEE's strategic focus is on strengthening institutional capacity, increasing sales revenue, improving operational efficiency, modernising production systems, and advancing its transition to a more commercially sustainable trading-entity model, while maintaining its core social mandate of supporting persons with disabilities.

Given this, SEE is positioned as a vehicle to advance inclusive economic growth and employment creation, particularly for persons with disabilities (PWDs). The programme aligns with DP 2025–2030 Strategic Priority 1: *Inclusive growth and job creation*, as well as the Department of Employment and Labour (DEL) priorities on employment coordination and service delivery. As indicated, SEE contributes to broader developmental objectives, including industrialisation, livelihood support, and transformation.

6.1 KEY PERFORMANCE TARGETS (2026/27)

The SEE Annual Performance Plan for 2026/27 is structured around the outcome of increased employment and work opportunities, with a specific focus on persons with disabilities. The entity targets the creation of 200 additional jobs by the end of March 2027, supported by a projected 10% annual increase in sales revenue from goods and services. To strengthen its market position and sustainability, SEE plans to conclude four strategic collaboration agreements and host four marketing and stakeholder engagement events within the financial year. Institutionally, the entity aims to advance its transition into a trading entity through the submission of a GTAC feasibility study, while also implementing 15% of the PSA business recovery plan interventions. In parallel, governance improvements are targeted through a 50% reduction in audit qualification findings. These targets, as outlined across pages 6 to 12 of the presentation, reflect a combination of employment expansion, revenue generation, institutional reform, and governance strengthening objectives.

6.2 INSTITUTIONAL REFORM: TRADING ENTITY MODEL

The SEE APP 2026/27 introduces a proposed institutional reform centred on transitioning the entity into a trading entity within the Department of Employment and Labour. This reform is to be initiated through the completion and submission of a GTAC (Government Technical Advisory Centre) feasibility study for approval by the Executive Authority during the 2026/27 financial year, with subsequent processes involving National Treasury and the DPSA in the outer years. This reform intends to reposition SEE from a predominantly grant-funded, workshop-based model towards a more commercially oriented entity capable of generating its own revenue through the production and sale of goods and services. In principle, this shift aims to improve financial sustainability, enhance operational efficiency, and expand employment opportunities for persons with disabilities. However, the APP reflects a process-driven rather than outcome-driven reform trajectory.

The focus is on administrative milestones (feasibility study, approvals) without a clear articulation of the eventual business model, revenue projections, cost recovery mechanisms, or timelines for implementation. There is also no explicit indication of how the trading entity model will balance commercial viability with SEE's social mandate, particularly given its high fixed cost structure and existing operating deficits. As such, while the reform is strategically significant, its current design presents material implementation and sustainability risks and will

require close oversight to ensure that it translates into tangible operational and financial improvements rather than remaining a procedural exercise.

6.3 FINANCIAL ANALYSIS

The financial position of Supported Employment Enterprises (SEE) for the 2026/27 financial year reflects a structurally constrained and fiscally unsustainable model. According to the budget table on page 14, SEE receives a transfer allocation of approximately R205.9 million, which constitutes its primary funding source. Expenditure is heavily skewed towards personnel costs. Factory employee salaries alone amount to approximately R153.0 million, while administration salaries and related administrative costs collectively exceed R180 million. In contrast, allocations for revenue-generating activities such as sales acquisition (R1.5 million) and marketing and research (R0.44 million) are minimal, indicating limited investment in market expansion or commercial development.

The resulting financial outcome is a projected operating deficit of R132.1 million in 2026/27, which is expected to widen over the medium term to approximately R173.3 million by 2028/29. This persistent deficit underscores SEE's continued reliance on fiscal transfers and highlights the absence of a viable cost-recovery or revenue-sustaining model. From an analytical perspective, the cost structure is dominated by fixed expenditure, with limited flexibility for reprioritisation. The mismatch between high operational costs and low revenue generation capacity raises concerns about the credibility of the targeted 10% annual revenue growth, particularly in the absence of a clearly defined market access or procurement strategy.

6.4 BUDGET OVERVIEW (2026/27)

- Transfers/grant allocation: R205.9 million
- Factory salaries: R153.0 million
- Administration (salaries + costs): ~R183 million combined
- Operating deficit: R132.1 million

6.5 KEY OBSERVATIONS

- High fixed cost structure, dominated by personnel expenditure
- Minimal allocation to revenue-generating activities (sales, marketing)
- Persistent and growing deficit, projected to reach R173 million by 2028/29
- Heavy dependence on fiscal transfers

6.6 GOVERNANCE AND AUDIT OUTCOMES

The SEE APP for 2026/27 includes a governance improvement target aimed at strengthening financial management and institutional credibility. Specifically, the entity commits to achieving a 50% reduction in audit qualification paragraphs in the Auditor-General South Africa (AGSA) report by the end of March 2027. This target forms part of the broader objective of building an ethical, capable, and professional public service. While the target signals an intention to address persistent audit weaknesses, its design is largely outcome-based rather than system-based. It focuses on reducing the number of audit findings, but does not explicitly articulate the underlying corrective measures required, such as strengthening internal controls, improving financial reporting systems, enhancing asset management, or addressing supply chain management deficiencies.

In addition, the APP provides limited detail on implementation mechanisms, accountability structures, or timelines for resolving specific audit issues. The quarterly performance indicators appear uneven, with progress concentrated in specific periods rather than reflecting continuous control improvements throughout the financial year. From an oversight perspective, the key concern is that audit improvement may be treated as a compliance exercise rather than a reflection of sustained governance reform. Without a clear linkage between audit outcomes and internal control enhancements, there is a risk that improvements may not be durable. Accordingly, effective oversight should focus on whether SEE is implementing systemic governance reforms, including strengthening financial controls, improving record-keeping, ensuring consequence management, and enhancing audit action plans, rather than solely monitoring the reduction in audit findings.

Table:12 Key Performance Areas for SEE 2026/27

Key Area	Focus
Employment creation	Increase employment opportunities for persons with disabilities
Revenue generation	Increase annual sales revenue
Institutional reform	Transition toward the trading entity model
Production efficiency	Improve manufacturing productivity
Governance	Strengthen internal controls and audit outcomes
Market expansion	Increase procurement partnerships
Skills development	Improve workplace training and development
Sustainability	Reduce operational and financial risks

Source: Estimates of National Expenditure (Vote 31) and *Presentation to the PC on Employment and Labour dated 29 April 2026*

Table 13: Risks and Mitigation

Risk	Mitigation
Overreliance on government procurement	Diversify client base and expand private sector partnerships
Ageing production infrastructure	Invest in equipment modernisation and maintenance
Weak financial sustainability	Improve sales generation and operational efficiency
Governance and audit weaknesses	Strengthen internal controls and compliance systems
Rising operational costs	Improve productivity and cost containment measures
Limited commercial competitiveness	Modernise production systems and improve product quality
Reduced procurement demand	Strengthen intergovernmental procurement coordination
Tension between commercialisation and social mandate	Maintain disability inclusion targets within trading reforms

Source: Estimates of National Expenditure (Vote 31) and *Presentation to the PC on Employment and Labour dated 29 April 2026*

The entities reporting to the Department of Employment and Labour made their presentations to the Portfolio Committee on Employment and Labour in the order outlined below

7. ENTITIES OF THE DEPARTMENT OF EMPLOYMENT AND LABOUR

The entities reporting to DEL are:

- Commission for Conciliation Mediation and Arbitration (CCMA)
- National Economic Development and Labour Council (NEDLAC)
- Productivity South Africa (PSA)
- Unemployment Insurance Fund (UIF)
- Compensation Fund (CF)

7.1 COMMISSION FOR CONCILIATION, MEDIATION AND ARBITRATION (CCMA)

The Commission for Conciliation, Mediation and Arbitration (CCMA) is a statutory institution established in terms of the Labour Relations Act to promote fair labour practices, resolve workplace disputes, and contribute to labour market stability in South Africa. The CCMA plays a central role within the country's labour relations framework through conciliation, arbitration, collective bargaining support, dispute prevention, and proactive labour market interventions. The 2026/27 Annual Performance Plan (APP) was presented within a labour market environment characterised by persistent unemployment, rising workplace disputes, economic uncertainty, and growing pressure on labour relations institutions. In response, the CCMA's strategic focus is directed toward improving dispute resolution efficiency, strengthening digital transformation, enhancing institutional governance, and expanding proactive labour market interventions aimed at promoting social stability, labour peace, and employment retention.

The APP further aligns with the Medium-Term Development Plan (MTDP) priorities relating to inclusive growth, poverty reduction, and the building of a capable and developmental state. As an institution established under the Labour Relations Act, the CCMA occupies a central position in South Africa's labour relations framework, with a statutory mandate to promote fair labour practices, resolve disputes efficiently, and contribute to labour market stability. The APP outlines the CCMA's strategic priorities, performance targets, and resource allocation over the 2026/27 financial year, aligned to broader government policy frameworks, including the Medium-Term Development Plan (MTDP) and the strategic priorities of the Department of Employment and Labour.

In this regard, the CCMA is expected not only to deliver on its core dispute resolution functions but also to contribute to national development objectives such as employment creation, poverty reduction, and social cohesion. The analytical assessment of the CCMA's APP, with a focus on the coherence between its mandate, strategic orientation, performance indicators, and budget allocation. Attention was given to the balance between reactive dispute-resolution functions and proactive labour market interventions, as well as the extent to which the institution's planned outputs will yield measurable improvements in labour market outcomes. The analysis further considers the implications of the APP for parliamentary oversight, especially in relation to institutional effectiveness, value for money, and alignment with national policy priorities.

7.2 PROGRAMME ANALYSIS

At a strategic level, the CCMA positions itself as a contributor to national priorities, particularly those relating to employment creation, poverty reduction, and state capability. Its alignment with the Medium-

Term Development Plan (MTDP) priorities reflects an institutional shift beyond administrative dispute handling towards a more developmental role in stabilising labour relations and indirectly supporting economic growth. However, the extent to which this strategic positioning is matched by resource allocation and programme design remains uneven. The APP is structured across four programmes, each with distinct outputs and performance indicators. Programme 1 (**Administration**) focuses on internal institutional capacity, governance, and digital transformation. Programme 2 (**Dispute Resolution**) constitutes the core operational function of the CCMA, with a strong emphasis on efficiency and turnaround times. Programme 3 (**Proactive Labour Market Interventions**) is intended to address structural labour market inequalities and expand access to services, while Programme 4 (**Essential Services Interventions**) focuses on safeguarding continuity in critical sectors and managing disputes in essential services. Performance targets in Programme 1 reflect a compliance-driven and efficiency-oriented institutional model. The CCMA aims to maintain financial sustainability, achieve full implementation of governance and risk management plans, and ensure high levels of ICT system uptime and digital adoption. These targets suggest a stable administrative foundation but do not directly translate into improved labour market outcomes.

Table 14: Summaries key Programme 1 annual targets

Outcome	Indicator	2026/27 Target
Financial sustainability	Safety to cash margin ratio	1:1
HR management	HR Plan implementation	100%
Skills development	Training interventions	38
Digital transformation	ICT adoption rate	90%
ICT performance	System uptime	90%
Governance	Compliance & Risk Plans	100%

Source: Estimates of National Expenditure (Vote 31) and *Presentation to the PC on Employment and Labour dated 30 April 2026*

Programme 2 reflects the CCMA’s core mandate and is characterised by highly ambitious efficiency targets. The institution aims to hear 99% of conciliable cases within 30 days and issue 99% of arbitration awards within 14 days. These targets indicate a mature and process-optimised dispute resolution system. Additionally, the CCMA introduces outcome-oriented indicators such as “jobs saved,” which attempts to quantify the institution’s contribution to employment retention.

Table 15: Summaries key Programme 2 targets

Outcome	Indicator	2026/27 Target
Timely dispute resolution	Cases heard within 30 days	99%

Arbitration efficiency	Awards issued within 14 days	99%
Labour stability	Public interest disputes resolved	90%
Collective disputes	Mutual interest matters have been settled	54%
Employment retention	Jobs saved	38%
Reintegration	Return-to-work index	6%

Source: Estimates of National Expenditure (Vote 31) and *Presentation to the PC on Employment and Labour dated 30 April 2026*

While these indicators demonstrate operational strength, the “jobs saved” metric raises methodological concerns, particularly regarding attribution and verification. It is unclear whether job retention outcomes can be directly linked to CCMA interventions or are influenced by broader economic conditions. Programme 3 represents the CCMA’s primary instrument for proactive labour market intervention. However, its scale is limited, with only eight vulnerable sector projects and five collective bargaining support processes planned annually. This raises questions about the programme’s ability to meaningfully address labour market inequality or expand access to services in underserved areas.

Table 15: Summaries Programme 3 targets

Outcome	Indicator	2026/27 Target
Workplace relations	Vulnerable sector projects	8
Awareness	Advocacy campaign implementation	100%
Collective bargaining	Support processes	5
Pre-bargaining support	Conferences conducted	2

Source: Estimates of National Expenditure (Vote 31) and *Presentation to the PC on Employment and Labour dated 30 April 2026*

Programme 4 focuses on essential services and the prevention of disruptive industrial action. The targets include engaging 100 entities in minimum service agreements and conducting multiple interventions to monitor compliance and raise awareness. This programme plays a critical role in safeguarding public interest, particularly in sectors such as healthcare, policing, and utilities.

Table 16: Summaries Programme 4 targets

Outcome	Indicator	2026/27 Target
Dispute prevention	Interventions conducted	8
Compliance	Entities engaged	100
Monitoring	Evaluation interventions	8
Awareness	Sessions conducted	10
Legal determinations	Section 71 & 73 cases	100%

Source: Estimates of National Expenditure (Vote 31) and *Presentation to the PC on Employment and Labour dated 30 April 2026*

The budget allocation across programmes reveals a strong concentration of resources in dispute resolution. The total budget for 2026/27 amounts to R1.088 billion, with Programme 2 receiving most of the funding.

Table 17: Programme Budget Allocation (2026/27)

Programme	Budget (R'000)	% Allocation
Administration	275,093	25.3%
Dispute Resolution	794,780	73.0%
Labour Market Interventions	11,051	1.0%
Essential Services	7,329	0.7%
Total	1,088,253	100%

Source: Estimates of National Expenditure (Vote 31) and *Presentation to the PC on Employment and Labour dated 30 April 2026*

This distribution highlights a structural bias towards reactive service delivery. While dispute resolution is adequately resourced, programmes aimed at prevention, transformation, and labour market access are significantly underfunded. Programme 3 receives only 1% of the total budget, despite its strategic importance in addressing inequality and improving workplace relations. From a financial perspective, the CCMA maintains a balanced budget over the Medium-Term Expenditure Framework (MTEF), with revenue largely derived from government transfers. Compensation of employees constitutes the largest expenditure category, indicating a labour-intensive operational model. While this is consistent with the nature of dispute resolution services, it may limit the institution's ability to scale innovation or expand outreach initiatives.

In analytical terms, the APP reflects a technically efficient institution with strong administrative and operational capabilities. However, it also reveals a structural limitation in advancing broader labour market transformation. The emphasis on efficiency metrics and dispute resolution throughput does not fully align with the strategic objective of proactive labour market intervention. For oversight purposes, the key concern is whether the current configuration of resources and targets enables the CCMA to transition from a reactive dispute-resolution body to a more developmental institution capable of influencing labour market outcomes. The limited scale of proactive interventions, combined with the dominance of dispute resolution in the budget, suggests that this transition remains constrained.

Table 18: Risk and Mitigation

Risk	Mitigation
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Rising dispute caseloads due to economic pressures	Improve case management systems and digital dispute resolution mechanisms
Labour market instability affecting turnaround targets	Strengthen institutional capacity and commissioner support
Weak attribution of developmental indicators, such as “jobs saved”	Improve monitoring and evaluation methodologies
Limited scale of proactive interventions	Expand outreach and vulnerable sector programmes
ICT system disruptions affecting operations	Strengthen ICT infrastructure and system resilience
Capacity constraints within essential services dispute management	Improve specialised training and resource allocation
Budget pressures affecting operational sustainability	Strengthen financial controls and resource prioritisation
Limited access to services in rural areas	Expand digital services and regional outreach programmes

Source: Estimates of National Expenditure (Vote 31) and *Presentation to the PC on Employment and Labour dated 30 April 2026*

8. NATIONAL ECONOMIC DEVELOPMENT AND LABOUR COUNCIL (NEDLAC)

The 2026/27 Annual Performance Plan (APP) of the National Economic Development and Labour Council (NEDLAC) was presented within a challenging socio-economic environment characterised by slow economic growth, persistent unemployment, rising inequality, and increasing pressure on labour market institutions to support inclusive economic reform and social stability. Established in terms of the NEDLAC Act, the institution serves as South Africa’s primary social dialogue platform, bringing together government, organised labour, organised business, and community constituencies to deliberate on labour market, economic, and social policy matters. The APP outlines NEDLAC’s strategic priorities for 2026/27, with a focus on strengthening social dialogue, improving institutional coordination, facilitating consensus-building on key policy reforms, and supporting the implementation of the Medium-Term Development Plan (MTDP) priorities relating to inclusive growth, employment creation, poverty reduction, and the building of a capable developmental state. Within a context of economic uncertainty and labour market pressures, NEDLAC remains strategically important in promoting policy legitimacy, labour market stability, and cooperative governance through structured engagement between key social partners.

The 2026/27 Annual Performance Plan (APP) of the National Economic Development and Labour Council (NEDLAC) presented a policy-coordination and social dialogue framework aimed at strengthening

consensus-building across government, organised labour, business, and community constituencies. Established in terms of the National Economic Development and Labour Council Act, NEDLAC occupies a distinct institutional niche within South Africa's governance architecture, functioning as a deliberative platform rather than a direct service delivery entity. The APP is framed within a strategic vision of promoting inclusive growth, equity, and participation through structured social dialogue. Its impact statement emphasises meaningful engagement on socio-economic policy, with a growing focus on emerging priorities such as climate transition, economic reform, and social cohesion. This reflects a broadening of NEDLAC's traditional role from labour market negotiations to a more expansive socio-economic policy coordination function.

8.1 PER PROGRAMME ANALYSIS

NEDLAC's programme structure for 2026/27 consists of five core areas: Administration, Social Dialogue and Policy Engagement, Capacity Building, Presidential Climate Commission (PCC) Support, and National Dialogue. This structure indicates a shift toward integrating governance, policy facilitation, stakeholder capacity, and large-scale national engagement processes within a single institutional framework. Programme 1 (Administration) focuses on governance, financial management, and institutional capacity. Targets include achieving an unqualified audit opinion, ensuring procurement efficiency (100% of bids above R500,000 awarded within 60 days), implementing 80% of ICT automation projects, and fully executing the training plan. These indicators suggest a compliance-driven administrative model aligned with public sector accountability standards.

Table 19: Summarises key Programme 1 targets

Outcome	Indicator	2026/27 Target
Governance	Unqualified audit opinion	Achieved
Procurement efficiency	Awards > R500k within 60 days	100%
ICT modernisation	Automation projects implemented	80%
Human capital	Training plan implementation	100%
Communication	Multimedia engagements/products	8

Source: Estimates of National Expenditure (Vote 31) and *Presentation to the PC on Employment and Labour dated 30 April 2026*

Programme 2 (Social Dialogue and Policy Engagement) constitutes the core operational function of NEDLAC. The focus is on facilitating engagement on legislation and socio-economic policy, ensuring timely reporting, and coordinating stakeholder inputs. The performance framework is strongly process-oriented,

with 100% targets for report submission within prescribed timeframes and completion of policy engagements.

Table 20: Summarises Programme 2 targets

Outcome	Indicator	2026/27 Target
Dialogue efficiency	Reports submitted within 14 days	100%
Policy coordination	Reports concluded within ToR timeframes	100%
Collaboration	Milestones achieved on socio-economic issues	70%
Knowledge management	Planned outputs completed	100%

Source: Estimates of National Expenditure (Vote 31) and *Presentation to the PC on Employment and Labour dated 30 April 2026*

While these targets indicate procedural efficiency, they do not directly measure the quality or impact of social dialogue outcomes, such as policy influence or consensus durability. Programme 3 (Capacity Building) is designed to strengthen the ability of social partners to participate effectively in negotiations and policy processes. The programme commits to implementing 100% of approved capacity-building interventions, although no quantitative detail is provided on the scale or reach of these interventions.

Table 21: Summarises Programme 3 targets

Outcome	Indicator	2026/27 Target
Partner capability	Capacity-building interventions implemented	100%

Source: Estimates of National Expenditure (Vote 31) and *Presentation to the PC on Employment and Labour dated 30 April 2026*

Programme 4 integrates the work of the Presidential Climate Commission (PCC), reflecting the increasing importance of climate governance within socio-economic policy. Targets include conducting two thematic dialogue series, producing policy recommendations and technical reports, and establishing institutional partnerships to support the just transition.

Table 22: Summarises Programme 4 targets

Outcome	Indicator	2026/27 Target
Climate dialogue	Thematic dialogue series	2
Policy advisory	Policy recommendations	2
Research outputs	Technical reports	4
Partnerships	Institutional partnerships established	2

Source: Estimates of National Expenditure (Vote 31) and *Presentation to the PC on Employment and Labour dated 30 April 2026*

This programme represents a strategic expansion of NEDLAC’s mandate into climate policy coordination, although its integration with traditional labour and economic mandates may require further clarification. Programme 5 (National Dialogue) introduces a large-scale participatory process aimed at developing a “People’s Pact” to guide socio-economic reform and national renewal. The programme includes the establishment of a National Dialogue Secretariat and the implementation of pilot phases, supported by a national communication campaign.

Table 23: Summarises Programme 5 targets

Outcome	Indicator	2026/27 Target
Institutional setup	Secretariat operational	Implemented
Public engagement	National Dialogue phases	Pilots implemented
Awareness	Communication campaign	100% rollout

Source: Estimates of National Expenditure (Vote 31) and *Presentation to the PC on Employment and Labour dated 30 April 2026*

Notably, this programme lacks clearly defined quantitative performance indicators, which may complicate monitoring and evaluation. The budget allocation for 2026/27 totals approximately R185.9 million, with significant emphasis on the National Dialogue and the PCC.

Table 24: Budget Allocation (2026/27)

Programme	Budget (R'000)
Administration	35,068
Core Operations	20,742
Capacity Building	5,130
PCC Support	35,966
National Dialogue	88,953
Total	185,859

Source: Estimates of National Expenditure (Vote 31) and *Presentation to the PC on Employment and Labour dated 30 April 2026*

The budget distribution reflects a notable strategic shift. The National Dialogue alone accounts for nearly half of total funding, signalling a prioritisation of participatory governance and social cohesion initiatives. Similarly, substantial resources are allocated to climate-related work through the PCC. In contrast, core social dialogue functions and capacity building receive comparatively limited funding. From an analytical perspective, the NEDLAC APP reflects an institution undergoing functional expansion, moving from a traditional labour market negotiation platform toward a broader socio-economic and climate governance

facilitator. However, this expansion introduces several risks. The heavy reliance on process indicators, rather than outcome-based metrics, limits the ability to assess real impact. The absence of clear performance targets for the National Dialogue raises concerns about accountability. Furthermore, the increasing scope of responsibilities may strain institutional capacity if not matched by commensurate resources and organisational strengthening.

Table 25: Risk and Mitigation for NEDLAC

Risk	Mitigation
Delays in achieving consensus among social partners	Strengthen facilitation processes and improve stakeholder engagement mechanisms
Weak implementation of agreements reached at NEDLAC	Enhance monitoring and reporting systems on implementation outcomes
Increasing labour market tensions and social instability	Promote continuous social dialogue and early conflict resolution interventions
Limited institutional capacity and funding constraints	Improve resource prioritisation and strengthen operational efficiency
Policy delays affecting economic reform processes	Improve coordination between government departments and social partners
Low stakeholder participation or engagement fatigue	Strengthen communication strategies and stakeholder mobilisation
Weak alignment between NEDLAC processes and national economic priorities	Improve integration with MTDP and government reform programmes
Public perception of limited institutional impact	Improve transparency, reporting, and communication of outcomes and achievements
Economic instability is affecting labour relations climate	Strengthen research capacity and evidence-based policy engagement
Slow response to emerging labour market issues such as digitalisation and non-standard work	Expand research and policy dialogue on the future of work challenges

Source: Estimates of National Expenditure (Vote 31) and *Presentation to the PC on Employment and Labour dated 30 April 2026*

9. PRODUCTIVITY SA (PRODUCTIVITY SA)

The 2026/27 Annual Performance Plan (APP) of Productivity South Africa (Productivity SA) was presented within a constrained economic environment characterised by low economic growth, weak productivity performance, business distress, and persistently high unemployment levels. Established in terms of the

Employment Services Act, Productivity SA is mandated to promote productivity, competitiveness, employment growth, and workplace efficiency within the South African economy. The institution plays a strategic role in supporting enterprise sustainability, turnaround interventions, employment retention, and productivity improvement, particularly among distressed companies and vulnerable sectors.

The APP outlines the entity's strategic focus on business turnaround support, productivity enhancement programmes, workplace competitiveness, and employment preservation interventions aligned with the Medium-Term Development Plan (MTDP) priorities of inclusive economic growth, industrial development, and employment creation. Within the context of ongoing economic pressures affecting firms and workers, Productivity SA remains an important institutional mechanism for improving enterprise resilience, preserving jobs, and supporting long-term economic sustainability through productivity-driven interventions.

9.1 PROGRAMME ANALYSIS

The programme logic of Productivity SA is structured around three core functional areas: enterprise competitiveness improvement, business turnaround and recovery (BT&R), and research, innovation, and statistics (RIS). These are supported by institutional capacity-building interventions aimed at strengthening governance, human resources, and financial sustainability. In Programme 1 (Administration and Institutional Capacity), the focus is on improving governance outcomes, reducing audit findings, strengthening human resource policies, and ensuring workforce development. The APP targets a 20% reduction in audit findings, 80% review and updating of HR policies, and 100% implementation of planned training interventions. These indicators reflect an effort to stabilise internal systems and enhance organisational effectiveness, although the reduction target for audit findings suggests that governance weaknesses persist.

Table 25: Summarises key institutional targets

Outcome	Indicator	2026/27 Target
Governance improvement	Reduction in audit findings	20%
HR reform	Updated HR policies	80%
Skills development	Training implementation	100%

Source: Estimates of National Expenditure (Vote 31) and *Presentation to the PC on Employment and Labour dated 30 April 2026*

The core operational component of Productivity SA is reflected in its enterprise competitiveness and sustainability interventions. The APP targets support to 1,313 SMMEs through Competitiveness Improvement Services, alongside capacitating 2,500 entrepreneurs, workers, and managers, and developing

350 Productivity Champions. These interventions are designed to embed a culture of productivity and improve firm-level performance, particularly in labour-intensive sectors.

Table 26: Summarises competitiveness targets

Outcome	Indicator	2026/27 Target
Enterprise support	SMMEs supported	1,313
Skills development	Individuals capacitated	2,500
Productivity culture	Champions trained	350
Advocacy	Awareness campaigns	11

Source: Estimates of National Expenditure (Vote 31) and *Presentation to the PC on Employment and Labour dated 30 April 2026*

The Business Turnaround and Recovery (BT&R) programme constitutes a critical intervention aimed at mitigating job losses in distressed firms. Productivity SA targets the saving of 4,000 jobs, support to 80 companies in distress, and training of 240 Future Forum members. This programme directly contributes to employment retention, positioning Productivity SA as a key actor in crisis response within the labour market.

Table 27: Summarises BT&R targets

Outcome	Indicator	2026/27 Target
Job retention	Jobs saved	4,000
Enterprise recovery	Companies supported	80
Worker participation	Future Forum members trained	240

Source: Estimates of National Expenditure (Vote 31) and *Presentation to the PC on Employment and Labour dated 30 April 2026*

The Research, Innovation and Statistics (RIS) function supports evidence-based policymaking and productivity analysis. The APP includes targets for the publication of four research reports and two statistical reports on productivity and competitiveness. These outputs are intended to inform national policy discourse and support benchmarking against international standards.

Table 28: Summarises RIS targets

Outcome	Indicator	2026/27 Target
Research output	Research reports published	4
Statistical analysis	Productivity reports published	2

Source: Estimates of National Expenditure (Vote 31) and *Presentation to the PC on Employment and Labour dated 30 April 2026*

From a performance perspective, Productivity SA demonstrated strong delivery in the previous financial year, exceeding targets in SMME support, training, and job-saving interventions. This indicates operational capability and demand for its services. However, the APP also highlights several strategic risks, including funding constraints, capacity limitations in research functions, and potential misalignment between project implementation and financial flows. A critical analytical issue is the scale of impact relative to national labour market challenges. While saving 4,000 jobs and supporting over 1,300 enterprises is significant at the programme level, these figures remain modest in the context of South Africa's high unemployment rate and widespread enterprise distress.

This suggests that Productivity SA's interventions, while effective, are not yet operating at the scale required to drive systemic change. Furthermore, the sustainability of outcomes, particularly in the BT&R programme, requires scrutiny. Job retention achieved through short-term interventions may not translate into long-term enterprise viability without sustained support, access to finance, and broader economic growth. Another structural constraint relates to funding and resource mobilisation. The APP identifies risks associated with inadequate funding for SMME competitiveness programmes and the need for stronger partnerships with development finance institutions and international agencies.

Table 29: Risks and Mitigation: Productivity South Africa (PSA)

Risk	Mitigation
Weak economic growth is reducing demand for productivity and turnaround interventions	Strengthen partnerships with industry stakeholders, government departments, and development agencies
Limited funding is affecting programme expansion and institutional sustainability	Improve revenue generation strategies and enhance financial management controls
Increasing business distress exceeding institutional intervention capacity	Prioritise high-impact sectors and strengthen early intervention systems
Limited awareness of Productivity SA services among enterprises	Expand advocacy, communication, and stakeholder outreach programmes
Failure of supported enterprises to sustain turnaround gains	Strengthen post-intervention monitoring and technical support mechanisms
Capacity constraints affecting service delivery	Improve staff development, recruitment, and institutional skills capacity

Weak coordination between productivity interventions and industrial policy programmes	Enhance interdepartmental coordination and alignment with national economic strategies
ICT and data management weaknesses affecting monitoring systems	Strengthen digital systems and improve performance monitoring frameworks
Inadequate measurement of productivity and employment outcomes	Improve monitoring, evaluation, and impact assessment methodologies
High unemployment and low enterprise competitiveness are limiting intervention impact	Focus interventions on employment preservation, enterprise resilience, and productivity improvement in labour-intensive sectors

Source: Estimates of National Expenditure (Vote 31) and *Presentation to the PC on Employment and Labour dated 30 April 2026*

10. UNEMPLOYMENT INSURANCE FUND (UIF)

The Unemployment Insurance Fund (UIF) 2026/27 Annual Performance Plan (APP) is presented within the context of South Africa's broader social protection and labour market policy framework, with the Fund serving as a central instrument for providing income security to workers during periods of unemployment, illness, maternity, and other contingencies, in terms of the Unemployment Insurance Act and the Unemployment Insurance Contributions Act. As a key public entity under the Department of Employment and Labour, the UIF contributes directly to the constitutional right to social security and is aligned with the National Development Plan (NDP) 2030 and the Medium-Term Development Plan (MTDP), particularly in advancing inclusive growth, reducing poverty, and building a capable and ethical state. The 2026/27 APP reflects a significant strategic shift in the role of the Fund, repositioning it from a predominantly passive payer of benefits to a more active developmental institution that supports labour market participation and economic inclusion.

This APP is tabled against a challenging socio-economic backdrop characterised by persistently high unemployment, especially among youth, and ongoing economic uncertainty, which continues to place pressure on the Fund's resources and service delivery systems. In response, the UIF adopts a dual mandate that balances the provision of timely and reliable social insurance benefits with the expansion of active labour market interventions through the Labour Activation Programme (LAP). The Fund targets 200,000 beneficiaries in employability programmes in 2026/27, with a strong focus on youth and vulnerable groups, signalling a deliberate move toward outcome-based interventions that link skills development to employment opportunities.

At the same time, the APP emphasises strengthening governance, improving audit outcomes, enhancing fraud

prevention measures, and accelerating digital transformation to improve service delivery efficiency and accessibility. The 2026/27 APP positions the UIF as a critical lever for both social protection and economic activation, with a renewed focus on improving claims turnaround times, expanding access through digital platforms, and restoring public confidence through stronger accountability and institutional performance. The success of this APP will depend on the Fund's ability to effectively implement its expanded mandate while maintaining financial sustainability and delivering measurable improvements in both service delivery and labour market outcomes.

10.1 UIF 2026/27 PERFORMANCE TABLE (PER PROGRAMME)

Table 30: Programme 1: Administration

Outcome	Output Indicator	2026/27 Target	Analysis
Improved governance and institutional performance	Audit action plans implemented	100%	The target reflects the UIF's focus on improving governance and addressing historical audit weaknesses. The Committee noted that strong implementation of audit action plans is essential for restoring institutional credibility and strengthening internal controls.
Improved ICT modernisation	ICT systems availability	High system uptime	The UIF increasingly relies on digital systems for claims processing, registrations, and compliance management. ICT stability, therefore, remains critical for service delivery efficiency.
Improved operational efficiency	Automation and digital service improvements	Ongoing implementation	The Fund's shift toward automation is intended to reduce manual processing delays and improve turnaround times. However, implementation risks remain associated with ICT integration and system capacity.
Improved institutional capacity	Vacancy rate management and skills development	Within approved targets	The Committee noted that institutional capacity constraints may undermine service delivery if critical vacancies are not filled promptly.

Source: Estimates of National Expenditure (Vote 31) and *Presentation to the PC on Employment and Labour* dated 6 May 2026

Table 31: Programme 2: Business Operations

Outcome	Output Indicator	2026/27 Target	Analysis
Improved contribution collection	Employer compliance levels	Increased compliance coverage	The UIF intends to strengthen compliance enforcement and expand contributor participation. Members welcomed efforts to strengthen compliance certification systems linked to public procurement processes.
Improved claims administration	Claims processed within prescribed periods	Improved turnaround times	Claims processing remains central to UIF performance. The Committee noted that delays in claims payments continue to affect vulnerable beneficiaries and undermine public confidence.
Improved payment efficiency	Benefits paid accurately and on time	Continuous improvement	Automation and workflow improvements are intended to reduce payment delays and improve client experience.
Improved client service delivery	Reduction in service delivery complaints	Ongoing reduction	The Fund seeks to improve client satisfaction through digital platforms and streamlined processes.
Improved labour market support	Beneficiaries linked to labour activation interventions	Increased participation	The Committee noted that the UIF increasingly performs a developmental role through labour activation and employability support initiatives.

Source: Estimates of National Expenditure (Vote 31) and *Presentation to the PC on Employment and Labour dated 6 May 2026*

Table 32: Programme 3: Labour Activation Programme (LAP)

Outcome	Output Indicator	2026/27 Target	Analysis
Improved employability of vulnerable groups	Participation of vulnerable groups in employability programmes	70%	The UIF increased its target from 60% to 70%, reflecting stronger emphasis on labour market inclusion.

Increased youth participation	Youth participation in labour activation programmes	40%	The Committee welcomed the prioritisation of youth employment interventions given extremely high youth unemployment levels.
Increased participation of women	Women participation in labour activation programmes	28%	The target seeks to support gender inclusion within labour activation programmes.
Increased disability inclusion	Participation of persons with disabilities	2%	Members noted that disability participation targets remain relatively modest and may require further expansion.
Strengthened skills development and labour market reintegration	Training and employment support interventions	Ongoing implementation	The Committee emphasised the importance of ensuring that labour activation programmes lead to sustainable employment outcomes rather than temporary interventions only.

Source: Estimates of National Expenditure (Vote 31) and *Presentation to the PC on Employment and Labour dated 6 May 2026*

10.2 ANALYSIS OF THE UIF PERFORMANCE FRAMEWORK

The Committee noted that the UIF's 2026/27 APP reflects a strategic shift toward improved governance, automation, compliance strengthening, and service delivery modernisation. The reduction of performance indicators from 13 to 11 demonstrates an attempt to improve alignment between performance management and operational outcomes. A major strength of the APP is the Fund's increased emphasis on automation and digital service delivery improvements. Members noted that the UIF's service delivery model increasingly depends on ICT integration across registrations, declarations, contribution collection, claims processing, and payment administration.

Successful implementation of these reforms may significantly improve turnaround times and administrative efficiency. The Committee further welcomed the UIF's growing developmental role through labour activation programmes aimed at improving employability and labour market participation among vulnerable groups. However, Members stressed that labour activation interventions must be properly monitored to ensure that they generate sustainable employment outcomes. The Committee also noted that Programme 2: Business Operations continues to consume the largest share of UIF expenditure due to the Fund's core

responsibility of collecting contributions and administering benefits. The Fund projected expenditure of approximately R41 billion for 2026/27. Despite these positive developments, the Committee raised concerns regarding:

- Persistent claims processing delays.
- Governance and fraud risks.
- ICT vulnerabilities.
- Weak employer compliance.
- Sustainability pressures arising from rising unemployment.
- The limited scale of labour activation interventions relative to the unemployment crisis.

Members further emphasised the importance of strengthening internal controls, improving public trust, and ensuring that automation initiatives improve accessibility for rural and vulnerable beneficiaries rather than creating new barriers to access.

Table 33: Risk and mitigation

Risk	Mitigation
Delays in claims processing and benefit payments	Strengthen automation systems, improve workflow management, and enhance ICT integration
Fraud and corruption in claims administration	Improve internal controls, fraud detection systems, verification mechanisms, and consequence management
Weak employer compliance and under-declaration of contributions	Strengthen compliance inspections, digital verification systems, and enforcement mechanisms
ICT system failures and cybersecurity vulnerabilities	Modernise ICT infrastructure, strengthen cybersecurity protocols, and improve system backup mechanisms
Financial sustainability pressures arising from economic downturns and rising unemployment	Improve investment management, contribution collection efficiency, and actuarial monitoring
High unemployment levels are increasing pressure on UIF benefit systems	Strengthen labour activation programmes and improve coordination with employment services
Limited accessibility of UIF services in rural and vulnerable communities	Expand digital platforms, mobile services, and outreach programmes

Weak monitoring and evaluation of labour activation programmes	Improve performance monitoring systems and outcome-based evaluation mechanisms
Governance weaknesses and recurring audit findings	Strengthen governance oversight, audit action plans, and risk management systems
Inaccurate employer declarations affecting benefit administration	Improve employer verification systems and strengthen data integration across government institutions
Skills shortages within the UIF administration	Accelerate recruitment, staff training, and capacity-building initiatives
Low public awareness regarding UIF services and benefits	Expand public education, stakeholder engagement, and communication campaigns

Source: Estimates of National Expenditure (Vote 31) and *Presentation to the PC on Employment and Labour dated 6 May 2026*

11. THE COMPENSATION FUND (CF)

The Compensation Fund (CF) 2026/27 Annual Performance Plan (APP) was tabled within the broader framework of South Africa's social protection system and reflects the Fund's statutory obligation to provide compensation for occupational injuries and diseases under the Compensation for Occupational Injuries and Diseases Act (COIDA). As a Schedule 3A public entity under the Department of Employment and Labour, the Fund plays a critical role in safeguarding the livelihoods of workers and their dependents through income replacement, medical support, and rehabilitation services, thereby giving effect to the constitutional right to social security. The APP is aligned with the National Development Plan (NDP) 2030 and the Medium-Term Development Plan (MTDP), particularly in contributing to poverty reduction, improving social protection coverage, and strengthening the capability and integrity of the state.

The 2026/27 APP is presented against a context of persistent institutional challenges, including weak audit outcomes, inefficiencies in claims processing, and legacy ICT constraints, which have undermined service delivery and public confidence. In response, the Fund adopts a reform-oriented approach that prioritises governance strengthening, financial sustainability, and operational efficiency, while also enhancing access to benefits and expanding rehabilitation and reintegration programmes.

The Plan outlines measurable programme targets across Administration, COID Services, Medical Benefits, and Orthotic and Rehabilitation Services, supported by a financially sustainable model that continues to generate a surplus position over the Medium-Term Expenditure Framework (MTEF). The APP seeks to reposition the Compensation Fund as a capable, ethical, and responsive institution, with a renewed focus on

improving turnaround times, strengthening internal controls, and ensuring that compensation benefits are delivered effectively and efficiently to eligible beneficiaries.

11.1 PROGRAMME PERFORMANCE ANALYSIS

Table 34: Programme 1: Administration

Outcome	Output	Indicator	2026/27 Target	Key Issue
Institutional capacity strengthened	SMEs supported	Funds allocated to SMEs	R100 million	Historically inconsistent spending
Financial sustainability	Asset growth	% increase in total assets	10%	Strong growth trend
Improved audit outcomes	Internal controls strengthened	% audit action plans implemented	80%	Persistent disclaimers
HR capacity improved	Vacancy rate reduced	Vacancy rate $\leq 10\%$	Capacity constraints	

Source: Estimates of National Expenditure (Vote 31) and *Presentation to the PC on Employment and Labour dated 6 May 2026*

Table 35: Programme 2: COID Services (Core Operations)

Outcome	Output	Indicator	2026/27 Target	Performance Risk
Access to COID benefits improved	Employer compliance	% Return of Earnings assessed	98%	Compliance risk
Claims efficiency	Claims adjudicated	% claims within 30 days	90%	Backlogs
Payment efficiency	Benefits paid	% paid within 10 days	95%	Delays in payments

Source: Estimates of National Expenditure (Vote 31) and *Presentation to the PC on Employment and Labour dated 6 May 2026*

Table 36: Programme 3: Medical Benefits

Outcome	Output	Indicator	2026/27 Target	Risk

Improved access to medical benefits	Medical invoices processed	% invoices finalised within 30 days	87%	Litigation risk due to delays
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Source: Estimates of National Expenditure (Vote 31) and *Presentation to the PC on Employment and Labour dated 6 May 2026*

Table 37: Programme 4: Orthotics & Rehabilitation Services

Outcome	Output	Indicator	2026/27 Target	Risk
Increased employability	PSET learners funded	Number of learners funded	700	Limited scale
Assistive support	Pre-authorisation efficiency	% within 15 days	95%	Service delays
Disability inclusion	Vocational rehabilitation	Number of persons funded	70	Low coverage

Source: Estimates of National Expenditure (Vote 31) and *Presentation to the PC on Employment and Labour dated 6 May 2026*

11.2 BUDGET ANALYSIS (2026/27 – MTEF)

From the financial performance chart (page 16 of the presentation):

Financial Indicator (2026/27)	Amount
Total Revenue	R28.82 billion
Total Expenditure	R17.07 billion
Net Surplus	R11.75 billion

Source: Estimates of National Expenditure (Vote 31) and *Presentation to the PC on Employment and Labour dated 6 May 2026*

11.3 REVENUE COMPOSITION

Revenue Source	Amount	Observation
Employer assessments	R13.97 billion	Primary funding source
Investment income	R8.96 billion	Significant reliance
Interest & penalties	R2.04 billion	Linked to compliance
Rental income	R1.69 billion	Minor contribution
Fair value adjustments	R2.15 billion	Market-dependent

Source: Estimates of National Expenditure (Vote 31) and *Presentation to the PC on Employment and Labour dated 6 May 2026*

Key insight:

- The Fund is heavily dependent on employer contributions and investment returns, exposing it to economic fluctuations.

Table 38: Expenditure Drivers

Expenditure Category	Amount	Implication
Claims & benefits	R7.06 billion	Core mandate
Compensation of employees	R2.16 billion	Administrative cost
Goods & services	R2.37 billion	Operational efficiency risk
Finance costs	R1.66 billion	Financial management issue
Impairment losses	R3.73 billion	Significant risk exposure

Source: Estimates of National Expenditure (Vote 31) and *Presentation to the PC on Employment and Labour dated 6 May 2026*

Table 39: Medium-Term Expenditure Trend

Year	Revenue	Expenditure	Surplus
2026/27	R28.82 bn	R17.07 bn	R11.75 bn
2027/28	R29.97 bn	R17.60 bn	R12.38 bn
2028/29	R31.17 bn	R18.02 bn	R13.15 bn

Source: Estimates of National Expenditure (Vote 31) and *Presentation to the PC on Employment and Labour dated 6 May 2026*

Observation

- The Fund operates on a consistent surplus model
- Financial sustainability is not the immediate risk

11.4 PROGRAMME–BUDGET LINKAGE ANALYSIS**Table 40: Where the money goes vs performance**

Programme Area	Budget Weight	Performance Reality
COID Services	High (claims payments)	Delays still present
Medical Benefits	High	Payment inefficiencies persist
Administration	Moderate–High	Audit failures continue
Rehabilitation	Low–Moderate	Limited measurable impact

Source: Estimates of National Expenditure (Vote 31) and *Presentation to the PC on Employment and Labour dated 6 May 2026*

11.5 CRITICAL ANALYTICAL FINDINGS

The 2026/27 APP of the Compensation Fund reveals a pronounced structural contradiction between its strong financial position and its weak operational performance. On the one hand, the Fund maintains a substantial and growing surplus, with projected revenue of approximately R28.82 billion against expenditure of R17.07 billion, resulting in a surplus of R11.75 billion in 2026/27, as reflected in the financial performance overview in the presentation. On the other hand, this financial strength has not translated into commensurate improvements in governance, audit outcomes, or service delivery.

Persistent disclaimer audit opinions and ongoing weaknesses in internal controls indicate that the Fund's institutional capacity remains compromised, despite adequate resourcing. This disconnect suggests that the primary constraint facing the Fund is not fiscal, but managerial and systemic. A second critical finding relates to expenditure efficiency and financial leakage. The presence of significant impairment losses, estimated at R3.73 billion in 2026/27, points to underlying weaknesses in revenue collection, debt recovery, and financial controls.

This raises concerns about the integrity of the Fund's financial management systems and its ability to safeguard public resources. At the same time, high levels of expenditure on goods and services and administrative functions have not yielded proportional improvements in performance indicators such as claims turnaround times or payment efficiency. This indicates a persistent value-for-money problem, where increased spending is not effectively translating into improved outputs or outcomes.

Thirdly, there is a clear service delivery gap, particularly within the core COID Services programme. While targets such as adjudicating 90% of claims within 30 working days and paying 95% of approved benefits within 10 days are set for 2026/27, historical performance trends show consistent underachievement in these areas, largely due to backlogs, manual processes, and ICT system limitations.

This undermines the Fund's ability to fulfil its core mandate of providing timely compensation to injured workers and their dependants, with direct socio-economic consequences for vulnerable beneficiaries who rely on these payments for survival. A further finding concerns the limited scale and impact of rehabilitation and reintegration programmes. Although the APP recognises the importance of return-to-work interventions as part of a broader developmental and social protection framework, the targets, such as funding 700 learners in post-school education and 70 persons with disabilities in vocational rehabilitation, remain modest relative to the scale of need in the labour market. This suggests that the Fund's contribution to employment

reintegration is still peripheral rather than systemic, limiting its potential to reduce long-term dependency on compensation benefits.

The APP highlights a broader institutional risk related to governance and accountability. Despite the inclusion of targets such as implementing 80% of audit action plans, the historical trend of recurring audit disclaimers indicates a pattern of weak implementation and insufficient consequence management. This raises concerns about the credibility of planned reforms and the Fund's ability to transition from a recovery phase to a stable, high-performing institution. Overall, the critical analytical finding is that the Compensation Fund is not constrained by financial resources, but by deficiencies in governance, systems, and execution, which continue to undermine its effectiveness and require sustained and rigorous parliamentary oversight.

12. COMMITTEE OBSERVATIONS AND RECOMMENDATIONS

The Committee made the following observations and recommendations

Table 41: Department of Employment and Labour (DEL) – Committee Observations and Recommendations

Observation	Recommendation
<ul style="list-style-type: none"> The Department continues to operate within a constrained macroeconomic environment characterised by high unemployment, weak labour absorption, and low economic growth. 	Strengthen coordination between labour market interventions and broader economic reform, industrialisation, and infrastructure programmes to improve employment outcomes.
<ul style="list-style-type: none"> Public Employment Services outcomes remain modest relative to the scale of unemployment. 	Improve partnerships with employers, SETAs, municipalities, and economic departments to expand employment placement opportunities and labour activation initiatives.
<ul style="list-style-type: none"> The Department's budget remains relatively modest compared to the scale of labour market challenges. 	Prioritise expenditure toward frontline service delivery functions, labour inspections, and employment facilitation interventions.
<ul style="list-style-type: none"> Persistent vacancies continue to affect institutional capacity and service delivery efficiency. 	Accelerate the filling of funded critical vacancies, particularly within Inspection and Enforcement Services and Public Employment Services.

<ul style="list-style-type: none"> • Governance weaknesses, audit findings, and internal control deficiencies remain recurring concerns across the Department and some entities. 	<p>Strengthen governance systems, consequence management, internal audit functions, and implementation of audit action plans.</p>
<ul style="list-style-type: none"> • ICT modernisation and digital transformation projects have historically experienced implementation challenges. • ICT infrastructure challenges and system rollbacks disrupt service delivery and data tracking 	<p>Improve project management capacity, ICT governance oversight, and system integration to ensure successful digital transformation.</p> <p>Prioritise ICT infrastructure upgrades and include critical power backup systems in budget planning to support digital transformation.</p>
<ul style="list-style-type: none"> • Labour inspectorate capacity remains insufficient relative to widespread labour market non-compliance. 	<p>Increase inspectorate capacity, improve logistical support, and strengthen risk-based inspection strategies.</p>
<ul style="list-style-type: none"> • Non-compliance with labour legislation, employment equity, occupational health and safety standards, and minimum wage legislation remains widespread in several sectors. 	<p>Strengthen proactive inspections, enforcement mechanisms, and compliance monitoring systems.</p>
<ul style="list-style-type: none"> • The Department increasingly performs a facilitative role rather than directly creating employment opportunities. 	<p>Improve policy coordination with economic and industrial policy institutions to ensure labour market interventions support employment-intensive growth sectors.</p>
<ul style="list-style-type: none"> • Labour market regulation is increasingly challenged by technological change, platform work, and non-standard employment relationships. 	<p>Accelerate policy and legislative review processes relating to digital labour platforms and non-standard forms of employment.</p>
<ul style="list-style-type: none"> • Social dialogue institutions remain strategically important but face implementation and coordination weaknesses. 	<p>Strengthen coordination and implementation monitoring within NEDLAC and related labour market institutions.</p>
<ul style="list-style-type: none"> • Employment equity transformation remains slow, particularly at senior management levels. 	<p>Intensify employment equity monitoring, enforcement, and reporting requirements across sectors.</p>

<ul style="list-style-type: none"> Weak integration between labour market policies and broader economic reforms limits employment impact. 	Improve interdepartmental coordination between DEL and departments responsible for economic development, trade, infrastructure, energy, and skills development.
<ul style="list-style-type: none"> Rural and vulnerable communities continue to face barriers in accessing labour market and social protection services. 	Expand digital access platforms, mobile services, and outreach programmes to underserved areas.
<ul style="list-style-type: none"> Procurement from Women, Youth, and People living with Disabilities (WYPWD) groups faces challenges due to limited business availability. 	Develop partnerships to support business development within these groups to meet procurement goals.
<ul style="list-style-type: none"> Consequence management cases sometimes delay resolution, impacting accountability. 	Streamline case management procedures to maintain finalisation within 90 days.
<ul style="list-style-type: none"> Cybersecurity strategy implementation is critical for protecting departmental services. 	Prioritise training and regular reviews to maintain 90% compliance with CIS controls.

Table 42: Supported Employment Enterprises (SEE) – Committee Observations and Recommendations

Observation	Recommendation
<ul style="list-style-type: none"> SEE continues to play an important role in creating employment opportunities for persons with disabilities through manufacturing and production activities. 	Strengthen support for disability-inclusive employment initiatives and expand employment opportunities for persons with disabilities.
<ul style="list-style-type: none"> The entity continues to face operational sustainability and financial viability challenges. 	Accelerate the implementation of the trading entity model to improve financial sustainability and operational efficiency.
<ul style="list-style-type: none"> SEE remains highly dependent on government procurement and state-supported contracts. 	Diversify revenue streams and expand access to private sector markets and commercial partnerships.

<ul style="list-style-type: none"> • Production capacity and market competitiveness remain constrained. 	Invest in machinery modernisation, product diversification, and market development strategies.
<ul style="list-style-type: none"> • Governance weaknesses and historical audit concerns continue to affect institutional performance. 	Strengthen governance oversight, internal controls, audit action plan implementation, and consequence management.
<ul style="list-style-type: none"> • Sales revenue growth remains modest relative to sustainability requirements. 	Develop aggressive marketing and business development strategies to improve sales performance and market penetration.
<ul style="list-style-type: none"> • The scale of employment opportunities created by SEE remains limited relative to disability unemployment levels nationally. 	Expand production capacity and employment creation programmes targeting persons with disabilities.
<ul style="list-style-type: none"> • Skills development and vocational support for employees require further strengthening. 	Improve training, technical skills development, and workplace support programmes for employees with disabilities.
<ul style="list-style-type: none"> • Dependence on manual production processes limits productivity and competitiveness. 	Modernise production systems and strengthen operational efficiency through appropriate technology investment.
<ul style="list-style-type: none"> • Institutional reform processes may face implementation delays and operational resistance. 	Develop clear implementation timelines, change management plans, and performance monitoring systems for institutional reform.
<ul style="list-style-type: none"> • Procurement delays and supply chain inefficiencies continue to affect production operations. 	Strengthen procurement planning, inventory management, and supply chain systems.
<ul style="list-style-type: none"> • Limited public awareness of SEE products affects market growth. 	Expand branding, stakeholder engagement, and marketing campaigns to improve public and institutional awareness.
<ul style="list-style-type: none"> • The entity faces increasing operational costs within a constrained fiscal environment. 	Improve cost containment measures and operational efficiency without undermining employment objectives.
<ul style="list-style-type: none"> • There is limited integration between SEE programmes and broader economic inclusion initiatives. 	Strengthen coordination with labour market, skills development, and economic

	empowerment programmes across government.
<ul style="list-style-type: none"> Monitoring and evaluation systems for employment impact require strengthening. 	Improve performance monitoring frameworks and reporting systems to better measure employment and socio-economic outcomes.
<ul style="list-style-type: none"> Incomplete or inaccurate financial records contribute to audit qualifications. 	Implement rigorous financial data verification and training for staff to ensure accuracy.
<ul style="list-style-type: none"> Lack of timely submission of supporting documentation limits audit scope. 	Establish strict internal deadlines and monitoring for document submission before audit periods.

Table 43: Commission for Conciliation, Mediation and Arbitration (CCMA) – Committee Observations and Recommendations

Observation	Recommendation
<ul style="list-style-type: none"> The CCMA remains one of the most operationally stable institutions within the labour portfolio. 	Sustain institutional stability through continued governance strengthening and resource prioritisation.
<ul style="list-style-type: none"> The institution demonstrates strong performance in dispute resolution efficiency and turnaround times. 	Maintain operational efficiency while strengthening quality assurance and consistency in dispute resolution outcomes.
<ul style="list-style-type: none"> The CCMA continues to play a critical role in labour market stability and social cohesion. 	Strengthen strategic coordination with labour market institutions and social dialogue structures.
<ul style="list-style-type: none"> Programme 2 performance targets, including hearing 99% of conciliable cases within 30 days and issuing 99% of arbitration awards within 14 days, are highly ambitious. 	Continuously monitor caseload pressures and institutional capacity to ensure sustainability of turnaround targets.
<ul style="list-style-type: none"> Rising economic pressures and workplace instability may increase dispute volumes and complexity. 	Improve case management systems, commissioner capacity, and digital dispute-resolution mechanisms.

<ul style="list-style-type: none"> The methodological basis for developmental indicators such as “jobs saved” and “return-to-work index” remains unclear. 	Strengthen monitoring and evaluation methodologies and improve performance indicator verification systems.
<ul style="list-style-type: none"> Proactive labour market interventions remain limited relative to the scale of labour market challenges. 	Expand vulnerable sector interventions, labour market education programmes, and preventative dispute-resolution initiatives.
<ul style="list-style-type: none"> The number of vulnerable sector projects and collective bargaining support interventions appears modest. 	Increase the scale and geographic reach of proactive labour market programmes.
<ul style="list-style-type: none"> Digital transformation and ICT modernisation remain important for improving accessibility and operational efficiency. 	Strengthen ICT infrastructure, digital case management systems, and online dispute-resolution platforms.
<ul style="list-style-type: none"> Workers in rural and vulnerable communities may still face barriers in accessing CCMA services. 	Expand outreach programmes, regional accessibility, and virtual service delivery mechanisms.
<ul style="list-style-type: none"> Essential services dispute management remains critical for labour market stability and uninterrupted public service delivery. 	Strengthen specialised capacity and institutional preparedness within the Essential Services programme.
<ul style="list-style-type: none"> The institution’s developmental role within the labour market continues to evolve. 	Improve alignment between dispute prevention initiatives and broader labour market reform strategies.
<ul style="list-style-type: none"> Economic pressures may place strain on institutional resources over the medium term. 	Strengthen financial sustainability planning and resource allocation efficiency.
<ul style="list-style-type: none"> The CCMA’s governance and compliance systems appear relatively stable compared to other entities. 	Continue strengthening governance oversight, compliance systems, and risk management frameworks.
<ul style="list-style-type: none"> There is a growing need for preventative labour market interventions rather than purely reactive dispute resolution. 	Increase investment in workplace relations programmes, collective bargaining support, and labour market awareness initiatives.
<ul style="list-style-type: none"> Essential services disputes require timely interventions to prevent disruption in critical sectors. 	Increase frequency of proactive monitoring and early dispute resolution efforts to maintain service continuity.

<ul style="list-style-type: none"> Engagement with entities to maintain minimum service levels during industrial action is critical but currently limited. 	Expand partnerships and communication channels with essential service providers to ensure compliance with minimum service agreements.
<ul style="list-style-type: none"> Awareness sessions on essential services designations are vital for stakeholder understanding but can be enhanced. 	Implement targeted and frequent awareness campaigns to improve knowledge and adherence to essential service obligations.

Table 44: National Economic Development and Labour Council (NEDLAC) – Committee Observations and Recommendations

Observation	Recommendation
<ul style="list-style-type: none"> NEDLAC remains a strategically important institution for social dialogue, policy consultation, and consensus-building between government, labour, business, and community constituencies. 	Strengthen the institutional effectiveness of social dialogue processes and improve coordination among social partners.
<ul style="list-style-type: none"> The institution plays an important role in supporting labour market stability and policy legitimacy. 	Enhance the implementation monitoring of agreements and resolutions adopted through NEDLAC processes.
<ul style="list-style-type: none"> Slow economic growth, rising unemployment, and social pressures continue to place increasing demands on social dialogue institutions. 	Prioritise policy discussions that support inclusive growth, employment creation, and economic recovery.
<ul style="list-style-type: none"> Delays in consensus-building processes may affect the implementation of urgent economic and labour reforms. 	Improve turnaround times and efficiency within negotiation and consultation processes.
<ul style="list-style-type: none"> There are concerns regarding weak implementation and follow-through on agreements reached at NEDLAC. 	Develop stronger accountability and implementation tracking mechanisms for agreements and social compacts.
<ul style="list-style-type: none"> Coordination between social partners is sometimes affected by differing institutional priorities and competing economic interests. 	Strengthen stakeholder engagement frameworks and improve dispute-resolution mechanisms within social dialogue processes.

<ul style="list-style-type: none"> • NEDLAC’s contribution to economic reform depends heavily on the effectiveness of intersectoral collaboration. 	Improve coordination between NEDLAC processes and broader economic reform initiatives across government.
<ul style="list-style-type: none"> • The institution operates within a highly contested policy environment characterised by labour market pressures and economic uncertainty. 	Strengthen evidence-based policy research and technical support for negotiations and consultations.
<ul style="list-style-type: none"> • Limited public awareness of NEDLAC’s role may reduce broader societal confidence in social dialogue institutions. 	Expand communication and public engagement strategies to improve transparency and public understanding of NEDLAC processes.
<ul style="list-style-type: none"> • The institution faces resource and capacity limitations that may affect policy facilitation and coordination functions. 	Strengthen institutional capacity, technical expertise, and administrative support systems.
<ul style="list-style-type: none"> • Social dialogue processes remain critical for managing labour market tensions and preventing social instability. 	Expand preventative engagement mechanisms and strengthen early intervention approaches in labour-related disputes.
<ul style="list-style-type: none"> • Economic transformation and labour market reforms increasingly require coordinated responses across sectors. 	Improve alignment between NEDLAC engagements and national development priorities, including industrialisation and employment strategies.
<ul style="list-style-type: none"> • The effectiveness of NEDLAC depends on active participation and commitment from all constituencies. 	Encourage consistent participation and accountability from all social partners within NEDLAC structures.
<ul style="list-style-type: none"> • There is increasing pressure on the institution to respond rapidly to emerging labour market and economic challenges. 	Improve institutional responsiveness and policy coordination on emerging issues such as platform work, automation, and informal employment.
<ul style="list-style-type: none"> • Monitoring and evaluation of social compact implementation remain limited. 	Develop measurable performance indicators and reporting frameworks for monitoring implementation outcomes.

<ul style="list-style-type: none"> • Social dialogue reports are consistently submitted on time, but broader dissemination remains limited. 	Expand multimedia communication efforts to increase public awareness and engagement on Nedlac’s activities.
<ul style="list-style-type: none"> • Knowledge management products are developed but need more targeted dissemination to social partners. 	Implement strategic knowledge-sharing platforms to enhance social partner capacitation and informed decision-making.

Table 45: Productivity South Africa (Productivity SA) – Committee Observations and Recommendations

Observation	Recommendation
<ul style="list-style-type: none"> • Productivity South Africa continues to play an important role in supporting enterprise competitiveness, productivity improvement, and employment preservation. 	Strengthen institutional support for productivity improvement and enterprise turnaround interventions.
<ul style="list-style-type: none"> • The entity contributes toward economic sustainability through business turnaround and job-saving initiatives. 	Expand productivity and turnaround support programmes targeting distressed enterprises and vulnerable sectors.
<ul style="list-style-type: none"> • Productivity SA operates within a constrained fiscal environment that limits the scale of interventions. 	Improve resource mobilisation strategies and strengthen partnerships with both public and private sector stakeholders.
<ul style="list-style-type: none"> • The scale of productivity interventions remains relatively small compared to the broader economic and employment crisis. 	Expand outreach and support programmes to reach more enterprises, particularly SMMEs and labour-intensive sectors.
<ul style="list-style-type: none"> • Enterprise turnaround interventions remain critical in the context of weak economic growth and rising business distress. 	Prioritise high-risk sectors and enterprises with significant employment preservation potential.
<ul style="list-style-type: none"> • There are concerns regarding the long-term sustainability of some productivity support interventions. 	Strengthen monitoring, evaluation, and sustainability assessment frameworks for supported enterprises.

<ul style="list-style-type: none"> Limited institutional visibility may reduce awareness and utilisation of Productivity SA services. 	Expand marketing, stakeholder engagement, and public awareness initiatives regarding Productivity SA programmes.
<ul style="list-style-type: none"> Productivity and competitiveness challenges continue to affect South African enterprises across multiple sectors. 	Strengthen productivity training, workplace innovation, and competitiveness improvement initiatives.
<ul style="list-style-type: none"> The institution's employment preservation mandate remains strategically important in a weak labour market environment. 	Improve integration between productivity interventions and national employment creation strategies.
<ul style="list-style-type: none"> Small and medium enterprises continue to face operational and productivity constraints. 	Expand targeted support programmes for SMMEs, cooperatives, and emerging enterprises.
<ul style="list-style-type: none"> Skills shortages and low productivity continue to undermine competitiveness in several sectors. 	Strengthen workplace skills development, technical support, and productivity enhancement programmes.
<ul style="list-style-type: none"> Coordination between Productivity SA and other economic institutions remains limited in some areas. 	Improve collaboration with industrial policy institutions, SETAs, and economic development agencies.
<ul style="list-style-type: none"> Monitoring of employment preservation outcomes requires further strengthening. 	Improve data collection, impact assessment, and reporting mechanisms relating to jobs retained and enterprise recovery.
<ul style="list-style-type: none"> The entity remains vulnerable to budgetary pressures and operational constraints. 	Strengthen financial sustainability planning and operational efficiency measures.
<ul style="list-style-type: none"> Economic uncertainty and low business confidence may increase demand for turnaround interventions. 	Develop proactive support strategies and strengthen early-warning systems for distressed enterprises.
<ul style="list-style-type: none"> Productivity SA supports SMMEs mainly during distress stages. 	Implement early warning systems to detect financial risks before distress.
<ul style="list-style-type: none"> Collaboration with the government and private sectors is strategic but underutilised. 	Expand multi-sectoral PPPs targeting early-stage intervention for at-risk SMMEs.

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Table 46: Unemployment Insurance Fund (UIF) – Committee Observations and Recommendations

Observation	Recommendation
<ul style="list-style-type: none"> The UIF continues to play a critical role in providing temporary income protection and labour market support to vulnerable workers. 	<p>Strengthen the Fund’s administrative efficiency and ensure the timely delivery of benefits to eligible beneficiaries.</p>
<ul style="list-style-type: none"> The Fund has shifted toward improved automation, digitalisation, and service delivery modernisation. 	<p>Accelerate ICT modernisation and strengthen digital integration across the UIF value chain.</p>
<ul style="list-style-type: none"> The reduction of KPIs from 13 to 11 reflects an attempt to improve alignment between performance indicators and operational outcomes. 	<p>Ensure that revised performance indicators remain measurable, outcome-based, and aligned to service delivery improvements.</p>
<ul style="list-style-type: none"> Claims processing delays continue to affect beneficiaries and undermine public confidence. 	<p>Improve workflow systems, strengthen automation, and increase operational capacity in claims administration.</p>
<ul style="list-style-type: none"> Fraud and governance risks remain significant concerns within the UIF environment. 	<p>Strengthen internal controls, fraud detection systems, verification processes, and consequence management mechanisms.</p>
<ul style="list-style-type: none"> Employer non-compliance and under-declaration continue to affect contribution collection and Fund sustainability. 	<p>Strengthen compliance inspections, digital verification systems, and enforcement mechanisms.</p>
<ul style="list-style-type: none"> The UIF compliance certificate proposal may strengthen contribution compliance. 	<p>Finalise legislative amendments to strengthen UIF compliance enforcement within public procurement processes.</p>
<ul style="list-style-type: none"> Labour Activation Programmes remain important for improving employability and labour market participation. 	<p>Expand labour activation interventions and improve alignment with labour market demand and skills development priorities. Secondly, implement robust monitoring mechanisms for the Labour Activation Programme to ensure it effectively benefits previously disadvantaged groups.</p>

<ul style="list-style-type: none"> Youth unemployment remains critically high despite labour activation initiatives. 	Prioritise youth-focused employment and skills development interventions within labour activation programmes.
<ul style="list-style-type: none"> Participation targets for women and persons with disabilities remain relatively modest. 	Expand inclusion targets and strengthen targeted interventions for vulnerable groups.
<ul style="list-style-type: none"> ICT system vulnerabilities and digital disruptions may affect service delivery. 	Improve ICT infrastructure resilience, cybersecurity systems, and system backup mechanisms.
<ul style="list-style-type: none"> Rural and vulnerable communities may still face barriers in accessing UIF services. 	Expand mobile services, outreach programmes, and digital accessibility initiatives.
<ul style="list-style-type: none"> The Fund continues to face sustainability pressures arising from rising unemployment and economic instability. 	Strengthen actuarial planning, investment management, and contribution collection systems.
<ul style="list-style-type: none"> Monitoring and evaluation of labour activation outcomes remain limited. 	Improve outcome-based monitoring systems and long-term employment impact assessments.
<ul style="list-style-type: none"> Governance reforms and audit improvement processes remain ongoing. 	Strengthen implementation of audit action plans, governance oversight, and accountability mechanisms.
<ul style="list-style-type: none"> The UIF increasingly performs a developmental role beyond traditional benefit administration. 	Improve coordination between UIF labour activation programmes, DEL employment services, SETAs, and economic development initiatives.
<ul style="list-style-type: none"> Public awareness regarding UIF rights, obligations, and services remains uneven. 	Expand public education and stakeholder communication programmes.
<ul style="list-style-type: none"> Capacity constraints and skills shortages may affect the implementation of reforms. 	Strengthen recruitment, technical training, and institutional capacity-building initiatives.
<ul style="list-style-type: none"> Outdated ICT systems delay claims processing and increase fraud risk. The Unemployment Insurance Fund continues to face challenges stemming from outdated SAP/SEP ICT systems, which delay claims 	Accelerate the phased SAP system upgrade to modernise technology and reduce delays. The UIF should accelerate the phased replacement and modernization of the SAP/SEP system to improve processing efficiency, strengthen system

processing, increase fraud risks, and undermine operational efficiency and service delivery.	reliability, reduce fraud risks, and support stable ICT operations and service delivery
<ul style="list-style-type: none"> High vacancy rates in critical financial and ICT positions hinder reform. 	Prioritise filling vacancies and professionalising key financial and ICT functions.
<ul style="list-style-type: none"> Weak governance and internal controls contribute to irregular expenditures. 	Strengthen audit action plans and enforce zero tolerance on corruption.

Table 47: Compensation Fund (CF) – Committee Observations and Recommendations

Observation	Recommendation
<ul style="list-style-type: none"> The Compensation Fund remains a critical component of South Africa’s social protection system, providing compensation and rehabilitation support to workers affected by occupational injuries and diseases. 	Strengthen institutional reforms to improve service delivery, governance, and beneficiary support systems.
<ul style="list-style-type: none"> The Fund continues to face historical governance weaknesses, poor audit outcomes, and internal control deficiencies. 	Accelerate implementation of audit action plans, strengthen consequence management, and improve governance oversight mechanisms.
<ul style="list-style-type: none"> Claims processing delays and backlogs continue to affect beneficiaries and public confidence. 	Improve claims adjudication systems, workflow management, and operational efficiency.
<ul style="list-style-type: none"> Delays in benefit payments continue to expose beneficiaries to financial hardship and increase litigation risks. 	Strengthen payment systems, automate claims processes, and improve turnaround times for benefit administration.
<ul style="list-style-type: none"> Legacy ICT constraints continue to undermine operational efficiency and service delivery. 	Accelerate ICT modernisation and strengthen system integration across claims and payment administration functions.
<ul style="list-style-type: none"> Programme 2: COID Services remains central to the Fund’s operational mandate. 	Prioritise operational efficiency improvements within employer

	compliance, claims adjudication, and payment administration systems.
<ul style="list-style-type: none"> • The target to assess 98% of Return of Earnings submissions demonstrates emphasis on employer compliance. 	Strengthen compliance monitoring and employer verification mechanisms to improve revenue collection and reporting accuracy.
<ul style="list-style-type: none"> • The Fund continues to generate financial surpluses despite operational weaknesses. 	Improve alignment between financial sustainability and service delivery outcomes to ensure beneficiaries experience operational improvements.
<ul style="list-style-type: none"> • Medical payment delays continue to create service delivery challenges and litigation exposure. 	Improve medical invoice processing systems and strengthen relationships with healthcare service providers.
<ul style="list-style-type: none"> • Rehabilitation and reintegration programmes remain strategically important but relatively limited in scale. 	Expand vocational rehabilitation, disability support, and return-to-work programmes for injured workers.
<ul style="list-style-type: none"> • The Fund's support for post-school education and training beneficiaries remains positive but limited relative to demand. 	Expand funding support for learners and strengthen partnerships with education and training institutions.
<ul style="list-style-type: none"> • Institutional capacity constraints continue to affect operational performance. 	Strengthen recruitment, technical training, and organisational capacity-building initiatives.
<ul style="list-style-type: none"> • Fraud, corruption, and inaccurate claims remain ongoing operational risks. 	Improve fraud prevention systems, verification processes, and internal investigative capacity.
<ul style="list-style-type: none"> • Governance reforms remain dependent on sustained institutional leadership and accountability. 	Strengthen executive oversight, governance structures, and implementation monitoring mechanisms.
<ul style="list-style-type: none"> • Beneficiaries in rural and vulnerable communities may experience limited access to services. 	Expand digital service delivery systems, outreach programmes, and regional support services.

<ul style="list-style-type: none"> Monitoring and evaluation systems for rehabilitation and compensation outcomes require strengthening. 	Improve data management, performance reporting, and impact assessment frameworks.
<ul style="list-style-type: none"> The scale of disability inclusion and vocational rehabilitation support remains modest relative to broader social protection needs. 	Expand disability inclusion programmes and strengthen labour market reintegration interventions.
<ul style="list-style-type: none"> Rising operational costs and economic pressures may affect long-term sustainability. 	Improve expenditure efficiency, operational planning, and long-term financial sustainability strategies.
<ul style="list-style-type: none"> Data integrity issues hinder efficient claims adjudication and benefits payment. 	Deploy automated verification and data quality controls to enhance accuracy.
<ul style="list-style-type: none"> Slow adjudication turnaround times delay beneficiary compensation 	Implement workflow automation and rapid response teams to reduce backlogs.
<ul style="list-style-type: none"> Asset growth is constrained by weak debt management and market volatility. 	Improve debt collection capacity and implement structured investment monitoring.

The Department of Employment and Labour should report back to the Portfolio Committee on Employment and Labour on progress made concerning the above-mentioned recommendations within one month after the report has been adopted in the National Assembly.

Report to be considered