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PARLIAMENT

OF THE

REPUBLIC OF SOUTH AFRICA

ANNOUNCEMENTS,

TABLINGS AND

COMMITTEE REPORTS

WEDNESDAY, 10 DECEMBER 2025

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ANNOUNCEMENTS

National Assembly

The Speaker

1. Membership of Assembly

- (1) The vacancy, which occurred in the National Assembly owing to the resignation of Ms NM Gasa, has been filled with effect from 3 December 2025 by the nomination of Mr P Kubukeli.
- (2) The vacancy, which occurred in the National Assembly owing to the resignation of Ms D Zuma-Sambudla, has been filled with effect from 3 December 2025 by the nomination of Ms BES Zuma.
- (3) The vacancy, which occurred in the National Assembly owing to the resignation of Ms M Rweqana, has been filled with effect from 3 December 2025 by the nomination of Mr BM Mkongi.
- (4) The vacancy, which occurred in the National Assembly owing to the resignation of Mr TL Montana, has been filled with effect from 3 December 2025 by the nomination of Ms HM Radebe.

TABLINGS

National Assembly

1. The Speaker

- (a) Report of the Auditor-General – Source to Supply: a shared responsibility for a water-resilient future.

COMMITTEE REPORTS

National Assembly

1. THE BUDGETARY REVIEW AND RECOMMENDATION REPORT OF THE PORTFOLIO COMMITTEE ON JUSTICE AND CONSTITUTIONAL DEVELOPMENT ON THE OFFICE OF THE CHIEF JUSTICE, DATED 10 DECEMBER 2025

The Portfolio Committee on Justice and Constitutional Development, having considered the financial and non-financial performance information of the Office of the Chief Justice, reports as follows:

1. Introduction

1.1. The Money Bills Procedure Amendment and Related Matters Act 9 of 2009, as amended, (the Money Bills Act) requires portfolio committees to compile a Budgetary Review and Recommendation Reports (BRRR) annually.

1.2. *Assessment of performance:* Section 5(1) of the Money Bills Act provides that committees *must* assess the performance of national departments and institutions, with reference to the following:

- The medium-term estimates of expenditure of each national department, its strategic goals, and measurable objectives, as tabled in the National Assembly with the national budget.
- Prevailing strategic plans.
- The expenditure reports or statements relating to the vote appropriating funds for such department;
- The financial statements and annual report of such department.
- The reports of the Standing Committee on Public Accounts relating to a department;
- Any other information requested by or presented to a House or Parliament.

1.3. *Future allocation of resources:* Committees may also make recommendations on future resource allocations after assessing service delivery performance to date; evaluating the

effective and efficient use of the resources already allocated; and considering the planned allocation of resources.

- 1.1. The Committee oversees the work of the Office of the Chief Justice (OCJ), which was established in 2010 primarily to support the Chief Justice in the execution of their administrative and judicial powers and duties as Head of the Judiciary and Head of the Constitutional Court. The transfer of administrative functions and identified staff attached to the Superior Courts from the Department of Justice and Constitutional Development to the OCJ commenced on 1 October 2014.
- 1.2. On 1 April 2015, the OCJ became a fully-fledged Department with its own Vote. The administration for the Superior Courts, Judicial Services Commission (JSC) and South African Judicial Education Institute (SAJEI) were transferred to the OCJ, together with the budget and personnel, from the Department of Justice and Constitutional Development. Funding for judges' salaries was also transferred to the new Vote.
- 1.4. The Committee received presentations from the:
 - Auditor-General South Africa (AGSA) on the audit outcomes for Vote 27: Office of the Chief Justice (15 October 2025).
 - Minister and Deputy Minister of Justice and Constitutional Development (21 November 2025).
 - Office of the Chief Justice (21 November 2025).
- 1.5. Copies of the presentations are available from the Committee Secretary.

2. **Mandate**

- 2.1. The Constitution Seventeenth Amendment Act, 2013, affirms the Chief Justice as head of the Judiciary. As head of Judiciary, the Chief Justice is responsible for establishing and monitoring the norms and standards for the exercise of judicial functions of all courts. The Superior Courts Act, 2013, establishes the legislative framework for the Chief Justice to

exercise judicial leadership, supported by the OCJ, and provides for the delegation of certain functions flowing from the Act to the OCJ.

- 2.2. The Superior Courts Act also assigns to each Judge President a role relating to the coordination of the judicial functions in respect of all Magistrates' Courts falling within the jurisdiction of that Division. In this way the judicial functions of the magistracy also fall under the oversight responsibility of the Chief Justice through Judges President.
- 2.3. The establishment by proclamation of the OCJ as a national department within the public service in 2010 was intended as the first of a three-phased process towards an independent judiciary-led court administration system in line with the Constitution, 1996.
- 2.4. The Minister of Public Service and Administration determined the OCJ's purpose to be *'render[ing] support to the Chief Justice in executing administrative and judicial powers and duties as Head of the Judiciary and Head of the Constitutional Court'*.
- 2.5. The transfer of administrative functions and identified staff attached to the Superior Courts from the Department of Justice and Constitutional Development (DOJCD) to the OCJ began on 1 October 2014.
- 2.6. On 31 March 2015, the Minister of Public Service and Administration made a further determination of the functions to be transferred from the Department of Justice and Constitutional Development (Justice Department) to the OCJ, namely to:
 - Provide and coordinate legal and administrative support to the Chief Justice.
 - Provide communication and relationship management services and inter-governmental and international co-ordination.
 - Develop courts administration policy, norms, and standards.
 - Support the development of judicial policy, norms, and standards.
 - Support the judicial function of the Constitutional Court.
 - Support the Judicial Service Commission (JSC) in the execution of its mandate.
- 2.7. The Office of Chief Justice and Judicial Administration was allocated its first budget vote as from 1 April 2015. The Vote also provides for the funding of judicial education through the South African Judicial Education Institute (SAJEI).

- 2.8. In addition, in terms of the Superior Courts Act, 2013, the Minister of Justice and Constitutional Development delegated certain powers and functions to the OCJ's Secretary-General (SG) for purposes of providing administrative support functions to the Chief Justice and the Judiciary.
- 2.9. The Minister of Justice and Constitutional Development is the Executive Authority for the OCJ, while the SG is its administrative head/accounting authority. As the Minister's proxy, the Secretary-General engages and consults with the Chief Justice and other Heads of Courts in respect of the administrative functioning of the superior courts. (The Chief Justice, as head of the Judiciary, is responsible for the establishment and monitoring of norms and standards for the exercise of judicial functions of all courts).

3. **Policy priorities**

- 3.1. The 2024/25 financial year marked the end of the Sixth and the start of the Seventh. Performance for 2024/25 was assessed against the Medium Term Strategic Framework (MTSF) 2019 – 2024, while first and second quarter performance for 2025/26 aligns with the new Medium Term Development Plan (MTDP) 2025 – 2029.
- 3.2. The *National Development Plan 2030 (NDP)* priorities include building safer communities; promoting accountability and fighting corruption; and strengthening judicial governance and the rule of law.
- 3.1. The OCJ responds to Chapter 14 of the National Development Plan (NDP) '*Promoting accountability and fighting corruption*', particularly contributing to the focal area '*Strengthen judicial governance and the rule of law*' by:
- Accelerating reforms to implement a judiciary-led court administration.
 - Ensuring an efficient court system.
 - Reducing court administration inefficiencies.
 - Providing training to the judiciary through SAJEI.
 - Ensuring access to Justice.

3.2. The OCJ also responds to Chapter 13 of the National Development Plan ‘*Building a capable and developmental State*’ by ensuring good governance in the administration of the Department.

3.3. *Sixth Administration: Medium Term Strategic Plan 2019-2024 (MTSF)*

3.3.1. The MTSF 2019-2024 acknowledges that the challenges of poverty, inequality and unemployment continue to hold back the achievement of South Africa’s national development. Youth, women, and people with disabilities feel the burden disproportionately. To address these challenges, the MTSF identified seven (7) priority areas, of which the OCJ contributed as follows:

- Priority 1 ‘A capable, ethical and developmental state’.
- Priority 6 ‘Social cohesion and safe communities’.

3.3.2. Aligning policies to plans, the OCJ contributed to the NDP and MTSF priorities as follows:

IMPACT STATEMENT	OUTCOMES	MTSF PRIORITIES	NDP
Quality and accessible justice for all	<u>Outcome 1:</u> Effective and efficient administrative support	<u>MTSF Priority 1:</u> A capable, ethical, and developmental state	<u>Chapter 13 NDP:</u> Building a capable state
	<u>Outcome 2:</u> Improved court efficiency	<u>MTSF Priority 6:</u> Social cohesion and safer communities	<u>Chapter 14 NDP:</u> Promoting accountability and fighting corruption
	<u>Outcome 3:</u> Enhanced judicial performance	<u>MTSF Priority 6:</u> Social cohesion and safer communities	<u>Chapter 14 NDP:</u> Promoting accountability and fighting corruption

3.4. *Seventh Administration: Medium Term Development Plan 2025 – 2030 (MTDP)*

- 3.4.1. Following the formation of a Government of National Unity (GNU), Cabinet agreed to a minimum programme of priorities that would be translated into a more detailed plan that would also serve as a framework to support the goals of the National Development Plan (NDP): Vision 2030.
- 3.4.2. The new Administration developed the Medium Term Development Plan 2024 – 2029, which Cabinet approved on 26 February 2025. The MTDP’s main objective is to strategically guide the work of the Seventh Administration to achieve its identified goals and the NDP.
- 3.4.3. The MTDP emphasises the economy as the primary enabler for achieving developmental objectives. It sets the following five goals: (i) A dynamic, growing economy; (ii) a more equal society, where no person lives in poverty; (iii) a capable state delivering basic services to all citizens; (iv) a safe and secure environment; and (iv) a cohesive and united nation.
- 3.4.4. To achieve its goals, the MTDP identifies the following three strategic priorities for implementation: “Drive inclusive growth and job creation”; “Reduce poverty and tackle the high cost of living”; and “Build a capable, ethical and developmental state”.
- 3.4.5. The OCJ contributes to the MTDP’s goals, as follows:

IMPACT STATEMENT: EFFICIENT, EFFECTIVE AND ACCESSIBLE JUSTICE FOR ALL		
Strategic Priority 1: Drive inclusive growth and job creation	Strategic Priority 2: Reduce poverty and tackle the high cost of living	Strategic Priority 3: Build a capable, ethical and developmental State
Implementing equity programmes by: • Prioritising youth, women, and people with disabilities in recruitment processes. • Targeting women, youth and people with disabilities in procurement processes.	Promoting social cohesion and nation-building by: • Ensuring superior courts are accessible to all (bringing services closer to the people). • Partnering with relevant stakeholders within Justice Cluster to bring services closer to the people.	• Court modernisation and digitisation: roll-out of Court Online. • Implementing the National Anti-Corruption Strategy and OCJ Anti-Corruption Strategy and Plan. • Enhancing whistleblower and fraud reporting mechanisms.

IMPACT STATEMENT: EFFICIENT, EFFECTIVE AND ACCESSIBLE JUSTICE FOR ALL		
Strategic Priority 1: Drive inclusive growth and job creation	Strategic Priority 2: Reduce poverty and tackle the high cost of living	Strategic Priority 3: Build a capable, ethical and developmental State
	Implementing public awareness campaigns and community outreach programmes – raising awareness about court services.	- Facilitating compulsory financial disclosure processes. - Conducting Lifestyle Audits. - Implementing ethics management programmes.

3.4.6. Aligning priorities to plans, the OCJ has developed the following outcomes, indicators and targets for the five-year term:

IMPACT STATEMENT: QUALITY AND ACCESSIBLE JUSTICE FOR ALL			
Outcome	Outcome indicator	Baseline	Five-year Target
Outcome 1: Effective and efficient administrative support	Reduced vacancy rate	12.79%	10% or lower
	Modernised Superior Courts	Court Online System rolled out at 8 Superior Courts	Court Online System rolled out at 15 Superior Courts
Outcome 2: Improved court efficiency	Percentage on finalisation of quasi-judicial matters within prescribed timeframes	New indicator	94%
Outcome 3: Enhanced judicial performance	Increased judicial education courses	626	675

4. *Fiscal policy*

4.1. Medium-term fiscal policy prioritises reducing the budget deficit and stabilising the debt-to-GDP ratio, while promoting growth, boosting employment and building the economy's resilience to shocks. Key measures include accelerating structural reforms, maintaining

macroeconomic stability, strengthening infrastructure investment and building a capable state. The social wage remains a priority, accounting for 61% of non-interest spending over the medium term.

4.2. *Peace and Security Function*

Peace and Security allocation 2025 MTEF

Function (R' billion)	2024/25	2025/26	2026/27	2027/28	% MTEF	% Peace and Security
Defence and State Security	59.8	59.7	59.5	61.9	2.7%	22.7%
Police Services	124.9	133.4	139.5	145.3	6.3%	50.7%
Law Courts and Prisons	55.3	57.2	59.9	62.8	2.7%	21.7%
Home Affairs	13.2	12.9	13.5	12.3	0.6%	4.9%
Total	253.2	263.2	272.4	282.2	12.2%	100%

- 4.2.1. The *Peace and Security* Function, of which Law Courts and Prisons form a part, accounts for 12.2% of government's consolidated expenditure for the MTEF. Specifically, the allocation to *Law Courts and Prisons* accounts for 2.7% of consolidated expenditure.
- 4.2.2. The Function is allocated R817.7 billion over the medium term to combat crime and ensure territorial integrity: R263.2 billion is allocated in 2025/26; R272.4 billion in 2026/27; and R282.2 billion in 2027/28.
- 4.2.3. Law Courts and Prisons, which consists of the allocations to Vote 22 Correctional Services, Vote 25 Justice and Constitutional Development and Vote 27 Office of the Chief Justice and Vote, receive 21.7% of the overall allocation to the Function. Specifically, the allocation to Vote 27 Office of the Chief Justice comprises 0.3% of the overall allocation to the Function.
5. **Audit outcome.** The OCJ maintained an unqualified audit opinion with no material findings (clean audit opinion).

6. Financial performance

6.1. 2024 MTEF

6.1.1. The OCJ was allocated R2.39 billion for 2024/25, as follows: R1.22 billion was allocated to Programmes and R1.17 billion for the direct charge for judges' salaries.

6.1.2. Compared to 2023/24, the overall allocation to the Vote decreased in real terms by -11.2%, as follows:

- Administration by -2.4%; Superior Court Services by -15,3%; and Judicial Education and Support by -17.3%).
- The allocation for Judges salaries decreased in real terms by -9.4%.

6.1.3. In terms of economic classification, R1.9 billion was allocated to Compensation of Employees, R295.3 million to Goods and Services, R143.1 million to Transfers and Subsidies and R56.9 million for Payment of Capital Assets.

6.1.4. Compared to 2023/24, the allocations to Compensation of Employees, Goods and Services and Payments for Capital Assets (Machinery and Equipment) decreased in real terms by -7.8%, -26.6% and -37%, respectively.

6.1.5. *Budget reductions.* The 2024 Budget cut the OCJ's budget by R446.6 million over the medium. In response, the OCJ implemented cost-containment measures, for example, reducing travel and filling only critical vacant posts. However, the OCJ warned that the budget shortfall would impact negatively on service delivery and access to justice, and would result in:

- Overspending of the allocated budget for 2024/25 (projected R329.3 million.)
- Compromised support to the Judiciary and Superior Courts affecting the realisation of set performance targets.
- Challenges meeting payments in terms of some existing contractual obligations.
- Challenges in filling critical vacancies.

6.1.6. In November 2024, during the Adjustment process, the OCJ received additional allocations to assist it to address salary deficits, but not for operational matters:

- R51.36 million was transferred from the Department of Military Veterans to cover the carry-through costs of the 2023/24 public sector wage agreement.
- R158 million from the National Revenue Fund for judge's salary increases (Direct charge).

6.2. *Expenditure 2024/25*

6.2.1. Following the AENE process, the OCJ's total allocation increased to R2.6 billion, inclusive of judge's salaries but spent R2.83 billion, or 108.8%, of the adjusted allocation for 2024/25, overspending by R229.4 million.

Actual expenditure per programme and for judges' salaries:

2024/25			
Programme	Appropriation	Expenditure	
	Final	Actual	(Over)/Under
	R'000		
Administration	260 674	319 960	(59 286)
Superior Court Services	963 946	1 125 844	(161 898)
Judicial Education and Support	49 168	66 776	(17 608)
Total	1 273 788	1 512 589	(238 792)
Judges' salaries	1 333 214	1 323 867	9 347
Total	2 607 002	2 86 447	(229 445)

6.2.2. In addition, to incurring unauthorised expenditure in 2024/25 relating to overspending, the OCJ financial statements for 2024/15 indicate the following:

(a) Irregular expenditure:

- Total irregular expenditure on 31 March 2025 amounted to R46. 4 million.
- Irregular expenditure incurred during 2024/25 relates to an ongoing ICT contract entered during 2021/22, which was found to be non-compliant with the State Information Technology Agency Act, 1998 (CaseLines).

(b) Fruitless and wasteful expenditure:

- Fruitless and wasteful expenditure of R18 000 was incurred during 2024/25 due to no-shows for flights.

6.3. 2025 MTEF

Programme allocation 2025 MTEF (*Adjusted)

Programme (R' million)	*2024/25	2025/26	2026/27	2027/28	% Budget	Real % change
Administration	280.0	296.5	317.4	336.8	10.77 %	1.14 %
Superior Court Services	943.8	1 140.0	1 209.4	1 286.1	41.41 %	15.37 %
Judicial Education and Support	50.0	78.6	82.5	90.7	2.86 %	50.14 %
Sub-Total	1 273.8	1 515.1	1 609.2	1 713.5	1 352.9	
Judges' salaries	1 333.2	1 237.8	1 294.5		44.96 %	-11.32 %
Total	2 607.0	2 752.9	2 903.7	3 066.1	100%	0.86 %
Change to 2024 estimate	-	259.5	288.6	332.7	-	-

- 6.3.1. The OCJ is allocated R2.75 billion in 2025/26, including a direct charge for Judge's salaries, growing to R3.0 billion over the medium term. In real terms, however, the allocation grows by slightly less than 1% when compared to 2024/25.
- 6.3.2. Of the 2.75 billion allocated to the OCJ for the 2025/26 financial year, R1.5 billion is allocated to the Vote, and R1.2 billion is a Direct Charge for Judges' salaries.
- 6.3.3. Over the medium term, an additional R880.8 million is allocated to deal with pressures arising from Compensation of employees; fill vacant posts; cover operational costs, including judges' vehicles; to fund the SAJEI Amendment Bill; and for the implementation of Court Online to improve judicial efficiency. However, shortfalls remain for infrastructure-related support, security in courts and new priorities (for example, the Land Court).
- 6.3.4. These additions follow budget reductions of R446.6 million in the 2024 MTEF.

6.3.5. Allocations to programmes increase in real terms compared to 2024/25: Administration by 1.1%; Superior Court Services by 15.4%; and Judicial Education and Support by 50.1%. However, the allocation for Judges salaries decreases in real terms by -11.3% compared to 2024/25.

6.3.6. In 2025/26, a total of R 2.2 billion is allocated to Compensation of Employees, R407.4 million to Goods and Services, R102.3 million to Transfers and Subsidies and R89.7 million for Payment of Capital Assets. The OCJ's main cost driver remains Compensation of Employees, at 79% of the allocation.

6.4. ***Aligning planning to planned expenditure 2025/26:***

6.4.1. The OCJ continues to focus on modernising the superior courts to improve access to justice; and providing judicial education and training courses to judicial officers, as well as secretarial and administrative support to the Judicial Service Commission for the appointment of judicial officers.

6.4.2. Modernisation of processes in the superior courts continues through the implementation of cloud-based digital infrastructure that will allow cases to be initiated and managed, and for evidence to be presented online. The Court Online system is expected to be implemented in all superior courts in 2025/26, with an additional R98.2 million over the medium term allocated in the Administration programme to roll out and operationalise the system.

6.4.3. The criminal module of the Court Online system is to be developed and automated from 2025/26 onwards. This is expected to result in an increase in the finalisation of default judgments from 90% in 2025/26 to 92% in 2027/28, and the finalisation of 98% of taxations of opposed legal bills of costs and 99% of taxations of unopposed legal bills of costs over the MTEF period. These activities are funded under the Superior Court Services programme, which is allocated R3.6 billion over the MTEF period, accounting for 40.4% of the OCJ's total budget. However, the OCJ identifies budget cuts imposed by National Treasury as a significant risk to its modernisation and digitisation efforts, which require substantial funding. In addition, the budget cuts and the moratorium on filling posts puts ICT cybersecurity services at risk as these require humans to monitor alerts.

- 6.4.4. The OCJ also plans to offer 80 judicial education and training courses yearly through the South African Judicial Education Institute (SAJEI) to develop the skills of current and prospective judicial officers.
- 6.4.5. The Judicial Service Commission (JSC) will continue to receive secretarial and administrative support. This funding is within the Judicial Service Commission subprogramme's budget of R251.5 million over the MTEF period in the Judicial Education and Support programme.
- 6.4.6. Despite being allocated an additional R880 million over the medium term, the OCJ's budget grows in real terms by slightly less than 1% in 2025/26, when compared to 2024/25. Real growth over the medium term is similar. The OCJ continues to report funding shortfalls, including for the implementation of the Land Court Act, court infrastructure, ICT and security.
- 6.4.7. Expenditure on salaries continues to account for approximately 79% of the OCJ's overall budget, which provides little opportunity for the OCJ to address funding shortfalls through reprioritisation.

6.5. ***2025/26 Expenditure***

- 6.5.1. **Quarter 1 expenditure.** In Quarter 1, the OCJ R740.7 million of the R2.8 billion available budget, exceeding projections by R42.4 million. The higher than planned spending is primarily in the Superior Court Services programme, driven by transfers and subsidies, payment for capital assets. The higher than planned spending on Transfers and Subsidies (leave gratuities) and Payments for Capital Assets (due to the outright payment of judges' vehicles procured in 2024/25). Judges' salaries also exceeded projections due to compensation shortfalls and gratuities for discharged and long-serving judges:

- **Programme 1: Administration:** Spent R100.9 million of the available budget of R296.5 million, underspending by R16.2 million. This slow spending is mainly on Compensation of Employees, Goods and Services and Payments for Capital Assets due to the delays in filling posts, outstanding invoices for ICT equipment (outstanding SITA invoices for data lines, Data Centrix and Wi-Fi support), and delays in the procurement process of office equipment such as laptops, desktops and printers, among others.

- **Programme 2: Superior Court Services:** Spent R287.8 million of the available budget of R1.1 billion, overspending by R12.4 million. The higher than planned spending was mainly in Goods and Services (payment for car rental invoices for acting Judges); Transfers to Households (leave gratuities) and Payments for Capital Assets (payment of judges' vehicles procured in 2024/25).
- **Programme 3: Judicial Education and Support:** Spent R13.8 million of the available budget of R78.6 million, underspending by R5.7 million. This slow spending is mainly due to Compensation of Employees (unfilled posts) and Goods and Services (outstanding invoices).
- **Judges' salaries:** R1.2 billion is allocated for Judges' salaries for 2025/26. Expenditure incurred was R338.2 billion, which resulted in higher than planned spending of R52 million due to a shortfall on the Compensation of Employees' budget, as well as Transfers and Subsidies (gratuities for discharged and long-serving judges).
- **Personnel:** At the end of June 2025, the OCJ had spent on personnel was R245.5 million of R1.02 billion available budget (excluding direct charges). This resulted in slower than planned spending of R9.9 million on Compensation of Employees (unfilled posts).

6.5.2. **Quarter 2 expenditure.** The OCJ's total expenditure reached R1.5 billion by the end of the Second Quarter, exceeding projections by R78.8 million, mainly in Superior Court Services (R38.7 million) and Direct Charges (R60.5 million). Overspending was driven by leased judges' vehicles, hosting events (Constitutional Court's 30th anniversary and International Association of Women Judges), and gratuities:

- **Programme 1: Administration:** Spent R167.6 million, which is R13.7 million below projections, due to delays in filling posts and ICT procurement.
- **Programme 2: Superior Court Services:** Spent R591 million, which is R38.7 million above projections, due to capital assets and event hosting.
- **Programme 3: Judicial Education and Support:** Spent R36.8 million, which is R6.7 million below projections, due to outstanding invoices.
- **Judges' Salaries:** Spent R655 million, which is R60.5 million above projections, partly due to appointment of additional judges.
- **Personnel** spending was R497.6 million, which is R14 million below projections, with 252 vacant posts (11.25% vacancy rate).

7. **Human Resources**

- 7.1. As of 31 March 2025, the OCJ's establishment comprised 2 204 posts, compared to 2 191 as of 1 April 2025. This reflects a 0.5% increase because of the creation of 13 new ICT posts.
- 7.2. Of the 2 204 approved posts 1 932 were filled as of 31 March 2025, 20 posts fewer than the previous year.
- 7.3. The OCJ's vacancy rate for the 2024/25 period increased to 12.34%, from 10.9% in 2023/24, exceeding the target of 10% or lower. This is primarily due to the implementation of Circular No. 49 of 2023, issued by the Department of Public Service and Administration (DPSA), which introduced cost containment control measures to assist executive authorities in managing fiscal sustainability during the creation and filling of vacant posts in departments. These measures were extended into 2024/2025 financial year.
- 7.4. At senior management level, the vacancy rate is much higher at 30%. The following senior management positions are vacant: Chief Director: Strategy and Systems; Chief Director: Judicial Education Support; Director: Internal Audit; Director: Strategy and Service Delivery Planning; Director: Court Operations (WC); Director: Case Flow Management (Lower Courts); Director: Supply Chain Management. In addition, several senior positions are held in an acting capacity.
- 7.5. In addition, there are significant vacancies at Levels 6-8 (Highly Skilled Production) at 13.6%. Critical vacancies include Chief Registrars (23%) and Registrars (11%).
- 7.6. Disciplinary action was taken against 12 employees, which resulted in four dismissals, two resignations pending misconduct proceedings and five written warnings. One disciplinary action remained pending at the end of 2024/25.
- 7.7. Specific challenges identified include:
 - The attraction and retention of critical Occupation Specific Dispensation (OSD) employees, such as Chief Registrars and Registrars, remains a challenge.

- Due to budget shortfalls, the OCJ was unable to advertise some critical posts within six (6) months.
- The finalisation of disputes continues to be a challenge. During the reporting period, 39 dispute cases were dealt with, but only 23 were finalised, with eight remaining pending (including Labour Court matters).
- Occupational Health and Safety (OHS) compliance remains a challenge due to reliance on other departments.

8. Programme performance

8.1. Overview

8.1.1. The OCJ achieved 83% of its planned targets for 2024/25, compared to 86% in 2023/24, as follows:

Performance	No. of Targets					
	2019/20	2020/21	2021/22	2022/23	2023/24	2024/25
Achieved	14	22	21	17	24	20
Not achieved	6	3	3	5	4	4
Total	20	25	24	22	28	24
Percentage achieved	70%	88%	87.5%	77%	86%	83%

8.2. Key achievements for 2024/25 include:

- The OCJ achieved 83% of its annual targets.
- Maintained its audit outcome to achieve an unqualified audit opinion with no material findings (Clean Audit).
- The Court Online system was rolled out to six (6) service centres, bringing the total number of service centres with Court Online to eight (8).
- A total of 91% of staff (1 128 of 1 236) were trained in line with the Workplace Skills Plan (WSP).
- The OCJ investigated 94% (33 of 35) of reported fraud cases within 60 working days.

- The OCJ finalised 95% (46 836/ 49 347) of default judgements by Registrars within 14 days from date of receipt of application.
- The improved training and monitoring measures implemented in the year under review ascertained that 99% (39 583/ 39 860) of taxations of legal bills of costs were finalised within 60 days from date of set down.
- The OCJ conducted 141 judicial education courses that were attended by 3 745 delegates in this reporting period.

8.3. *Programme 1: Administration*

8.3.1. The purpose of this programme is to provide strategic leadership, management, and support services to the OCJ. The programme consists of the following sub-programmes:

- The Management sub-programme provides necessary administrative, planning, performance reporting and risk management functions.
- The Corporate Services sub-programme provides integrated Human Resources Management (HRM), Information and Communication Technology (ICT) and security management support services to the OCJ.
- The Finance Administration sub-programme provides overall financial, asset and supply chain management services to the Judiciary and the OCJ.
- The Internal Audit and Risk Management sub-programme provides overall internal audit and risk management services to the OCJ and the Superior Courts.
- The Office Accommodation sub-programme provides for the acquisition of office accommodation for the OCJ.

8.3.2. The Administration programme met nine (9) of thirteen (13) or 69% of planned targets, compared with 76% for 2024/25.

Table 7: Administration performance 2024/25

Performance Indicator	2024/25	2023/24
Percentage of staff comprised of youth	NOT ACHIEVED 28.6% (588/2049) (Target 30%)	NOT ACHIEVED 26.4% (530/2005) (Target of 30%)

Performance Indicator	2024/25	2023/24
Percentage of vacant posts on funded establishment	NOT ACHIEVED 12.34% (272/ 2 204) (Target: <10%)	NOT ACHIEVED 10.9% (239/2 191) (Target: <10%)
Percentage of women representation in Senior Management Service (SMS).	NOT ACHIEVED 47.05% (16 of 34) (Target: 50%)	ACHIEVED 53% (23 of 43) (Target: 50%)
Percentage of procurement above R500 000 awarded to suppliers who meet specific goals	NOT ACHIEVED 71% (5 of 7) (Target: 80%)	ACHIEVED 100% (2 of 2) (Baseline)

8.3.3. In 2024/25, the Administration programme was allocated R260.64 million but spent R319.96 million (127%) in 2024/25, overspending by R59.3 million. The overspend occurred in all the subprogrammes but the most overspending occurred in the Corporate Services subprogramme (132.1%). The overspending was mainly on Goods and Services (shortfalls in payments for Microsoft licenses because of the Rand/Dollar exchange rate). Additionally, delays in advertising in-house positions for ICT led to the continuation of costly contracts, resulting in overspending on this item.

Administration: Programme allocation 2025 MTEF

R'million	2024/25*	2025/26	2026/27	2027/28	% Programme expenditure	Real % change
Management	39.3	38.7	40.5	42.3	13.1%	-6.0 %
Corporate Services	176.5	194.1	210.2	224.9	65.5%	5.0 %
Financial Administration	38.4	37.9	39.6	41.4	12.8%	-5.7 %
Internal Audit	25.7	25.9	27.1	28.3	8.7 %	-3.8 %
Total	280.0	296.5	317.4	336.8	100%	1.1 %
Change to 2024 Budget estimate	-	16.5	23.0	29.2	-	-

*Adjusted

8.3.4. The Administration programme is allocated R296.5 million in 2025/26. The allocation increases in real terms by 1.1% in 2025/26, compared with 2024/25. Over the medium term, the allocation grows cumulatively by 1.7%. The main cost drivers for the Programme are Compensation of employees at 48% and Goods and services at 47.8%.

8.4. **Programme 2: Superior Court Services**

8.4.1. The Programme provides judicial support and court administration services to the Superior Courts. The programme consists of the following sub-programmes:

- The Administration of Superior Courts sub-programme provides administrative and technical support to the Superior Courts, monitors the overall performance of the Superior Courts, and enhances judicial stakeholder relations.
- The Constitutional Court sub-programme funds the activities and operations of the Constitutional Court.
- The Supreme Court of Appeal sub-programme funds the activities and operations of the Supreme Court of Appeal.
- The High Courts' sub-programme funds the activities and operations of the various high court divisions.
- The Specialized Courts sub-programme funds the activities and operations of the labour, land, electoral and competition courts.

8.4.2. Under the *Administration of Superior Courts* sub-programme, 100% or all six planned targets for 2024/25 were met, as was the case in 2023/24.

8.4.3. In 2024/25, the OCJ was allocated R963.9 million and spent R1.12 billion (117%), overspending by R161.89 million. The over-expenditure occurred in all the subprogrammes, but the most overspending occurred in the Supreme Court of Appeal subprogramme (140.9%). The overspending was mainly on Goods and Services due to higher than- expected payments for translations, transcripts, and casual interpreters in the Superior Courts, as well as car rentals for judges. Additionally, operating leases for short-term vehicles and maintenance payments for the Superior Courts contributed to the overspending.

Superior Court Services: Programme allocation 2025 MTEF

R'million	2024/25*	2025/26	2026/27	2027/28	Ave. % Expenditure	Real % Change
Administration of Superior Courts	18.9	23.2	4.3	3.3	2.2%	17.2 %
Constitutional Court	77.4	94.4	17.0	12.8	8.4%	16.5 %
Supreme Court of Appeal	40.2	50.3	10.1	7.8	4.4%	19.5 %
High Courts	742.5	895.3	152.8	112.6	78.2%	15.2 %
Specialised Courts	18.9	23.2	4.3	3.3	6.8%	13.2 %
Total	943.8	1 140.0	1 209.4	1 286.1	100%	15.4%
Change to 2024 Budget estimate	-	204.3	224.7	256.9	-	-

*Adjusted

8.4.4. The Superior Courts Services programme is allocated R1.1 billion in 2025/26, compared with 943.8 million in 2024/25. This is the OCJ's largest Programme, consuming approximately 75% of the overall allocation to Programmes.

8.4.5. The High Court subprogramme accounts for 78.2% of the overall Programme budget, followed by Specialised Courts at 6.8%, the Constitutional Court at 8.8% and the Supreme Court of Appeal at 4.4%. The Administration of Superior Courts subprogramme is allocated only 2.2%. However, the budget for shared services, such as security, ICT and infrastructure, are contained in the allocation to the Department of Justice and Constitutional Development under Vote 25.

8.4.6. In real terms, the allocation to the Programme increases by 15.4% from 2024/25 and all subprogrammes experience real growth ranging from 13 to 19%.

8.4.7. Due to the labour-intensive nature of the OCJ's work, approximately 76.4% of the Programme's budget is spent on compensation of employees.

8.5. **Programme 3: Judicial Education and Support**

8.5.1. The Judicial Education and Support programme provides training to Judicial Officers, and policy development and research services for the optimal administration of justice.

8.5.2. The programme has the following sub-programmes:

- The South African Judicial Education Institute sub-programme funds the activities of the SAJEI to provide training for Judicial Officers.
- The Judicial Policy, Research and Support sub-programme funds the provision of advisory opinions on policy development and regulatory services to the Judiciary and the Department.
- The Judicial Service Commission sub-programme provides secretariat and administrative support services to the Judicial Service Commission to perform its constitutional and legislative mandates effectively.

8.5.3. The programme met all five or 100% of planned targets for 2024/25, as was the case in 2022/23.

8.5.4. In 2024/25, Judicial Education and Support was allocated R49.16 million and spent R66.7 million (135.8%), overspending by R17.6 million. Over-expenditure occurred in all the subprogrammes, but the most over-spending occurred in the Judicial Services Commission subprogramme (145.3%). This overspending is mainly due to higher-than-anticipated leave gratuities paid to officials and costs related to an annual judges' seminar, payments to Judicial Services Commission (JSC) Commissioners and outstanding legal invoices from 2023/24.

Judicial Education and Support: Programme allocation 2025 MTEF

R'million	2024/25*	2025/26	2026/27	2027/28	Ave. % Expenditure	Real % Change
South African Judicial Education Institute	24.2	52.2	55.0	59.8	66.4%	106.0 %
Judicial Policy, Research and Support	14.2	17.0	17.6	19.8	21.6%	14.3 %
Judicial Service Commission	11.6	9.5	9.9	10.8	12.1 %	-21.8 %
Total	50.0	78.6	82.5	90.4	100%	50.1%

Change to 2023	-	28.8	30.4	36.0	-	-
Budget estimate						

*Adjusted

8.5.5. The Judicial Education and Support programme is allocated R78.6 million for 2025/26, compared with R50.0 million in 2024/25, and accounts for 5.2% of Programme expenditure.

8.5.6. The allocation to subprogrammes is as follows: The South African Judicial Education Institute subprogramme receives 66.4% of the allocation to the Programme, followed by the Judicial Policy, Research and Support subprogramme at 21.6% and the Judicial Service Commission subprogramme at 12.1%.

8.5.7. In real terms, the allocation to the Programme increases by 50.1% from 2024/25: In real terms, the Judicial Education and Support subprogramme grows by 106% and the Judicial Policy, Research and Support subprogramme by 14.3%. However, the allocation to the Judicial Service Commission subprogramme decreases in real terms by -22%.

8.5.8. In terms of economic classification, average spending on Compensation of employees over the medium term is 39.5%, whereas spending on Goods and Services for the same period is 59.7%.

9. **Linking financial and non-financial performance:**

- Overall, the OCJ's performance declined slightly when compared to 2023/24, achieving 83% of targets, compared to 86% in 2023/24. All targets that were not achieved occurred in the Administration programme.
- The OCJ reports spending 108.8% of the final allocation for 2024/25, overspending by 229.5 million.
- The vacancy rate has increased from 10.9% in 2023/24 to 12.34% in 2024/25, which is higher than the 10% or below target for the public service, due to the implementation of DPSA Circular 49 of 2023 (Cost containment) and budget constraints.
- The OCJ maintained a clean audit outcome.

10. **Committee's observations**

The Committee makes the following observations:

10.1. *Audit outcome.*

The Committee commends the OCJ for maintaining a clean audit outcome for the third consecutive year. The AGSA reported that OCJ's Finance section is well-capacitated and all role-players in the accountability eco-system are fulfilling their responsibilities effectively, contributing to the positive outcome.

10.2. *Strengthening institutional independence*

The Committee welcomes recent steps to strengthen judicial independence in line with the Constitution, particularly efforts to establish a judiciary-led court administration system. At present, the responsibilities and funding for court administration are fragmented.

These reforms, stalled for more than a decade, aim to strengthen the operational and financial independence of the Judiciary by consolidating fragmented responsibilities and funding under the OCJ, which will be reconstituted outside of the public service and empowered to appoint staff under its own prescripts and human resource framework, aligned with judicial principles of independence. Under the proposed model, the Chief Justice will assume the role of Executive Authority for the OCJ, while the Secretary-General will remain the accounting authority.

The lack of progress has long been a sticking point for the Judiciary, which has publicly expressed its frustration, including that it had received no response from the Executive on its proposal for an Auditor General-style model of administrative independence. On 6 June 2025, President Ramaphosa and Chief Justice Maya met to restart reforms to ensure full institutional independence. Since then, a Task Team (comprising senior officials from the Department of Justice and Constitutional Development, Presidency, OCJ, National Treasury, DPSA and DPWI) has been established to guide the transition. A phased approach is envisaged, in which shared services are transferred to the OCJ by 1 April 2026 (Phase 1) and legislative amendments support the transfer of the Magistrates' Courts (Phase 2). Consultations with the Magistracy are ongoing, with inputs expected by early 2026. The Judiciary has granted only conditional approval for the transfer of shared services and requested more time for a detailed assessment. Cabinet has directed the Minister to explore global models of judicial accountability to ensure appropriate oversight without compromising the separation of powers.

The Committee agrees that the move towards a judiciary-led court administration is inseparable from the establishment of a single judiciary, as strengthening the institutional independence of only part of the judicial system would be unfortunate. For this reason, it welcomes the Magistracy's inclusion in the consultation processes.

The Committee acknowledges the risks, including funding shortfalls, transition challenges and accountability mechanisms. As this process advances, two critical questions require collective consideration: (i) How to structure accountability for the use of public resources; and (ii) how to ensure accountability for performance within a more independent judicial system.

The Committee will monitor progress closely and engage the Executive and Judiciary on developments.

10.3. ***Final Report of the Committee on the Rationalisation of Areas under the Jurisdiction of the Divisions of the High Court of South Africa and Judicial, Phase 2: Rationalisation of Judicial Establishments (Moseneke Committee) (Released on 11 October 2025).***

The Committee notes, with grave concern, the findings of the Moseneke Committee Phase 2 Report on the Rationalisation of Judicial Establishments, which highlight a critical shortage of judges across all divisions of the High Court. This shortage has resulted in significant delays in case handling, creating backlogs that threaten to overwhelm the judiciary and severely compromise access to justice. In Gauteng, the next available trial dates are five years away, while in other divisions, the waiting period is two to three years. The Committee notes that the Report recommends a minimum increase of 20% in judicial posts across all divisions to address this crisis.

The Committee intends to engage the Ministry and the Judiciary on the contents of the Report, including the feasibility, funding implications, and timelines for implementing its recommendations.

10.4. ***Vacancies and capacity***

The Committee is concerned about the increased vacancy rate of 12.34%, which exceeds the public sector norm of 10%, and represents a deterioration from the previous year. Vacancies are particularly high in critical occupations such as Chief Registrars and Registrars, as well as at senior management

positions where the rate is 30%. These gaps pose a significant risk to the OCJ's ability to deliver on its mandate.

The Committee notes that cost containment measures introduced by DPSA Circular No. 49 of 2023 contributed to the increased vacancy rate, but that the Circular has now been withdrawn. In addition, budget shortfalls have also played a role in preventing the OCJ from filling posts. It welcomes the additional funding allocated over the medium term, which has enabled the OCJ to embark on a recruitment drive, and fill previously vacant positions, including senior management positions.

The Committee notes that the appointment of a Secretary-General has not been finalized, despite being a critical leadership position, but accepts the explanation that, although the post was advertised, uncertainty regarding the appropriate appointment process, given the ongoing transition toward a judiciary-led administration, has delayed progress.

The Committee requests a detailed report by 30 January 2026, on vacancies, particularly in senior management and critical occupations, including mitigation measures.

10.5. *Infrastructure*

The Committee notes with concern that the current infrastructure budget is insufficient to address the extensive needs of the court system, resulting in delays and increased risk across multiple projects. Capital works allocations under Vote 25 decreased from R893.2 million in 2024/25 to R652.4 million in 2025/26, despite an estimated requirement of R5 billion to address backlogs.

The Committee welcomes efforts to explore public–private partnerships (PPPs) as an alternative financing mechanism, including engagements with the Development Bank of Southern Africa's Infrastructure Fund. It requests regular updates on key projects, such as the Durban High Court redevelopment, Thohoyandou High Court renovations, and Limpopo High Court maintenance programme, which have experienced delays and funding shortfalls.

10.6. **Financial performance**

The Committee notes that overspending in 2024/25 did not arise from poor planning but from budget cuts imposed on the OCJ by National Treasury. These cuts did not take sufficient account of the operational and financial support provided by the OCJ to the Judiciary so that it can conduct judicial functions. At present, the Judiciary does not have its own budget: funding resides with the OCJ.

For the 2024/25 fiscal year alone, R138.5 million was cut from the OCJ's budget after contractual commitments were made. These cuts affected obligations, such as judges' vehicles under the Judges' Remuneration and Conditions of Employment Act, 2001, which were leased on a multi-year basis.

The Committee welcomes mitigation measures, including direct procurement of vehicles to reduce leasing costs, and notes additional allocations by National Treasury to address shortfalls.

Other items that contributed to the overspending are closely aligned to the performance of judicial functions, such as travel and subsistence costs for circuit courts; judicial training; and increased JSC activities. The Committee welcomes the Minister's assurance that, following engagements with the Minister of Finance, mechanisms to prevent future cuts that compromised judicial functioning have been implemented. An adjustment was recently made to assist with the funding shortfall, and further proposals, particularly relating to infrastructure and the Criminal Assets Recovery Account (CARA) system, will be taken to Cabinet soon.

10.7. *CaseLines/Court Online and irregular expenditure.*

The Committee notes the North Gauteng High Court ruling declaring the original CaseLines contract invalid. The Court ruled that the interim contract between the OCJ and Thomas Reuters (TR) in August 2023 remains effective, pending the coming into effect of a new contract for the provision of CaseLines between OCJ and TR. The Committee acknowledges that, until a new contract is finalised, the expenditure will continue to be classified as irregular.

10.8. *Reserved judgements*

The Committee is concerned about the growing backlog of reserved judgments, with 18% outstanding for more than six months. The Committee acknowledges the OCJ's responsibility for ensuring adequate administrative support to judges and questions whether capacity constraints have not also contributed to these delays and will engage the Judiciary on targeted interventions, particularly in Divisions with high caseloads.

10.9. *Employment of women in senior management and persons with disabilities*

The Committee welcomes progress in promoting the employment of women in senior management and persons with disabilities but emphasises that targets should be seen as minimum thresholds and accompanied by measures for reasonable accommodation and mentorship.

11. **Recommendation**

- 11.1. The Committee, noting the OCJ's ongoing budgetary constraints, recommends that Parliament exercise its authority under the Money Bills Act to review allocations to the OCJ and others falling within the Peace and Security Function following the 2026 Budget. This review should align with Government's commitment to combating crime and corruption, as these institutions are essential to upholding the rule of law, which is fundamental to economic growth and stability.

12. **Appreciation**

- 12.1. The Committee thanks the Minister and Deputy Minister, the Acting Secretary-General and the staff of the OCJ for their assistance in this process.
- 12.2. The Committee also wishes to thank the Auditor-General South Africa for the support it provided to the Committee.

Report to be considered.

2. THE BUDGETARY REVIEW AND RECOMMENDATION REPORT OF THE PORTFOLIO COMMITTEE ON JUSTICE AND CONSTITUTIONAL DEVELOPMENT ASSESSING THE FINANCIAL AND NON-FINANCIAL PERFORMANCE OF THE DEPARTMENT OF JUSTICE AND CONSTITUTIONAL DEVELOPMENT, DATED 10 DECEMBER 2025

The Portfolio Committee on Justice and Constitutional Development, having considered the relevant financial and non-financial performance information for the Department of Justice and Constitutional Development, reports as follows:

1. Introduction

- 1.1. The Money Bills Procedure Amendment and Related Matters Act 9 of 2009, as amended, (the Money Bills Act) requires portfolio committees to compile a Budgetary Review and Recommendation Reports (BRRR) annually.
- 1.2. *Assessment of performance:* Section 5(1) of the Money Bills Act provides that committees *must* assess the performance of national departments and institutions, with reference to the following:
 - The medium-term estimates of expenditure of each national department, its strategic goals, and measurable objectives, as tabled in the National Assembly with the national budget.
 - Prevailing strategic plans.
 - The expenditure reports or statements relating to the vote appropriating funds for such department;
 - The financial statements and annual report of such department.
 - The reports of the Standing Committee on Public Accounts relating to a department;
 - Any other information requested by or presented to a House or Parliament.
- 1.3. *Future allocation of resources:* Committees may also make recommendations on future resource allocations after assessing service delivery performance to date; evaluating the

effective and efficient use of the resources already allocated; and considering the planned allocation of resources.

- 1.4. For this cycle, the Committee has focused on the Department of Justice and Constitutional Development (“the Department”), assessing its financial and non-financial performance against strategic plans and budgets. Other institutions and entities within the portfolio will be reviewed as soon as the Committee’s programme permits.
- 1.5. The Committee received presentations from the:
 - Auditor-General South Africa (AGSA) on the audit outcomes for Vote 25: Justice and Constitutional Development (15 October 2025).
 - Minister and Deputy Minister of Justice and Constitutional Development (20 November 2025).
 - Department of Justice and Constitutional Development (20 November 2025).
- 1.6. Copies of the presentations are available from the Committee Secretary.

2. **Mandate**

- 2.1. The Committee oversees the Department, National Prosecuting Authority (NPA), Legal Aid SA, Special Investigating Unit (SIU) and Information Regulator. The South African Human Rights Commission (SAHRC) and Public Protector South Africa (PPSA), both established in Chapter 9 of the Constitution, 1996, as State Institutions Supporting Constitutional Democracy, also report to the Committee.
- 2.2. All receive allocations under Vote 25 Justice and Constitutional Development, which funds the following five (5) programmes: Administration, Lower Court Services, State Legal Services, National Prosecuting Authority, and Auxiliary and Associated Services (including Justice Modernisation).
- 2.3. The Department is responsible for the Administration, Lower Court Services and State Legal Services programmes, as well as the Justice Modernisation sub-programme

contained in Auxiliary and Associated Services. Court Services is the Department's largest programme, providing administrative support to facilitate the resolution of criminal, civil and family law disputes.

2.4. The Department also reports on the NPA under Programme 4. In terms of section 36 of the National Prosecuting Authority Act, 1998, the Director-General: Justice is responsible for accounting for all state funds received or disbursed on behalf of the NPA and ensuring that appropriate accounting records are maintained covering:

- Activities of the National Director, Deputy National Directors, Directors and the prosecuting authority.
- The NPA's personnel structure.
- The financial implications of the NPA's administration and operations.
- Recommendations or suggestions in respect of the prosecuting authority.
- Information on prosecutor training programmes.
- Any other information the National Director deems necessary.

2.5. Due to time constraints, the Committee's review of the NPA is based on performance information in the Department's annual report.

2.6. In addition to the allocation to the Justice Modernisation subprogramme, Programme 5 Auxiliary and Associated Services funds, the Information Regulator, Legal Aid SA, SIU, SAHRC and the PPSA by way of transfer payments.

3. **Key policy priorities**

3.1. The 2024/25 financial year marked the end of the Sixth and the start of the Seventh. Performance for 2024/25 was assessed against the Medium Term Strategic Framework (MTSF) 2019 – 2024, while first and second quarter performance for 2025/26 aligns with the new Medium Term Development Plan (MTDP) 2025 – 2029.

3.2. The *National Development Plan 2030 (NDP)* priorities include building safer communities; promoting accountability and fighting corruption; and strengthening judicial governance and the rule of law.

3.3. *Sixth Administration:* The *MTSF 2019-2024* identified seven priorities and related interventions, of which Priority 1 ‘A capable, ethical and developmental state’ and Priority 6 ‘Social cohesion and safe communities’ were relevant. The MTSF also identified a lack of access to resources and opportunity for Women, Youth and People with Disabilities as cross-cutting challenges, requiring a variety of interventions, including legislative amendments. Key interventions for which the Department was responsible for the MTSF period included:

- Instituting a programme to prevent and fight corruption in government, in partnership with anti-corruption agencies and non-state actors, to resolve reported incidents of corruption in the Government through disciplinary measures and criminal interventions.
- Coordinating engagements between the leadership of the executive, legislature, and judiciary to develop and implement a social compact by 2024.
- Developing a system to ensure consistent barrier-free access to justice for people with disabilities.
- Coordinating the implementation of the National Action Plan (NAP) to Combat Racism, Racial Discrimination, Xenophobia and Related Intolerance.
- Establishing Specialised Commercial Crime Courts (SCCC’s) in all provinces.
- Ensuring an efficient, modernised, and co-ordinated criminal justice system through integrated digital information systems.

3.4. ***Medium Term Development Plan 2024 - 2029***

3.4.1. Following the formation of a Government of National Unity (GNU), Cabinet agreed to a minimum programme of priorities that would be translated into a more detailed plan that would also serve as a framework to support the goals of the National Development Plan (NDP): Vision 2030.

- 3.4.2. The new Administration developed the Medium Term Development Plan 2024 – 2029, which Cabinet approved on 26 February 2025. The MTDP’s main objective is to strategically guide the work of the Seventh Administration to achieve its identified goals and the NDP.
- 3.4.3. The MTDP emphasises the economy as the primary enabler for achieving developmental objectives. It sets the following five goals: (i) A dynamic, growing economy; (ii) a more equal society, where no person lives in poverty; (iii) a capable state delivering basic services to all citizens; (iv) a safe and secure environment; and (iv) a cohesive and united nation.
- 3.4.4. To achieve its goals, the MTDP identifies the following three strategic priorities for implementation: “Drive inclusive growth and job creation”; “Reduce poverty and tackle the high cost of living”; and “Build a capable, ethical and developmental state”.
- 3.4.5. The following objectives found under Strategic Priority 3 are relevant to the Justice sector:

Objectives	
<i>‘A reformed, integrated and modernised criminal justice system’</i>	• Strengthen law enforcement agencies to address crime, corruption and Gender-based violence and femicide (GBVF) and the coherence of the CJS. • Strengthen key institutions, for example the NPA, to improve prosecutions and combat corruption. • Ensure transparent, merit-based appointments of senior officials.
<i>‘Secured cyberspace’</i>	• Update the National Cyber Security Framework (outdated). • Enhance state protection against cyber threats.
<i>‘Combat Gender-Based Violence and Femicide (GBVF)’</i>	• Continue to implement the National Strategic Plans on GBVF and on Sexual Offences. • Operationalize and resource the National Council on GBVF. • Improve victim support and expand the number of sexual offences courts.

Objectives	
<i>‘Combat priority offences dealing with organised and violent crime’</i>	• Tackle organised crime, theft, vandalism of infrastructure, extortion in the construction sector (“construction mafia”), illegal mining, gang violence, cash-in-transit heists and cybercrime.
<i>‘Improved prosecutions against crime and corruption’</i>	• Implement the National Anti-Corruption Strategy (NACS) and State Capture Commission’s recommendations. • Strengthen whistle-blower protection (legislative amendments) and accountability (e.g., lifestyle audits and enforcing consequence management). • Bolster key Justice Crime Prevention and Security (JCPS) institutions, such as the NPA and the Directorate for Priority Crime Investigation (the “Hawks”).
<i>‘Strengthen anti-money laundering efforts’</i>	• Enhance systems to combat money laundering and terror financing. • Support South Africa’s removal from the Financial Action Task Force’s (FATF) grey list.

3.4.6. The Department and NPA lead the following MTDP outcomes and targets (*DoJCD refers to the Department of Justice and Constitutional Development):

Outcome indicator	Intervention Indicator	Target	Lead Department
JCPS Cluster value chain capacity enhanced and maintained	Fully implemented action plan	100% implemented action plan	DoJCD/ SAPS (Supported by all JCPS departments)
	Increased number of departments/ entities connected to transversal Criminal Justice System (CJS) platform and electronically exchanging information	100% of identified departments/ entities	DoJCD (Supported by all JCPS departments)

Outcome indicator	Intervention Indicator	Target	Lead Department
Strengthened criminal justice and security legislation framework	Reviewed legislation	Draft Bills/amended legislation costed and introduced in Parliament	DoJCD (Supported by all JCPS departments)
Reduction in incidences of National Security Threat	No. of cyber-attacks / incidents reduced	Full implementation of Cybersecurity Act	SSA/DoJCD (Supported by all JCPS departments)
	Draft UN Treaty on Cybercrime ratified	UN Treaty on Cybercrime implemented	
Victim centric services enhanced	No. of TCCs and sexual offences courts established and operational	10 new TCC (2 per year) - 74 TCCs	NPA (Supported by DoJCD, SAPS, DSD, DoH)
Criminal cases backlog reduced	Percentage reduction of criminal cases backlog	70%	DoJCD (Supported by all JCPS departments)
Effectiveness of anti-money laundering/ counter terrorism financing regime enhanced	Percentage implementation of key actions that address compliance with identified global/ UN FATF requirements	SA is not greylisted by FATF	National Treasury (Supported by FIC/ DoJCD, NPA, SIU, SAPS, SSA, SARS, SARB)
	No. of ML and TF cases investigated and prosecuted	120	NPA (Supported by SAPS, SSA, FIC)
	No. of reports and implementation plans to improve South Africa's anti-corruption architecture, including the Whistleblower Framework	Implementation plan on recommendations of the review	DoJCD/ Civilian Secretariat (Supported by all JCPS departments)
		Whistle-blower Protection Bill finalized through Parliament	DoJCD (Supported by all JCPS departments and the PSC)

Outcome indicator	Intervention Indicator	Target	Lead Department
Percentage conviction rate for identified crimes of priority offences	Conviction rate for identified crimes of the priority offences list	90% conviction rate for serious commercial crime and serious organised crime	NPA (Supported by SAPS, DPCI)
	Conviction rate for corruption	84%	NPA/ DPCI (Supported by all JCPS departments, PSC, DPSA)
Increased freezing and recovery of proceeds of crime	Total value of recoveries and freezing orders	R6.3 billion recoveries (R5.5 billion – SIU) (R800 million – NPA)	NPA/AFU/ SIU/ DoJCD
		R3.5 billion freezing orders	(Supported by the FIC)

3.4.7. *National Strategic Plan on Gender-Based Violence and Femicide (NSP on GBVF)*. Pillar 3 of the NSP-GBVF seeks to address the systemic challenges that have resulted in an inadequate response to the management of GBVF cases, particularly domestic violence, sexual offences, child homicide, human trafficking, and other related matters. Departments are required to integrate related NSP-GBVF outcomes in their five-year strategic plans and annual performance plans.

4. *Fiscal policy*

4.1. Medium-term fiscal policy prioritises reducing the budget deficit and stabilising the debt-to-GDP ratio, while promoting growth, boosting employment and building the economy's resilience to shocks. Key measures include accelerating structural reforms, maintaining macroeconomic stability, strengthening infrastructure investment and building a capable state. The social wage remains a priority, accounting for 61% of non-interest spending over the medium term.

4.2. *Peace and Security Function*

Allocation to the Peace and Security Function 2025 MTEF

	2024/25	2025/26	2026/27	2027/28	MTEF %		Function %	
	(R' billion)				2024/25	2025/26	2024/25	2025/26
Defence and State Security	59.8	59.7	59.5	61.9	22%	22.7%	2.7%	2.7%
Police Services	124.9	133.4	139.5	145.3	51.2%	50.7%	6.4%	6.3%
Law Courts and Prisons	55.3	57.2	59.9	62.8	22.3%	21.7%	2.8%	2.7%
Home Affairs	13.2	12.9	13.5	12.3	4.5%	4.9%	0.6%	0.6%
Total	253.2	263.2	272.4	282.2	100%	100%	12.4%	12.2%

4.2.1. For 2025/26, the Peace and Security Function receives approximately 12% of consolidated government expenditure, consistent with previous years (2024: 12.4%; 2023: 12.1%).

4.2.2. The share for '*Law courts and prisons*' (21.7%) has declined slightly over time (2024: 22.3%; 2023: 22.7%; 2022: 23%).

4.2.3. Vote 25 Justice and Constitutional Development receives 9.6% of the Function's allocation, down from 9.9% in 2024 and 10.2% in 2023.

5. Strategic context

5.1. The 2024/25 fiscal year concluded the previous five-year strategic cycle. The Department reports notable progress against its Strategic Plan (2019 – 2024), including:

Outcomes	Reported progress
Outcome 1: Modernised and digitised justice services platforms	• Integration and Internal Administration Services solutions. • A total of 20 justice services were launched online, including maintenance services applications, Trust Online, Guardian's Fund Online, and domestic violence, among others. • Adding all 28 KPIs on the IJS dashboard allows for enhanced performance monitoring, accountability, and strategic decision-making throughout the CJS value chain. • 12 departments/entities are linked to the IJS transversal system for electronic data exchange. • There were delays in virtual court solutions due to procurement challenges.
Outcome 2: Improved organisational capabilities and good governance	• The Department has received an unqualified audit opinion for the past three consecutive years (2022/23, 2023/24 and 2024/25). • The President's Fund, the Justice Administered Fund and the Guardian's Fund maintained a clean audit throughout the five-year reporting period. • Irregular expenditure was reduced from R1.6 billion to R2.4 million over the strategic cycle; and fruitless and wasteful expenditure was eliminated. • Throughout the strategic planning cycle, the Department met most of its annual targets, achieving more than 50% representation of women at the SMS level, with the LP-10 level reaching 51.3%. • In middle management, the representation of women was 54.3%, while persons with disabilities was 2.3%.
Outcome 3: Improved awareness of justice services and constitutionalism	The Department executed 1 669 media engagements aimed at enhancing awareness of justice services and the Constitution. A total of 643 community outreach activities were conducted.

Outcomes	Reported progress
Outcome 4: Increased access to justice services	• Five (5) new courts were built (Bityi Magistrate Court, Mpumalanga High Court, Dimbaza Magistrate Court, Point Family Court, and Port Shepstone Magistrate Court), increasing the total number of courts from 720 to 725. • 251 court facilities were refurbished through minor capital works; 283 courts were upgraded to comply with the minimum standards for access for Persons with Disabilities. • Three GBV Bills were enacted: the Criminal and Related Matters Amendment Act 12 of 2021; the Criminal Law (Sexual Offences and Related Matters) Amendment Act 13 of 2021; and the Domestic Violence Amendment Act 14 of 2021. • 19 Sexual Offences Courts were established at designated locations, with 14 courthouses specified by the Minister in Gazette Notice No. 51403 (16 October 2024). • A National Strategy for Domestic Violence Court-Based Victim Support Services was developed. • From 2020/21 to 2024/25, the NRSO issued 80 074 clearance certificates to individuals engaged in occupations or businesses that involve direct interaction with vulnerable populations. • Section 8 of the Child Justice Act, 2008, was reviewed to increase the minimum age of criminal capacity from 10 years to 12 years.
Outcome 5: Improved and transformed Master's services	• The Master's Office utilised online platforms to improve efficiency and accessibility, achieving the goal of making 40% of these services available online within a five-year period. • An online platform for registering deceased estates was implemented across all master's offices.

Outcomes	Reported progress
	• A Trust Online registration system has been implemented in two offices in Pretoria and Johannesburg.
Outcome 6: Colonial/apartheid-era justice-related legislation reviewed and replaced	The Department reviewed various Acts during the strategic cycle.
Outcome 7: Transformed state legal services	<i>Office of the Solicitor General:</i> • Six policies were finalised and approved by Cabinet in 2022/23. Implementation of these policies reached 63% completion by the end of 2024/25. • A total of 1 500 litigation cases were finalised, 747 through settlement. • Despite efforts to reduce legal fees, costs rose by an average of 26% annually, due to increased litigation and practitioner fees.
Outcome 8: Transformed legal profession	• During the strategic cycle, the value of the briefs allocated to PDI practitioners has grown from 80% to 88%. • The percentage of value of briefs allocated to female legal practitioners rose moderately from 29% in 2020/21 to 30% in 2023/2024 but dropped to 28% in 2024/25. • The percentage of briefs allocated to female legal practitioners achieved a target of 42% for three consecutive financial years.
Outcome 9: Advanced constitutionalism, human rights and the rule of law	Various country reports were submitted during the strategic cycle. A cross-departmental programme of activities focused on achieving social transformation, fostering social cohesion, and promoting respect for diversity towards an inclusive and united society to celebrate 30-years of democracy.

Outcomes	Reported progress
	<i>TRC Missing Persons:</i> Over the past five years, the Department presided over nine handover ceremonies of the exhumed remains of victims who lost their lives due to politically motivated crimes from 1960 to 1994. In addition, the Minister and Deputy Minister oversaw two symbolic burial ceremonies for deceased victims that took place in Gauteng and the Western Cape.
Outcome 10: Crime and corruption reduced through effective prosecution	• The NPA maintained high conviction rates across all court levels over the past five years. • The SOCA Unit increased the number of operational Thuthuzela Care Centres to 66. • The NPA (AFU) secured recoveries related to corruption and related offences totalling R3.54 billion, against the MTSF target of R5.4 billion.

5.2. The Medium-Term Development Plan (MTDP) 2024-2029 informs the current strategic cycle. The Department contributes as a lead department to several outcomes under Strategic Priority 3: *Build a Capable, Ethical and Developmental State*, including:

- ‘A reformed, integrated and modernised Criminal Justice System’.
- ‘Increased feelings of safety of women and children in communities’.
- ‘Combating priority offences (economic, organised crime and corruption)’.
- ‘Secured cyber space’.

5.3. The Department’s Strategic Plan 2025-2030 sets nine outcome:

- Outcome 1: A capable, efficient, effective, and ethical department.
- Outcome 2: Reformed, integrated and modernised criminal justice system.
- Outcome 3: Efficient, resilient and strengthened Justice System enhanced for improved accessibility.
- Outcome 4: Advanced Constitutionalism, Human Rights, the Rule of Law and International Cooperation.
- Outcome 5: Professionalized, modernized and quality State Litigation, Legal Advisory Services and legal reform.

- Outcome 6: Transformed of the legal service for an improved access to justice for all.
- Outcome 7: Fighting Crime and Corruption through prosecution.
- Outcome 8: Colonial/apartheid-era justice-related legislation reviewed and replaced.
- Outcome 9: Strengthened and improved awareness of the justice services and community outreach programmes

5.4. The Department's Annual Performance Plan 2025/26 identifies the following focus areas:

- To obtain a clean audit opinion on the Vote and all related accounts and reduction of material findings on predetermined objectives.
- Strengthening of ICT infrastructure and modernisation of justice services.
- Provision of facilities that are accessible to persons with disabilities.
- Addressing the scourge of GBVF, and violence against women and children.
- Reinforcing efforts to tackle complex corruption and money laundering matters.
- Effective co-ordination of the CJS, which is essential for addressing the criminal cases backlog
- Improved and transformed Master's Services.
- Review of justice-related colonial and apartheid-era legislation.
- Transformation of the state legal services.

6. Performance overview

6.1. For 2024/25, the Department achieved 72 of 85, or 85%, of planned targets, improving from 81% in 2023/24.

Department of Justice and Constitutional Development - overall performance 2024/25 (with a comparison to previous years (2022/23 and 2023/24))

Programme	2024/25	2023/24	2022/23
Administration	20/23 (87%)	15/21 (71%)	22/29 (76%)

Programme	2024/25	2023/24	2022/23
Court Services	13/14 (93%)	17/22 (77%)	14/14 (100%)
State Legal Services	23/30 (77%)	30/35 (86%)	27/29 (93%)
NPA	12/14 (85%)	12/15 (80%)	12/16 (75%)
Justice Modernisation	4/4 (100%)	5/5 (100%)	5/5 (100%)
Overall	72/85 (85%)	79/98 (81%)	80/93 (86%)

6.2. Performance highlights include:

Governance	• Maintained unqualified audit opinion. • 100% elimination of fruitless and wasteful expenditure. • 53% women at SMS level (target 50%). In middle management, women 54.3%; Persons with disabilities 2.3%. • 53% of discretionary procurement allocated to women (target 40%). • 74% of discretionary procurement allocated to Exempted Micro Enterprises (EMEs) and Qualifying Small Enterprises (QSEs) (40%).
Access to justice and court services	• 108 court facilities refurbished/upgraded through minor capital projects; 69 courts upgraded for disability access. • 62 community advice offices supported.
Gender-based violence (GBV) and victim support	• 19 sexual offences courts established; and 99% of domestic violence protection orders served within 24 hours. • 95% of maintenance investigations were finalised within 60 days of receipt of instructions.
Digital transformation	• Trust Online and Beneficial Ownership Register implemented.

Family law / related services	9 532/10 078 (or 95%) litigation matters were finalised within 12 months.
Public engagement and rights promotion	• 523 public education sessions on justice services; 147 sessions on the Constitution/human rights. • Several dialogues were held to advance social cohesion and combat racism/xenophobia/SOGIESC intolerance.

7. Financial performance

7.1. 2024 MTEF

7.1.1. In 2024/25, the Vote received R24.1 billion, including a direct charge for magistrate's salaries, increasing marginally in real terms (by 0.3%). Marginal growth was driven by inflationary adjustments and limited reprioritisation, with no substantial new funding for modernisation or infrastructure.

7.1.2. Following the AENE in November 2024, the allocation was increased by R38.2 million to defray expenditure for legal proceedings conducted in the International Court of Justice under State Legal Services in the Constitutional Development subprogramme.

7.1.3. In March 2025, National Treasury approved the use of savings as follows:

From	Amount	To	For
<i>Lower Court Services</i>	R19.5 million (Machinery and equipment)	<i>Lower Court Services</i>	Security services (R19.5 million)
	R117.0 million (Buildings and other fixed structures)	<i>Administration</i>	Office accommodation (R117 million)
<i>NPA</i>		<i>NPA</i>	Compensation of employees (R30.8 million)

<i>From</i>	<i>Amount</i>	<i>To</i>	<i>For</i>
	• R106.6 million (Investigating Directorate) • R19.5 million (Machinery and equipment)		Goods and Services (R57.2 million)
			Payments for financial assets (R273 000)
		Lower Court Services	Security services (R24.3 million)
		Administration	ICT equipment (R13.5 million)
<i>Auxiliary and Associated Services</i>	• R1.4 million (Information Regulator) • R5.6 million (Legal Services Ombud) • R1.8 million (IJS) • R153.1 million (Goods and Services) • R2.2 million (Machinery and equipment)	<i>Auxiliary and Associated Services</i>	Software and other intangible assets (R1.8 million)
		Administration	Office accommodation (R143.8 million)
			ICT operational costs (R7.1 million)
		State Legal Services	Litigation costs (R11.3 million)

7.1.4. By year-end of 2024/25, R24.1 billion or 99.9% of the available budget had been spent underspending by R31.6 million. This compares to 101% expenditure in 2023/24, which resulted in an overspend of R287.4 million.

Final Allocation vs Actual Expenditure 2024/25 (compared to 2023/24)

PROGRAMME (R'000)	FINAL ALLOCATION V ACTUAL EXPENDITURE					
	2024/25			2023/24		
	FINAL	ACTUAL	(OVER)/ UNDER	FINAL	ACTUAL	(OVER)/ UNDER
Administration	3 402 987	3 402 957	30	2 906 473	2 933 492	41 973
Court Services	7 202 068	7 200 219	1 849	7 150 468	7 021 458	14 701
State Legal Services	1 718 016	1 717 082	934	1 367 902	1 479 079	43 037
NPA	5 587 337	5 582 611	4 726	5 285 618	5 013 178	13 990
Auxiliary and Associated Services	3 739 831	3 715 477	24 354	3 847 842	3 909 286	11 830
Subtotal	21 650 239	21 618 346	31 893	20 558 303	20 356 493	125 531
Magistrates' Salaries	2 495 615	2 512 754	(17 139)	2 398 746	2 297 402	101 104
TOTAL	24 145 854	24 131 100	14 754	22 957 049	22 653 895	226 635

7.1.5. The unspent amount of R31.6 million is attributable to savings in *Compensation of employees* from funded vacancies and protracted recruitment processes in *Court Services*, *State Legal Services* and the *National Prosecuting Authority*.

7.1.6. The budget for magistrates' salaries was exceeded, primarily due to cost-of-living salary adjustments that were paid in 2024/25 but backdated to 1 April 2023. Since the budget for direct charges is based on estimates, the overspending is not classified as unauthorised expenditure.

7.1.7. Key cost drivers for 2024/25 included:

- *Compensation of employees*: R14.4 billion expenditure (100.2%), with over-spending of R26.2 million. (In 2023/24: R13.7 billion expenditure (100.6%) with over-expenditure of R80.9 million.)
- *Goods and services*. R5.7 billion expenditure (99.6%) with under-expenditure of R24 million. (In 2023/24, R5.3 billion expenditure (100.4%) with over-expenditure of R51.9 million.)

- *Property payments*: R1.7 billion expenditure (100%). (In 2023/24, R1.4 billion expenditure.)
- *Computer services*. R883.7 million (97.5%) with under-expenditure of R22.6 million. (In 2023/24, R1.02 billion expenditure).
- *Operating leases*: R1.3 billion expenditure (100%). (In 2023/24, R985.5 million expenditure.)
- *Buildings*: R411 million expenditure (99.8%). (In 2023/24, R454.2 million expenditure.)

7.1.8. *Irregular expenditure:*

- During 2024/25, 10 new cases to the value of R37.4 million were confirmed as irregular expenditure. Of these, two (2) cases of R25.3 million relate to a long-term contract that was declared irregular during 2024/25 for non-adherence with departmental financial instructions: Signing and entering into a lease agreement above the delegated thresholds.
- During the 2024/25 audit, the AGSA identified a further three (3) contracts to the value of R269.6 million as possibly irregular, which are under-assessment.

7.1.9. *Fruitless and wasteful expenditure.* During 2024/25, the Department maintained 100% elimination of fruitless and wasteful expenditure:

- *A total of 37 new cases to the value of R384 000 were confirmed as fruitless and wasteful expenditure. Of these, 17 cases relate to prior years and 20 to 2024/25.*
- *All 37 cases were resolved: 18 cases to the value of R335 000 were written off; and 19 cases to the value of R49 000 were recovered from the officials.*

7.2. **2025 MTEF**

- 7.2.1. The Vote is allocated R25.4 billion for 2025/26, including R2.6 billion for magistrate's salaries. This reflects only marginal growth (of 0.3%), following similar growth in 2024/25 and a 3.4% contraction in 2023/24. Growth remains constrained by fiscal consolidation. Additional allocations mainly cover wage agreement costs and minor

reprioritisation for entities like the Information Regulator and Chapter 9 institutions, rather than expanding core services.

<i>Vote 25 - Justice and Constitutional Development –2025 MTEF per programme</i>					
Programme (R ‘million)	2025 MTEF				Real change (%) 2025/26
	2024/25	2025/26	2026/27	2027/28	
Administration	3 097.9	3 056.7	3 202.4	3 347.3	-5.8 %
Court Services	7 233.6	7 542.8	7 955.7	8 315.6	-0.4%
State Legal Services	1 699.5	1 880.9	1 984.7	2 034.7	5.7%
National Prosecuting Authority	5 717.6	6 135.4	6 317.9	6 603.7	2.5%
Auxiliary and Associated Services	3 901.7	4 121.7	4 328.0	4 527.2	0.9%
SUB-TOTAL	21 650.2	22 737.5	23 788.6	24 828.3	0.3%
Magistrates’ Salaries	2 495.6	2 630.3	2 751.4	2 828.3	0.7%
TOTAL	24 145.9	25 367.8	26 540.0	27 704.2	0.3%
Change to 2024 Budget estimate	-	203.3	223.3	197.5	-

<i>Vote 25 - Justice and Constitutional Development –2025 MTEF per economic classification</i>					
Programme (R ‘million)	2025 MTEF				Average Expenditure/ Total (%)
	2024/25	2025/26	2026/27	2026/27	
Compensation of employees	14 509.3	15 729.8	16 431.5	17 174.7	62%
Goods and services	5 474.8	5 422.5	5 690.8	5 905.9	21.4%
Transfers and subsidies	3 268.5	3 563.1	3 732.5	3 905.2	14.04%
Payments for capital assets	893.2	652.4	685.3	718.3	0.36%
Payments for financial assets	0.1	-	-	-	-
Total	24 145.9	25 367.8	26 540.0	27 704.2	100%

7.2.2. Reprioritisation remains the primary mechanism to fund spending pressures and new priorities. Over the medium term:

- R424.1 million is reprioritised to facilitate the Information Regulator's transition to a standalone public entity from 1 April 2025.
- The PPSA and the SAHRC are allocated reprioritised funds to strengthen investigative capacity to deal with case backlogs and human rights violations.

7.2.3. A total of R22.7 billion is allocated to programmes, of which *Court Services* takes the largest share at R7.54 billion, followed by the *National Prosecuting Authority* (R6.13 billion).

7.2.4. In real terms, the allocations to Administration and Lower Court Services declined by -6% and -0.4%, respectively, but State Legal Services and the NPA grow by 6.0% and 2.5%, respectively. The decline under the Administration programme is due to reduced allocations for office accommodation and ICT projects. The slight decrease under Court Services reflects cuts to infrastructure budgets, despite being the largest programme. Growth under State Legal Services is linked to increased litigation costs and funding for international legal obligations. Increased growth under the NPA programme is to support strengthening prosecutions and implementing anti-corruption measures, though earmarked funds for the IDAC remain under pressure. The slight growth under Auxiliary and Associated Services reflects reprioritisation for the Information Regulator's transition to a standalone entity and capacity-building for the PPSA and SAHRC.

7.3. ***First and Second Quarter Expenditure 2025/26***

7.3.1. At the end of the First Quarter 2025/26, the Department's total spending, including magistrates' salaries (direct charges), amounted to R6.6 billion or 25.9% of the available budget of R25.4 billion. Actual spending is R251.7 million lower than the projected amount of R6.8 billion, mainly due to slow spending on Compensation of employees (R195.9 million) and Goods and services (R36.3 million) in the Administration, Lower Court Services, State Legal Services, and National Prosecuting Authority programmes. These outcomes are attributable to funded vacancies (natural attrition), late receipt of invoices for municipal services and private leases from the Department of Public Works

and Infrastructure (DPWI), and procurement and payment system challenges affecting the timely processing of payments for security services. However, the Auxiliary and Associated Services programme incurred higher than planned expenditure (R29.3 million) stemming from accrual payments for outsourced administration staff, audiovisual equipment, and development software relating to the Integrated Justice System (IJS) programme.

- 7.3.2. First Quarter spending on compensation of employees, excluding magistrates' salaries (direct charges), amounted to R3.1 billion, or 23.5% of the available budget of R13.1 billion. This spending is lower by R195.9 million compared to the projected amount of R3.3 billion and is mainly attributable to funded vacancies in the Administration, Lower Court Services and State Legal Services programmes. However, the Department has embarked on an expedited recruitment process plan to fast-track the filling of critical post vacancies.
- 7.3.3. In the Second Quarter 2025/26, the Department's total spending, inclusive of magistrates' salaries (direct charges), amounted to R12.8 billion or 50.3% of the available budget of R25.4 billion. Actual spending is lower by R477.5 million than the projected amount of R13.2 billion, due to slow spending on Compensation of employees (R390.8 million) and Payments for capital assets (R100.1 million) in Court Services, State Legal Services and National Prosecuting Authority programmes. These outcomes are attributable to funded vacancies (natural attrition and protracted recruitment processes resulting in a vacancy rate of 9.68 per cent(1 988)) and lower than anticipated payments on court infrastructure, due to slow implementation progress by the Department of Public Works and Infrastructure (DPWI). Conversely, the Administration programme incurred higher than planned spending (R65.2 million) due to accrual payments for computer services, and higher than anticipated payments for forensic investigation and municipal services.
- 7.3.4. *Virements.* In September 2025, National Treasury approval was granted for the Department to utilise savings as follows:

- Programme 4 (Investigating Directorate, R48.3 million) to address budget shortfalls in goods and services (R40 million, library services) and buildings and other fixed structures (R8.3 million, court infrastructure) in Programme 2.
- Programme 5 (Legal Services Ombud, R4.2 million) to cover goods and services costs for offsite storage in Programme 1.

7.3.5. Additionally, the Minister of Finance has approved that unspent funds in Programme 5 (Justice Modernization, R56.5 million) may be utilised for goods and services (ICT projects, R36.5 million) and machinery and equipment (court recording equipment and uninterrupted power supplies, R20 million) in Programme 1.

8. **Human Resources**

8.1. As of 31 March 2025, the Department's total workforce was 15 869 (excluding magistrates), compared to 16 284 at the end 2023/24. Most employees (74%) were employed in Court Services, compared with 76.9% at the end of March 2024.

8.2. As of 31 March 2025, the vacancy rate was 0.3%; and, at SMS level, the vacancy rate was 3.2% (compared with 14.4% on 31 March 2024).

- The Department achieved set employment equity targets: 52% women at SMS level, including LP-10, and 2.3% of Persons with Disabilities (PWDs).
- A total of 3 162 (19.9%) employees fell in the youth category, compared with 3 668 (22.5%) at the end of 2023/24.
- A total of 1 371 interns and learners were placed throughout the Department for experimental learning, exceeding the target of 800.
- A total of 223 misconduct and disciplinary cases were recorded. Unauthorised absences (11%), dishonesty and maladministration (6% each), fraud (8%), theft (9%) and negligence (10%) were the most common infractions.
- Of the 164 misconduct and disciplinary cases finalised during 2024/25, 19% resulted in written warnings; 25% in suspension without pay; and 23% in dismissals

- Regarding suspensions, in 2024/25, 44 people were suspended (35 of these for more than 30 days at an average of 238 days) at a cost of R20.3 million, compared with 14 individuals on precautionary suspension (13 of these exceeded 30 days) at an average of 321 days in 2023/24.

9. **Linking overall financial and non-financial performance information**

- 9.1. The Department spent 99.9% of the allocation for 2024/25, improving performance from 80% to 85% of planned targets from 2023/24. Although the Department has consistently improved its performance over the 6th Administration, some targets were revised downwards during 2024/25.
- 9.2. The AGSA noted discrepancies between reported achievements and audit evidence, indicating unresolved weaknesses in the Department's performance information systems. These shortcomings undermine the reliability of reported data and weaken the link between expenditure and actual service delivery outcomes.
- 9.3. The Department utilised 99.9% of its 2024/25 allocation, leaving an amount of R31.7 million unspent compared to overspending in 2023/24. Despite improvements in financial management, the AGSA warns that the Department's financial position remains precarious, with a bank overdraft of R4 billion – primarily due to the failure to recover legal costs from client departments for litigation undertaken by the Office of the State Attorney.
- 9.4. Expenditure continues to outstrip performance. Critical targets in priority areas, such as ICT modernisation and the IJS, were not achieved. This indicates that the use of resources was not proportional to service delivery improvements, highlighting inefficiencies in project execution and governance.
- 9.5. The Department maintained an unqualified audit outcome, but recurring findings point to weaknesses in internal controls and compliance. This suggests that financial resources were expended without adequately addressing systemic governance issues.

- 9.6. The Department of Public Service and Administration directive to abolish unfunded, non-critical posts has constrained the Department's ability to implement a re-aligned organisational structure, particularly the filling of newly created, critical posts, and those exited through termination, resignation and natural attrition.
- 9.7. Court Services receives the largest allocation, yet infrastructure projects face delays and underperformance due to procurement bottlenecks, reliance on external entities (DPWI). The disconnect between financial inputs and physical outputs limits improvements in access to justice.
- 9.8. Significant expenditure on Justice Modernisation and IJS projects did not yield the expected benefits (whether digital transformation or integration). Governance failures reliance on external entities for procurement (SITA) resulted in deferred achievements. Financial investment alone cannot overcome structural and leadership gaps.

10. **Audit performance**

- 10.1. Over the course of the 6th Administration, the Department improved its audit outcome because it was able to resolve a historic qualification on contingent liabilities in 2022/23. Since then, the Department has continued to have findings with respect to both its financial statements and performance report. Some of these are recurring.
- 10.2. In 2024/25, the AGSA issued an unqualified audit opinion with findings. The AGSA notes that the Department's audit action plan was not effective in addressing the root causes resulting in material misstatements in the financial statements, performance report and compliance areas; the plan also failed to prevent repeat audit issues.
- 10.3. The AGSA also reports that the Department made little progress implementing the corrective actions it had recommended following the 2023/24 audit:

RECOMMENDATIONS 2023/24	PROGRESS
<i>IJS:</i> Engage with the communication and digital technology Minister to fast-track the procurement process of automated systems that will enable integrated justice systems or find alternative solutions.	• The IJS ministerial committee did not meet during 2024/25. • A Gazette was published, effective 1 June 2025, permitting departments to procure ICT services without SITA's involvement, subject to specific conditions being met. • There has been some progress in procurement processes for certain delayed projects. [MINIMAL/SOME PROGRESS]
<i>Backlog cases:</i> Engage all member departments and entities in the criminal justice system to craft and agree on the inclusion of a standard indicator that will enable the portfolio to address backlog cases adequately.	An indicator dealing with backlog cases has been included in the Department's 2025/26 planning documents. [PROGRESS]
<i>Audit action plan:</i> Obtain quarterly feedback on actions developed and being implemented by the portfolio to address audit findings.	The Minister established a Minister and Executive committee, with approved terms of reference. The committee meets regularly to deal with, among others, the progress on the audit action plan. However, this initiative has not been effective in preventing repeat material audit issues. [SOME PROGRESS BUT NOT EFFECTIVE]
<i>Master's Office:</i> Monitor and seek quarterly feedback on the implementation of the turnaround strategy within the Master's Office to reduce instances of irregularities (fraud and corruption allegations).	The Department has created a justice forum with heads of various provinces and branches, including the Master's Office, to address service delivery issues. It also developed the Guardian's Fund (GF) SAP system, which was piloted in Kimberley

RECOMMENDATIONS 2023/24	PROGRESS
	in April 2025 but was halted by the Minister due to serious concerns. [MINIMAL/SOME PROGRESS]

10.4. The AGSA reports that the Department has improved assurance with respect to the financial statements, but weaknesses in performance reporting, internal control and compliance were not adequately addressed. The AGSA reports the following findings:

FINDINGS	REASONS	REPEAT/NEW
Emphasis of Matter	- Restatements of corresponding figures. - Material impairments of R2.8 billion.	Repeat
Performance reporting: Court Services, State Legal Services, National Prosecuting Authority programmes selected.	- Some material misstatements identified were not corrected and were reported as material findings. - For several indicators, the AGSA could not obtain adequate supporting evidence. - The AGSA estimated that actual achievement for some indicators was materially different (often higher) than reported, suggesting weaknesses in evidence and performance-reporting systems. - Submitted the Quarter 1 report late to the National Treasury and the Department of Planning, Monitoring, and Evaluation.	Repeat
Compliance	- Financial statements were not fully prepared in accordance with the required framework (initial submissions contained material misstatements that had to be corrected). - Payment of valid invoices not made within 30 days.	Repeat and new

FINDINGS	REASONS	REPEAT/NEW
	- Weaknesses in revenue management as effective and appropriate steps were not taken to collect all money due. - Strategic planning and performance management: Quarterly reports were not prepared (New finding).	
Internal controls	- Management's oversight of the preparation of accurate and complete schedules supported by reliable information was inadequate. - Compliance with applicable laws and regulations was not adequately monitored.	Repeat
Material irregularities	Three material irregularities were identified (Guardians Fund – 2; and Completeness of the NRSO - 1). However, the NSRO matter will be included in next year's audit report, as notification relating to the completeness of the NRSO was issued on 31 July 2025 and the Department's replied on 29 August 2025.	Repeat and new
SIU Report: State Attorney's Office	A SIU investigation into the Office of the State Attorney matters has not yet produced a report.	

10.5. The AGSA highlighted the following:

- Long-standing repeat findings remain unaddressed, indicating poor monitoring of the audit action plan.
- Poor ICT governance practices urgently require Executive intervention. Of concern are unfunded positions on the ICT organogram, outdated infrastructure and incompatible systems. Across the Department, significant control weaknesses persist in user access management, cybersecurity and project oversight.
- The procurement of identified ICT-related 'Goods and Services' did not comply with procurement laws and regulations: A R269 million ICT contract is under assessment although the Department disagrees with the finding.

- Integrated Justice System (IJS): The IJS programme is intended not only to improve efficiency and service delivery but also to integrate systems across the JCPS Cluster. However, governance structures do not function sufficiently well to ensure effective integration. User departments do not pre-define their needs; projects are rolled forward without rigorous change management considerations; and systems do not talk to each other because of a lack of integration. These delays require the attention of all role-player Ministers and Directors-General.
- Persistent network connectivity challenges result in key systems being unavailable.

- 10.6. *Material Irregularities (MIs)*. In addition to the two MI's declared at the Guardians Fund in 2023/24, a further MI was declared in respect of the completeness of the National Register for Sex Offenders (NRSO).
- 10.7. *Guardian's Fund*: A new system development project intended to further streamline Guardians Fund operations has experienced ongoing delays. A pilot at the Kimberley Master's Office, which was to begin on 1 June 2022, only proceeded in April 2025. However, significant weaknesses were identified (for example, the system cannot log activities on a day-to-day basis and cannot make calculations of interest.). The Minister has halted roll-out of the system due to these design deficiencies. The AGSA will audit the system in 2025/26.
- 10.8. *National Register for Sex Offenders (NRSO)*: The Department is responsible for establishing and maintaining the NRSO, which includes information about individuals who have been convicted of any sexual offence. The AGSA conducted an analysis of the Register in February 2025, which revealed that key fields were either blank or incomplete, resulting in missing information (for example: identity numbers, convictions, imposed sentences and fingerprints). Additionally, relevant guilty judgments for 2022/23 and 2023/24 were not all recorded in the Register. There were also instances in 2023/24 where clearance certificates were issued without the accompanying fingerprint reports. The AGSA issued a MI notification on 31 July 2025, to which the Department responded on 29 August 2025. The AGSA is assessing the response to determine whether appropriate action is being taken.

- 10.9. *Financial health.* The AGSA has warned that the financial health of several auditees in the portfolio requires urgent attention: Six (6) of the auditees within the Justice Portfolio have deficits and two (2) have cash shortages. The AGSA notes that the Department's financial health is at risk, with a bank overdraft of R4 billion. A particular challenge relates to the Office of the State Attorney's funding model, as funds are not being collected from departments for work done.
- 10.10. *Information Communication Technology (ICT).* Overall, the AGSA observed that accountability for effective ICT governance resides with accounting officers of auditees, who, over several years, have not discharged this responsibility. The Department's poor ICT governance practices urgently require Executive intervention. Of concern are unfunded positions on the ICT organogram, outdated infrastructure and incompatible systems. Significant control weaknesses persist in user access management, cybersecurity and project oversight across the Department and the NPA. The AGSA's findings regarding ICT are summarised below:

FINDINGS	CAUSES	IMPACT
Only 42% of 112 ICT posts are funded and filled; 58% remain unfunded because of a structural gap, not a vacancy issue	Insufficient budget allocation to fill approved posts, compounded by broader fiscal constraints across the public sector.	Insufficient ICT staffing compromises service delivery, weakening internal controls and delaying the achievement of strategic objectives.
Outdated ICT infrastructure and legacy systems (e.g. ICMS) are incompatible with modern technologies.	Procurement delays at SITA continue to obstruct progress on critical ICT infrastructure and digital transformation initiatives.	Procurement delays are prolonging reliance on outdated infrastructure and legacy systems, constraining efficiency, scalability and progress towards digital transformation.
ICT control environment is weakened by poorly designed and implemented user access	Recurring findings are indicative of management not enforcing a culture of	Persistent cybersecurity vulnerabilities and outdated infrastructure reflect weak

FINDINGS	CAUSES	IMPACT
controls; and cybersecurity gaps, (outdated servers, unpatched systems and vulnerable internal and external hosts).	accountability and consequence management for lack of effective implementation of the audit action plans.	governance and poor risk culture, exposing the department to system breaches, data compromise and erosion of public trust.
Project-level control gaps are delaying delivery and undermining benefit realization.	ICT project change requests are being implemented without assessing their impact on overall programme deliverables.	Ill-considered change requests and project-level control gaps are disrupting delivery and diminishing envisaged programme benefits.

10.11. *Integrated Justice System (IJS)*

10.11.1. Regarding the IJS, the AGSA highlighted ineffective governance, delayed delivery of projects and systems, and the lack of integration as adversely affecting the provision of services:

- Structural failures within the IJS programme (fragmentation, manual processes and resistance to reform) are delaying justice, weakening services and undermining public trust. These cannot be fixed by superficial solutions.
- A lack of accountability and governance allows recurring issues and systemic failures to continue. True institutional integrity requires enforced accountability.

10.11.2. The AGSA identified the following root causes: SITA capacity constraints; delayed SCM processes; lack of requisite skills and capacity at departmental level; and inadequate oversight.

10.11.3. The AGSA's findings regarding the IJS are summarised below:

Fragmented system integration and incomplete digital rollout	Technical, infrastructure, and network shortcomings	Delayed module development and inadequate automation	Ineffective IJS governance structures	Cross-cutting risks and strategic implications.
SAPS-SIBUS: Internal and external integrations not achieved.	NPA-ECMS unavailable at courts due to DOJCD network issues.	SAPS-ICDMS phase 2: milestones not achieved.	IJS PMO: IJS ministerial committee and Board of DGs: non-compliance with ToRs.	Lack of consequence management in change control.
SAPS-CAS: No docket scanning functionality.	DOJD-ICMS similarly impacted by infrastructure gaps.	NPA-ECMS High Court and NPS modules: Delayed.	IJS PMO: Architecture review board: sign-off not achieved.	Deferred integrations impact justice workflows.
SAPS-ICDMS phase 1: Under-scanning of registered cases.	Broader connectivity constraints effects project rollout.	NPA-Digital Docket (SAPS/NPA): Deferred.	DOJCD: No approved change requests for target deferrals.	Governance gaps undermine accountability.
DOJD-NRSO portal: SAPS integration incomplete.	DHA: Infrastructure bottlenecks, persistent integration constraints.	DSD-ACM: Partial delivery.	DSD: inactive governance committees.	Infrastructure bottlenecks delay service delivery.
DSD: messaging via IJS hub not achieved.		DOJD-Protection Order solution: Stalled due to enhancement needs.	DCS, DOJCD, IJS Tvl: Unapproved project charters/business cases (child justice, SAVC, inmate tracking, infrastructure upgrades).	
OCJ criminal module: Still under development.		DOJD-Meridio SharePoint migration: Targets missed.		
DHA: Biometric verification, transversal automation and persistent		DHA: ABIS phase 2 delays and system instability.		

Fragmented system integration and incomplete digital rollout	Technical, infrastructure, and network shortcomings	Delayed module development and inadequate automation	Ineffective IJS governance structures	Cross-cutting risks and strategic implications.
integration constraints.				

10.11.4. The AGSA's recommendations for the IJS include:

- Institutionalising mandatory change request impact assessments and enforcing accountability and consequence management.
- Backing governance needs by action through consistent implementation, transparency and responsive leadership to turn promises of justice into reality.
- Fast-tracking the integration of priority systems and standardising messaging protocols via the IJS hub to enable seamless justice workflows.
- Remediating connectivity gaps and embedding infrastructure dependencies into milestone tracking dashboards led by the IJS implementation committee.

10.12. *Commitments proposed to the Committee.* The AGSA proposes that the Committee monitor:

- The implementation of action plans developed to address audit findings, including regularly following up with the Accounting Officer about progress.
- The development and implementation of preventative controls to deal with non-compliance with laws and regulations.
- The implementation of controls to ensure that financial statements are properly reviewed prior to submission for auditing.
- The development of payment agreements/arrangements so that client departments pay their own legal costs and long-outstanding debts are referred to legal services for collection.
- The effectiveness of controls for payment processing so that creditors are paid within 30 days as required.
- The Department's progress in resolving active MIs.

11. **President's Fund, the Justice Administered Fund and Guardian's Fund**

- 11.1. *The President's Fund, the Justice Administered Fund and Guardian's Fund* all maintained clean audit outcomes. However, the Audit Committee has expressed its concern about the challenges in the broader ICT environment, which expose the Department to the risk of fraud and delays in paying beneficiaries and which require immediate attention.
- 11.1.1. *President's Fund.* The President's Fund was established in terms of section 42 of the Promotion of National Unity and Reconciliation Act 34 of 1995. In 2003 Parliament approved the following four measures to victims: Once-off individual grant of R30 000 to those individuals or survivors designated by the TRC; symbols and monuments; medical benefits and other forms of social assistance; and community rehabilitation. The Department is mandated to implement the TRC's reparation measures. At the end of 2024/25, the President's Fund contained R2.2 billion. For many years, the Department's Audit Committee has raised a concern that the fund balance has seen a significant growth over the years since its inception and it is taking too long to achieve its intended objectives.
- 11.1.2. *The Justice Administered Fund (JAF)* was established in terms of the Justice Administered Fund Act 2 of 2017, which came into effect on 1 April 2018. The JAF administers money received in terms of maintenance orders; bail money, and money paid into court. Approximately, 94% of maintenance beneficiaries receive maintenance payments monthly *via* the EFT and banking systems. The Audit Committee reports that improved operational controls supporting the preparation of the JAF's financial statements have been sustained. The AGSA reports that "independent consultants investigated an allegation of misappropriation of the fund's assets at the request of the fund, which covered the period from July 2023 to December 2024. However, these proceedings were in progress at the date of the auditor's report.
- 11.1.3. Under the *Guardian's Fund*, the AGSA previously identified material irregularities (2021/22) in the form of duplicate payments to beneficiaries of R7.2 million, and unauthorised transactions (2022/23) of R17 million processed at the Pietermaritzburg Master's Office. Action has been taken to recover the money, with R8.1 million recovered

and R16.9 million in the process of recovery. Notably, in April 2025, the Department piloted the GF SAP system in Kimberley, with full rollout planned for 31 July 2025, but was halted because of design challenges. The AGSA recommends that (i) the Minister regularly monitor progress to ensure that the planned actions to address the identified MIs are implemented timeously; and (ii) the Committee hold the Department accountable for delays in addressing the MIs.

12. **SCOPA resolutions.** There were no related SCOPA resolutions for the financial year under review.

13. **Programme 1 - Administration**

13.1. The *Administration* programme provides strategic leadership, management, and support services to the Department through six sub-programmes: Ministry, Management, Corporate Services, Financial Management Services, Internal Audit and Office Accommodation.

13.2. In 2024/25, the Programme was allocated R3.4 billion (final), compared with R2.9 billion in 2023/24, and spent 100% of its appropriation (R3.04 billion), down from 105.4% in 2023/24.

13.3. The Programme contributed to three outcomes for 2024/25:

- Modernised and digitised justice services platforms.
- Improved organisational capability and good governance.
- Improved awareness of justice services and constitutionalism.

13.4. The Programme achieved or exceeded 87% of planned targets (20 of 23), improving from 71% in 2023/24.

13.4.1. Performance highlights include:

- *Modernised and digitised justice services:* Two online applications were developed and implemented - Trust Online and Guardian's Fund Online.
- *Protection Orders Online Services (Phase 3):* Piloted at selected courts, enabling online applications for domestic violence and harassment protection orders, as well as safety monitoring.
- *Financial Management:* Maintained an unqualified audit opinion; reduced irregular expenditure by 89%; allocated 74% of discretionary payments to EMEs and QSEs and 52% of discretionary procurement to women-owned businesses.

13.4.2. Areas of underperformance included:

- The Courts Audio-Visual Solution (CAVS) was rolled out at zero (0) courtrooms against a revised target of 100 due to SITA procurement delays.
- Digitalised Administrative Solutions. Only one (1) of three (3) planned solutions was developed because of software platform changes linked to Microsoft EA licensing alignment.
- Undisputed and valid invoices paid within 30 days. 98% of undisputed and valid invoices were paid within 30 days (target of 100%), due to the unavailability of the BAS and JYP systems.

13.5. ***Linking financial and non-financial performance information:***

- The Programme improved its performance, achieving 87% of planned targets, compared to 71% in 2023/24, while spending 100% of its budget.
- The Department maintained its unqualified audit outcome; however recurring audit findings persist.
- ICT challenges remain a major constraint. The Minister has directed that foundational ICT issues be resolved before implementing advanced online systems, with support from the South African Revenue Service (SARS) and Business Against Crime.

14. **Programme 2 - Court Services**

- 14.1. The Court Services Programme supports the efficient resolution of criminal, civil and family law matters by providing accessible, high-quality administrative support functions to the lower courts; and managing court facilities and security.
- 14.2. The Programme comprises five (5) subprogrammes: Lower Court Services, Family Advocate, Magistrates Commission, Facilities Management and Administration of Courts.
- 14.3. For 2024/25, the Programme contributed to the outcome: ‘Increased access to justice services’, achieving 93% of its targets (13 of 14), improving from 77% in 2023/24.
- 14.3.1. Key achievements for 2024/25 included:
- Refurbishing and upgrading 108 courts; upgrading 69 courts to be compliant with the Minimum Standards for the Strategy on Reasonable Accommodations to Access Justice for Court Users with Disabilities.
 - 19 Sexual Offences Courts were established.
 - 98% of NRSO clearance certificates were processed within 10 working days.
 - 87% of maintenance matters were finalised within 90 days; 95% of maintenance investigations were finalised within 60 days; 94% of divorce decrees were issued within 14 working days; and 99% of domestic violence protection orders were served within 24 hours.
 - The seventh phase of the Femicide Watch report was adopted on 31 March 2025 as planned.
- 14.3.2. One indicator was not achieved: 13 of 17 planned activities to strengthen Sexual Orientation, Gender Identity, Expression and Sex Characteristics (SOGIESC) Task Teams were completed due to delays in onboarding co-chairs and civil society representation.
- 14.4. The Programme was allocated R7.23 billion (final) and spent close to 100%, with an underspend of R31.4 million, mainly due to lower leave gratuity payments and infrastructure delays.

Court Services Programme 2024/25						
Appropriation				Expenditure		
Main	Final	Adjusted	Virement	Actual	(Over)/Under	%
R’billion						
7.22	7.23	7.2	(-R31.4 million)	R7.22	R1.84 million	100%

14.5. Capital expenditure (CAPEX) was reduced by R162.3 million, from R622.5 million to R462.3 million, negatively affecting the maintenance of facilities and new projects. While minor capital works improved conditions (108 of 129 projects completed), major projects faced delays and contractor terminations.

14.5.1. Selected projects include:

PROJECTS	PROGRESS
East London, old SARS building: Repairs and Renovations	99% progress with an anticipated completion date of July 2025
Klerksdorp/ Jouberton Magistrates Court: Additional accommodation	The project is at 43% completion with anticipated practical completion of May 2026.
Mamelodi Magistrate Court: New Building	The contractor on site was terminated due to non-performance. The site was to be handed over to the replacement contractor in July 2025.
Mount Fletcher Magistrate's Office: Repairs	The contractor was terminated due to non-performance and a new contractor appointed. Progress is at 50% with an anticipated completion date of November 2025.
Thohoyandou High Court	Progress is at 37% with an anticipated completion date of January 2026.
Bisho High Court: Refurbishment and additional accommodation	Tender to be readvertised.

PROJECTS	PROGRESS
Durban Labour and Labour Appeals Court	The DPWI is engaging the Department of Defence to acquire the property located on Anton Lembede Street in the High Court Precinct.

14.6. ***Linking financial and non-financial performance information:***

- Court Services is the Department's largest programme, and improved performance from 77% in 2023/24 to 93%, while spending 100% of its budget, compared to 101% in 2023/24.
- The AGSA has queried the reliability of reported achievements, finding that achievements were greater than reported (Number of court facilities refurbished and upgraded through minor capital works: 108 against a target of 82; Percentage of domestic violence protection orders served by the Clerk of the Court on the respondent not later than 24 hours from the time the order is received from the court by the Clerk of the Court (99% against a target of 70%).
- The AGSA noted the reported achievement of 98% for the indicator 'Percentage of NRSO clearance certificates issued within 10 days from the date of receipt of the compliant application' but could not determine the reliability of the reported achievement, citing insufficient supporting evidence.

15. **Programme 3 - State Legal Services**

- 15.1 The State Legal Services Programme delivers legal and legislative services to government departments; supervises the administration of deceased and insolvent estates; registers trusts; manages the Guardian's Fund; and prepares and promotes legislation. In addition, it facilitates constitutional development and undertakes research to support these functions.
- 15.2 The Programme consists of five (5) subprogrammes: State Law Advisors, Litigation and Legal Services, Master of the High Court, Legislative Development and Law Reform, and Constitutional Development.

15.3 The Programme contributes to the following outcomes:

- Improved organisational capabilities and good governance.
- Increased access to justice services.
- Improved and transformed Master's services.
- Colonial/Apartheid era justice-related legislation reviewed and replaced.
- Transformed state legal services.
- Transformed legal profession.
- Advanced constitutionalism, human rights, and the rule of law.
- Crime and corruption reduced through effective prosecution.

15.4 In 2024/25, the Programme achieved 77% of planned targets (23 of the 30), down from 86% in 2023/24.

15.5 Areas of underperformance included:

- 69% of Guardian's Fund applications were paid within 40 days (target: 80%) due to system compromise and resulting backlogs.
- 89% of letters of appointment were issued within 15 days (target: 90%), owing to capacity constraints in the Cape Town Master's Office.
- 10% uptake of new deceased estates registered online (target: 20%) due to system challenges and downtime at the Department of Home Affairs.
- 63% of activities on the State Attorney Amendment Act, 2014, policies were implemented (target: 67%) as budget constraints prevented a symposium from being held.
- 50% of litigation cases were settled (target: 56%) due to reliance on the applicant's willingness to settle.
- 28% of the value of briefs were allocated to female legal practitioners (target: 30%) as older invoices were prioritised for payment.
- 23% of requests for extradition and mutual legal assistance in criminal matters processed (target: 88%) because of operational delays.

- 15.6 Programme expenditure for 2024/25 was R1.71 billion, or 99.9%, of the final allocation (R1.718 billion), with an underspend of R934 000 mainly due to lower than anticipated International Criminal Court subscription costs.

State Legal Services: Appropriation and expenditure 2024/25

APPROPRIATION				EXPENDITURE		
MAIN	ADJUSTED	VIREMENT	FINAL	ACTUAL	(OVER)/ UNDER	%
R1.68 billion	R1.69 billion	R18.5 million	R1.72 billion	R1.72 billion	R934 000	99.9%

15.7 *Linking financial and non-financial performance information:*

- Despite spending nearly its entire budget, the Programme's performance declined from 96% to 77.
- The AGSA raised concerns about the reliability of reported achievements, noting discrepancies such as reported 50% settlement rate against a 56% target, where audit evidence suggested materially different results.

16. **Programme 5: Auxiliary and Associated Services Programme - Justice Modernisation sub-programme**

- 16.1 Programme 5 contains the *Justice Modernisation sub-programme* which has funds for the implementation of IT infrastructure for the Department and includes the earmarked funds for IJS integration across the Cluster. The Justice Modernisation sub-programme designs and implements IT infrastructure and networks, reengineers, automates and integrates business processes for the administration of civil and criminal justice in the integrated justice system. The Department is currently accountable for the overall delivery of the IJS programme, and the IJS budget.
- 16.2 The Justice Modernisation sub-programme has the following outcome: Modernised and digitised justice services platforms.
- 16.3 The sub-programme met 100% of planned indicators (4 of 4), compared to 100% in 2023/24:

INDICATOR	PERFORMANCE 2024/25
No. of KPIs completed on the Integrated Justice System dashboard	1/1
No. of IJS Governance intervention sessions held	14/14
No. of IJS operational sites assessed for vulnerability to cyberattacks.	2/2
No. of police stations at which where Integrated Person Management (IPM) is deployed	50/40

16.4 The Justice Modernisation sub-programme was allocated R505.4 million for 2024/25, spending R482.7 million, with an amount of R22.7 million unspent.\

16.5 ***Linking financial and non-financial performance information:***

16.5.1. Although the sub-programme achieved 100% of its planned indicators, broader impact remains limited. The indicators largely measure governance sessions and vulnerability assessments rather than actual integration of systems or improved service delivery.

16.5.2. Despite spending R482.7 million (95.5% of allocation), persistent delays in IJS integration and ICT infrastructure upgrades – highlighted elsewhere in the report – suggest that expenditure has not translated to systemic improvements. This reflects a gap between resource investment and tangible outcomes, driven by procurement bottlenecks, governance weaknesses, and reliance on external entities (SITA).

17. **NPA**

17.1 In line with its constitutional mandate, the NPA delivers a co-ordinated prosecuting service to ensure justice for victims of crime through general and specialised prosecutions, protection of certain witnesses, and removal of profit from crime.

17.2 The programme comprises the following sub-programmes: National Prosecutions Service, Investigating Directorate Against Corruption (IDAC), Asset Forfeiture Unit (AFU), Office of Witness Protection, and Strategy, Operations and Compliance (SOC).

17.3 The NPA contributes to two (2) key outcomes: ‘Increased to access to justice services’; and ‘Crime and corruption significantly reduced through effective prosecution’.

17.4 In 2024/2025, the NPA achieved 86% of its planned targets (12 of 14), improving from 73% in 2023/24.

17.5 Areas of underperformance for 2024/25 were as follows:

INDICATOR	PERFORMANCE	REASON(S)
Conviction rate in complex commercial crime	88% (target: 90%)	Non-complex commercial crime cases heard in the SCCC.
Number of prosecutions finalized involving money laundering	36 (target: 50)	Focus on serious money laundering cases, especially money laundering networks and third parties, take longer to be trial ready.

17.6 The AGSA reported discrepancies between actual achievements and reported performance for four (4) indicators. Although the AGSA could not determine the actual achievements, it estimated them to be materially higher than reported.

17.7 The programme spent R5.582 billion of R5.587 billion allocated, resulting in an underspend of R4.7 million, mainly due to lower than anticipated spending of the earmarked funds within IDAC.

NPA: ALLOCATION AND EXPENDITURE 2024/25		
FINAL	ACTUAL	(OVER)/ UNDER
5.587 billion	5.582 billion	4.7 million

17.8 *Linking financial and non-financial performance information:*

- 17.8.1. The NPA achieved 86% of its planned targets, improving from 73% in 2023/24, while spending 99.9% of its allocation. Despite significant improved performance, performance remains misaligned to expenditure.
- 17.8.2. The AGSA flagged the reliability of reported achievements for four indicators, bringing the credibility of reported performance information into question.
- 17.8.3. Underperformance in complex commercial crime convictions and money laundering prosecutions highlight systemic challenges – such as length preparation for serious cases – that cannot be addressed by expenditure alone.
- 17.8.4. Overall, while financial resources supported target achievement, operational constraints continue to limit the full impact of spending on strategic priorities.

18. **Observations**

The Committee makes the following observations arising from its assessment of the Department's financial and non-financial performance:

18.1 *Funding pressures*

Persistent fiscal consolidation continues to place the Department under severe strain. Despite the Vote showing marginal nominal growth of only 0.3%, the 2024 MTEF cut operational budgets by R5 billion over the medium term. These reductions—combined with forced reprioritisations—have begun to erode core services rather than drive efficiency. The Committee remains unconvinced that the current allocation is adequate to support the Department's constitutional and policy responsibilities, particularly given its role at the centre of the justice system.

The Committee notes the AGSA's assessment that the Department's financial position is precarious, including a bank overdraft of R4 billion largely attributable to unrecovered legal costs

owed by client departments. This reflects a structural flaw in the State Attorney's funding model that has become untenable and now poses systemic risk to the functioning of State Legal Services. Urgent intervention is required to stabilise this area.

18.2 *Audit outcome*

The Committee acknowledges the Department's sustained unqualified audit outcome for 2024/25, which signals some improvement in the credibility of financial reporting. However, significant governance and operational weaknesses remain entrenched.

The Committee is deeply concerned that the AGSA continues to identify repeat findings in performance reporting, internal controls, and compliance. Material misstatements in the performance report - combined with indicators lacking supporting evidence - signal that the reliability of performance information remains compromised. These weaknesses compromise the Committee's ability to assess performance as it cannot rely on the performance information presented.

Management oversight and consequence management remain inadequate. Weak preventative controls, persistent compliance failures, and repeated findings indicate that the Department is not addressing root causes. The failure to prepare quarterly reports and to consistently pay suppliers within 30 days constitute breaches of the PFMA and Treasury Regulations, further eroding confidence in the Department's ability to manage public finances.

It is apparent that corrective measures have not so far been able to address the root causes. The Committee notes the Minister's efforts to strengthen oversight through the Ministerial and Executive Committee on audit improvements, but the persistence of material audit issues suggests that this mechanism has not yet proved effective.

The Committee therefore requests a comprehensive written report by 30 January 2026, outlining progress on the audit action plan, commitments made by management, and timelines for resolving repeat findings. Quarterly briefings to the Committee will be required.

18.3 *Performance*

The Committee notes the Department's reported improvements in performance for 2024/25 but remains cautious. The AGSA continues to highlight persistent weaknesses in performance reporting, which undermines the credibility of the Department's stated achievements. Reported performance often does not correspond with conditions observed on the ground. Oversight visits continue to reveal deep operational dysfunction, particularly in ICT, Master's and State Attorney's offices and service points, which contradict the Department's reported achievements. These discrepancies reinforce concerns about the reliability of reported performance information. The Committee urges the Department to strengthen its performance management systems, enforce consequence management where necessary, and requests a detailed progress report by 30 January 2026.

18.4 *Expenditure*

Although the Department spent 99.9% of its 2024/25 budget, the Committee remains concerned that high expenditure does not correlate with improved outcomes, particularly where vacancies persist. The R31.6 million underspend resulted from funded vacancies and protracted recruitment processes. Had these vacancies been filled, expenditure patterns - and service delivery - may have been markedly different.

The Department again failed to meet the 30-day payment target due to JYP and BAS system outages. The Committee stresses that persistently failing to pay suppliers timeously undermines small businesses, violates regulations, and reflects poorly on internal financial management.

The Committee acknowledges the complete elimination of fruitless and wasteful expenditure but remains concerned about the AGSA's identification of R269.6 million in potentially irregular contracts during the 2024 audit.

18.5 *Vacancies*

The reported 0.3% vacancy rate is technically accurate but misleading. The instruction by DPSA to remove unfunded posts from the establishment masks significant operational capacity shortages.

The Committee is increasingly concerned that shortages of clerks, registrars, interpreters, prosecutors, and other frontline staff are directly impacting service delivery.

Leadership instability is acute. Critical posts, including the Chief Master, Solicitor-General, and several Heads of State Attorney offices, remain vacant. The DG and DDG: ICT are on precautionary suspension, and the DG's contract is not being renewed. Many key roles are held in an acting capacity, which is inadequate given the depth of systemic challenges across ICT, the Master's Office, State Attorney operations, and other critical areas.

The Committee requests a detailed report by 30 January 2026 outlining:

- all critical vacancies and timelines for filling them.
- measures to ensure continuity during acting appointments.
- plans to address capacity shortages across strategic and operational levels.

18.6 *ICT environment*

During oversight visits, the Committee observed first-hand how ICT failures impede daily operations. Network instability, outdated systems, and unreliable connectivity continue to undermine service delivery across the justice value chain - including basic email functions, State Attorney operations, and Master's Office services.

Although the Department has prioritised digitisation and modernisation projects, these efforts are undermined by the absence of a stable ICT platform, which has proven to be a major obstacle to departmental operations whether basic functions, such as emails, or services relating to State Attorneys and the Master's Office.

The Committee concurs with the AGSA that responsibility for ICT governance rests with the accounting officer, yet for several years this obligation has not been effectively discharged. The suspension of the DDG: ICT further compounds instability. The Committee expects the disciplinary process to proceed without delay.

The Committee welcomes the Minister's direct intervention, which has included approaching law enforcement for assistance, as well as SARS and Business Against Crime to help identify the problems and related solutions. The Committee notes that the Minister has issued an instruction that before implementing advanced online processes, such as the Guardian's Fund online platform and similar systems, the basics should first be fixed.

The Committee will engage the Department on this item as soon as the programme allows. In the meantime, it expects a clear, time-bound plan for addressing ICT weaknesses, resolving network connectivity failures by 30 January 2026.

18.7 *Security*

The Committee is deeply concerned about escalating violence against prosecutors, investigators, sheriffs, and other justice-sector personnel. Several prosecutors have been murdered in recent years due to their professional duties. Violent incidents within court buildings—including recent shootings—demonstrate serious deficiencies in court security.

Such incidents traumatise staff, disrupt court operations, and endanger communities, as reflected in statements by Judge President Mabindla-Boqwana regarding recent attacks in the Western Cape.

The Committee notes the Minister's commitment to improved security interventions and requests, by 30 January 2026, further information on:

- Implementation of the Department's security strategy.
- Resources allocated.
- Identified gaps requiring urgent corrective action,

18.8 *Support to Commissions*

The Department presently supports both the Commission of Inquiry into criminality, political interference, and corruption in the Criminal Justice System (the Madlanga Commission) and the Commission of Inquiry into allegations regarding efforts or attempts having been made to stop

investigation or prosecution of Truth and Reconciliation Commission cases (The Khampepe Commission).

The Committee notes that the widely anticipated starting date of the Madlanga Commission had to be postponed because of delays on the part of the Department with respect to ICT procurement process. As a result, the Minister instituted disciplinary action against the Deputy Director General: ICT, Mr J Hlatshwayo, who is suspended pending a full investigation and disciplinary inquiry. In addition, the Minister was empowered to institute disciplinary proceedings against the Director-General, Adv. Doc Mashabane. Subsequently, Adv Terry Motau, resigned as Chief Evidence leader, citing concerns about insufficient budget for the work of the Commission.

The Khampepe Commission, which was established on 29 May 2025, is appointed to investigate matters of public and national interest concerning allegations regarding efforts or attempts having been made to stop the investigation or prosecution of Truth and Reconciliation Commission (“TRC”) cases. The Commission is expected to complete its work within six months from the date of the proclamation and submit its report within 60 days after the completion of its work.

Commissions of Inquiry are costly and tend to take far longer than anticipated. The Committee requests a full report by 30 January 2026 on the allocated budget and other support provided to both the Madlanga and the Khampepe Commissions. For the Madlanga Commission, the Committee asks that a detailed breakdown of amounts spent on ICT, including all private contractors and cybersecurity vendors, be included.

18.9 ***Supply Chain management: Contract management***

The Committee notes the weaknesses identified in the way contracts are managed, including cases where contracts were found to be irregular, yet payments continued to be made. The Department has referred two contracts for investigation and recourse to Legal Services, and several matters have also been referred to the Forensic Audit Unit. It agrees that these weaknesses need to be urgently corrected.

A particular concern relates to contracts for ICT service providers, where a pattern has emerged, in which contracts were allowed to lapse and, at the “11th hour”, the Director-General is placed under pressure to authorise extensions, even though supply chain management (SCM) had not gone out to tender, as required for public transparency.

The Committee agrees that the pattern appears highly suspicious: How were these irregular renewals permitted to continue for so long? Such incidents suggest possible collusion between certain service providers and officials in the Department, which must be investigated.

18.10 *Youth employment*

The Committee notes the decreased percentage of youths employed by the Department. The Department explained that the problem is that the young people employed by the Department have grown older. Because the Department has not been able to easily fill vacancies, many ‘youths’ are now older than 35 years of age. The Department is aware that a focused recruitment approach is required when undertaking new recruitments to address this issue and ensure rotation.

18.11 *Policy developments*

18.11.1 *Transfer of shared services*

The Committee welcomes increased collaboration between the Executive and Judiciary to advance the creation of a single judiciary and strengthen the Superior Courts. A joint Task Team has been established to guide the phased transfer of functions from the Department to the Office of the Chief Justice (OCJ), including drafting enabling legislation.

Phase 1 (effective 1 April 2026) will transfer shared services to the OCJ via Ministerial directive. The Committee acknowledges the Minister’s commitment to a judiciary-led court administration and notes the long-term implications for the Department’s role within the justice sector.

An audit of functions eligible for transfer has been completed, including the Magistrates Commission and various operational functions.

The Committee requests, by 30 January 2026, further information on:

- Progress with Phase 1.
- Legislative development for Phase 2 (deadline: end of 2025)
- Engagements with National Treasury on funding arrangements.

18.11.2 *Anti-corruption architecture*

Recent allegations of a sophisticated criminal syndicate infiltrating law enforcement and intelligence structures underscore the urgent need to strengthen the country's anti-corruption architecture. The Committee notes NACAC's findings of systemic weaknesses across the criminal justice system, including flawed mandates, structural shortcomings, and inadequate resourcing. Among others, NACAC recommends:

- Establishing an Office of Public Integrity and Anti-Corruption (OPI) as a Chapter 9 institution.
- Initially absorbing SIU capabilities into the OPI.
- Strengthening the NPA's independence through legislative reform.
- Clarifying that IDAC be solely responsible for investigating and prosecuting serious corruption and serious commercial crime, while the Directorate for Priority Crime Investigation (DPCI or HAWKS) should focus exclusively on organised crime.

18.11.3 *Whistleblower protection*

Effective whistleblower protection is essential for combating corruption and promoting accountability. As such, the Committee remains seriously concerned about the delayed introduction of strengthened whistleblower protection legislation but accepts the Department's explanation. Before a Bill can be finalised, consideration must be given to the recommendations contained in the NACAC report regarding a reporting framework and the overall structure of the whistleblower protection scheme in the country. The Department has analysed the NACAC report, and is currently consulting the relevant entities, including the NPA and the SAPS.

The Committee requests the following, by 30 January 2026:

- A comprehensive report on progress in drafting the Whistleblower Protections Bill and associated framework.
- Clear timelines for tabling the Bill.
- Reasons for delays.
- Assurance of interim protection measures.

18.12 *Small Claims Courts*

The Small Claims Courts are an important contributor to access to justice as they promote the speedy resolution of disputes, are considerably cheaper than litigation and employ processes that are flexible and avoid technicalities. The Committee notes that, in 2023/24, the Department undertook a Review of the Small Claims Court System, which reportedly identified areas for improvement to ensure the continued relevance, functionality and efficiency of the Small Claims Courts and that it plans to submit a Policy Framework on Small Claims Courts to the Director General for approval. The Deputy Minister has previously signalled the Department's intention to bring legislative amendments to address several issues that had been identified. The Committee will engage closely with the Policy Framework as soon as it becomes available but, in the meantime, is concerned about the extent to which the Department is engaged with addressing the practical challenges that affect these courts, including engaging with regulatory bodies such as the Legal Practice Council to ensure that these courts have the necessary commissioners. The Committee requests a detailed progress report by 30 January 2026.

18.13 *Infrastructure and maintenance backlogs*

There are ongoing challenges with planned maintenance and infrastructure projects, which are delayed for various reasons, driving up the cost of these projects and depriving communities of access to justice services. Maintenance backlogs remain a major challenge, with DPWI estimating R4.6 billion needed to clear the backlog. The longer it takes to undertake these projects, the more costly it will be as buildings get older and deteriorate further.

Given the poor state of many of the court and justice service points, it is hard to understand how the Department's infrastructure budget could be reduced by R495.3 million over the medium term,

However, it is difficult to advocate for funds given the extent of related in-year shifts and virements, which suggest that the Department would not have been able to spend the allocated budget.

The Committee is aware that factors falling outside of the Department's control, in particular its reliance on other departments and agencies, specifically the Department of Public Works and Infrastructure (DPWI), have proven to be problematic.

The Committee requests a detailed plan to address infrastructure needs and progress on engagements with DPWI by 30 January 2026.

18.14 ***Rollout of the Court Recording and Visual System (CRAVS)***

For the fourth consecutive year, the Department failed to achieve its target for rolling out the Court Audio-Visual Solution (CRAVS), which offers superior functionality compared to existing CRT and SOS systems.

Although revised SITA regulations allow departments to procure outside SITA where cheaper or faster, the Committee understands that CRAVS requires a stable underlying ICT platform, which the Department currently lacks. Upgrading WAN/LAN networks, replacing copper with fibre, and improving bandwidth are prerequisites for successful rollout. Given the Department's ICT challenges, CRAVS implementation remains unlikely in the near term.

18.15 ***Masters' services***

The Committee remains seriously concerned about persistent service failures across Master's Offices, where conditions are chaotic and turnaround plans have not yielded meaningful improvements. The Acting Chief Master's own description of the system as "broken," with widespread fraud, corruption, outdated legislation, and disengaged staff, underscores the urgency of intervention. The Committee has prioritised this matter and will schedule a dedicated engagement as soon as the programme allows.

18.16 ***Guardians Fund***

The Committee notes that the Guardian's Fund system rollout continues to face serious setbacks. Despite a delayed pilot finally commencing in April 2025, severe design deficiencies, such as the system's inability to log daily activities or calculate interest, led the Minister to halt the rollout.

Material irregularities previously identified (duplicate payments of R7.2 million and unauthorised transactions of R17 million) indicate that internal controls remain inadequate. The Committee requests a detailed MI remediation progress report by 30 January 2026, with quarterly updates thereafter.

18.17 *State Legal Services*

The transformation of state legal services remains a key strategic outcome. Under the direction of the Office of the Solicitor-General (OSG), the Office of the State Attorney (OSA) is responsible for coordinating and managing all litigation involving the State. The process of managing litigation requires making use of both internal and external legal resources and includes the management and distribution of briefs and outsourcing of state legal work, which is considerable and involves a great deal of money.

However, the OSA continues to experience serious challenges, including leadership gaps and capacity constraints. For now, the filling of critical vacant posts remains on hold until the revised structure is finalised. Further, the Department of Public Service and Administration (DPSA) has embargoed the filling LP10 posts and attempts by the Office of the Solicitor-General (OSG) to regrade LP10 to SMS positions remain unresolved. This and continued delays in filling the Heads of State Attorney's positions continue to adversely impact on operations.

In most offices, the volume of work when compared to the available capacity has affected the quality of work and performance information or reports produced by the Branch.

The Branch requires an automated solution that is both secure and reliable. While internal administrative processes to procure this solution are underway, the Branch continues to rely on manual systems for its operations.

The Committee has already noted the weaknesses in the funding model for State Attorney' work and the AGSA's recommendation that the Department attend to this urgently. The Committee also undertakes to engage the relevant portfolio committees to bring their attention to outstanding fees owed by departments and entities over which they exercise oversight.

The Committee is concerned that there do not appear to be concrete solutions aimed at addressing the OSA's challenges with any urgency and intends to engage the OSA, as soon as its programme permits.

In the interim, the Committee requests a written progress report before 30 January 2026, including details of debtor departments and entities.

18.18 *NSRO*

The Committee is alarmed by the AGSA's declaration of a material irregularity relating to the NRSO. Missing or incomplete data—such as identity numbers, convictions, sentences, and fingerprints—as well as unrecorded guilty judgments, raise the risk that convicted offenders may interact with vulnerable groups undetected. Clearance certificates issued without fingerprint reports further heighten this risk.

Although the Committee notes the Department's resource constraints, the Register's primary purpose is to protect vulnerable groups. Corrective action must therefore be prioritised.

The Committee requests a detailed root cause analysis and remediation plan by 30 January 2026, with quarterly updates thereafter.

18.19 *Integrated Justice System*

The Committee notes that despite significant spending, IJS outcomes remain poor. System integration across JCPS departments has not been achieved, and the AGSA has identified governance failures as central to the lack of progress. Key structures rarely meet because Ministers and Directors-General are unavailable, while projects proceed without rigorous change

management or clear user specifications. This has contributed to entrenched reliance on manual processes, backlogs, and delays in investigations and court cases.

The Committee notes the the Minister's efforts to resuscitate the ministerial governance body, which addresses concerns that the project cannot be treated solely as a technical exercise, because technology cannot fix operational deficiencies within the Cluster. Reinstating that layer of leadership would encourage faster cooperation among JCPS departments in realising the IJS system. A detailed progress report is requested by 30 January 2026 with deliverables and timelines, as well as steps taken to address challenges, including those arising from the Department's dependency on the State Information Technology Agency (SITA).

19. *Recommendations*

19.1 The Committee makes no recommendation regarding the allocation of specific amounts. Nevertheless, the Committee does not believe that the current allocation is adequate to support the Department's constitutional and policy responsibilities, particularly given its role at the centre of the justice system. The Committee, therefore, recommends that Parliament exercise its authority under the Money Bills Act following the announcement of the 2026 Budget to review allocations to the Department and others falling within the Peace and Security Function following the 2026 Budget. This review should align with Government's commitment to combating crime and corruption, as these institutions are essential to upholding the rule of law, which is fundamental to economic growth and stability.

19.2 The Committee has made several requests for further information from the Department under its Observation section.

20. *Appreciation*

- 20.1. The Committee expresses its appreciation to the Minister and Deputy Minister, the Acting Director-General and all officials, as well as to AGSA.

Report to be considered.

3. REPORT OF THE PORTFOLIO COMMITTEE ON SMALL BUSINESS DEVELOPMENT SUBSEQUENT TO ITS OVERSIGHT VISIT TO THE FREE STATE PROVINCE FROM 7 – 10 OCTOBER 2025, DATED 3 DECEMBER 2025.

Having conducted an oversight visit to the Free State Province from 7 to 10 October 2025, the Portfolio Committee on Small Business Development reports as follows—

1. INTRODUCTION

The Portfolio Committee on Small Business Development (the Committee) paid a visit to the Free State Province (the province) from 7 – 10 October 2025. The aim of the four-day tour was to evaluate the status of the projects and programmes supported by the Department of Small Business Development (the Department) and Small Enterprise Development and Finance Agency (Sedfa) through a wide range of financial and non-financial programmes, such as, Craft and Customised Sector Programme (CSP), Spaza Shop Support Fund, Asset Assist Programme (ASP), Wholesale and Direct lending programmes, Cooperatives Development Support Programme (CDSP) as well as Township and Rural Entrepreneurship Programme (TREP). These initiatives aim to support the expansion of the small enterprise sector. The majority of them are tailored to certain groups, such as women-owned businesses, youth entrepreneurs, and those in townships and rural areas, with the goal of increasing financial inclusion and creating new opportunities in these sectors.

The mandate of the Committee in this regard is to oversee and scrutinise the Department and the agency. It entails assessing the Department's budgets, strategic plans, and performance to ensure accountability and effective service delivery. This includes conducting provincial oversight visits to appraise service delivery progress, impact of support and identify challenges encountered during programmes and projects implementation. Through these visits, the Committee can directly review the performance of the Department and Sedfa, identify problematic areas, get firsthand knowledge of the impact of government policies and programmes, and ensure that public funds are used properly and efficiently. Furthermore, oversight visits allow the Committee to meet with stakeholders, such as civil society organisations and affected communities. As a result, this report

does not only serve as an account or formal record of what the Committee uncovered but it also provides analysis of the findings and outlines a set of recommendations for future action.

2. BACKGROUND

The Free State is one of the nine provinces of South Africa. It is situated in the heart of South Africa—it is bordered by the Northern Cape, Eastern Cape, Gauteng, North West, Mpumalanga, and KwaZulu-Natal, as well as the independent kingdom of Lesotho. Although third-largest province in the country, it however has the second-smallest population of roughly over three (3) million people. This figure represents a slight increase from previous census data, which counted almost 2.9 million people in 2022. The province has one metro, Mangaung Metropolitan municipality, four district municipalities: Fezile Dabi, Lejweleputswa, Thabo Mofutsanyana, and Xhariep and they are further subdivided into 18 local municipalities. The capital and largest city is Bloemfontein, which serves as the judicial capital of South Africa. The Free State's road network, one of its foremost competitive advantages, facilitate connectivity with critical areas such as the major economic hub of Gauteng, the North West province, the coastal province of KwaZulu-Natal (via routes like the N3 national road), and the neighbouring landlocked Kingdom of Lesotho.

The Maluti-A-Phofung Special Economic Zone (MAPSEZ), strategically positioned at the mid-point of the crucial Durban-Johannesburg logistics corridor, was officially launched in April 2017. The SEZ is owner-managed by the Free State Development Corporation (FDC). The provincial economy is characterised by large mining sector, followed by manufacturing and agriculture. Although it registered a significant rebound in 2021, it remains the second-lowest contributor to the country's Gross Domestic Product (GDP) behind the Northern Cape. The provincial economic growth has been sluggish in recent years, with 2023 being its worst-performing year on record. The decline of the mining sector has a significant impact on the regional economy. The province's economic performance in 2024 was uneven, with a positive first quarter followed by a 0.1% contraction in the second quarter—in line with the country's low-growth corridor of 0.6%.

The official unemployment rate was 36% in the third quarter of 2025. This rate decreased by 2.3 percentage points from the previous quarter and was a significant improvement compared to previous periods where it reached 38% in Q1 2024 and 38% in Q2 2024. According to Statistics South Africa (STATSSA), GDP growth in the Free State averaged only 0.3% per year from 2014

to 2024. If anything, the Free State province should be concerned about its ten-year growth trend of less than one percent. Okun's law posits that a 4% GDP growth is required for a one percentage decrease in unemployment. The slow economic growth is insufficient to address high unemployment as the two are intrinsically linked. The provincial government is embarking on several initiatives to promote a more diversified economy, moving beyond traditional sectors like mining and agriculture to foster growth in manufacturing, tourism, and green energy. In addition, the Free State government has initiated refurbishment programmes for state-owned industrial parks, such as the one in Botshabelo, Qwaqwa and Thaba Nchu to create a conducive environment for investors and support local micro, small and medium enterprises. The small enterprise sector in the Free State is a key driver of economic activity, job creation, and poverty alleviation, with a high prevalence of informal businesses. The sector is a vital source of employment in the region.

Accordingly, the provincial government actively supports this sector through various funding initiatives, infrastructure development, and business support programs, focusing on priority areas like agribusiness, tourism, and manufacturing. The informal businesses have consistently outnumbered formal ones, highlighting the resilience and volatility of this segment. Retail trade is a significant component, accounting for 58% of all businesses in the province. From what the Committee observed, there is a robust and vibrant partnership between Sedfa and the Free State Department of Economic, Small Business Development, Tourism & Environmental Affairs (DESTEA) alongside Free State Development Corporation—this stands to benefit the sector.

The Committee began its four-day visit on Tuesday 7 October 2025. A total of 17 beneficiary projects and individuals were selected randomly for evaluation with the goal of determining their state of success or failure, whether operational or dormant, supplementary business requirements if any, opportunities and challenges, effects on reducing poverty and job creation, their alignment to local Integrated Development Plans (IDPs) and Provincial Growth Development Strategy (PGDS). In addition, the Committee visited Sasol Business Incubator in Sasolburg, specifically five youth owned business supported by Sedfa and Sasol. The Committee was quite pleased that the majority of the projects it visited were operational. Among those that were not doing well, Sedfa demonstrated reasonable awareness of what the challenges are, most with interventions or action plans already in the pipeline. The Committee selected the following projects to visit—

- Kim Travel Consultants (Pty) Limited.
- K2013 1240 69 (Pty) Limited t/a Bokamoso Funerals.
- Finrock Capital (Pty) Limited.
- Phoka Coffee (Pty) Limited.
- Nala Finance and Loan (Pty) Limited.
- Reikamohetse Association for the Blind NPC.
- Lerata Bonono Manufacturing Primary Cooperative Limited
- Bolata Pottery Primary Cooperative Limited.
- Mourmo (Pty) Limited.
- K S Group (Pty) Limited.
- Honey Badger Primary Cooperative Limited.
- Ratanang Tuck Shop (Not registered).
- Frans Tuck Shop 04 (Pty) Limited.
- Spaza Shop Project (Owner: Setshego Brenda Dumisa).
- Amohelang Tokologo Ka Phakiso General Trading (Pty) Limited.
- K2023157928 (SOUTH AFRICA) (Pty) Limited t/a Jeany-Moos.
- Buhlebenkosi Agri Productions 9202 (Pty) Limited.
- Dihwai Di Kopane Primary Cooperative Limited.

3. OBJECTIVES OF THE OVERSIGHT VISIT

South Africa's National Development Plan (NDP) 2030 envisions an economy that harnesses the potential of micro, small, and medium enterprises (MSMEs) and cooperatives as a cornerstone for inclusive growth, employment creation, and poverty alleviation. The NDP identifies these enterprises as critical drivers of economic transformation and aims for the sector to generate 90% of new jobs between 2012 and 2030, amounting to an estimated 9.9 million employment opportunities. Despite this vision, progress towards these targets has been uneven, constrained by structural challenges such as limited access to finance, market barriers, regulatory complexity, and inadequate infrastructure—particularly in rural and township economies. Strengthening the enabling environment for MSMEs and cooperatives is therefore essential for advancing the country's developmental objectives, promoting equity, and fostering sustainable livelihoods. In line with Section 55(2) of the Constitution of the Republic of South Africa, 1996, the core function

of Parliament, through its committees is mandated to exercise oversight over the executive and ensure that public funds are used efficiently, effectively, and in the best interests of citizens.

This constitutional function empowers Portfolio Committees to evaluate departmental performance, examine the outcomes of public programmes, and make recommendations that enhance accountability and impact. Oversight acts as a check and balance on executive power, helping to detect and prevent illegal, unconstitutional, or arbitrary conduct. Consequently, this oversight exercise formed part of Parliament's broader strategy to ensure that the Department's policies, budgets, and programmes translate into tangible benefits for MSMEs and cooperatives, supporting sustainable growth and the NDP's objectives of reducing unemployment, inequality, and poverty. Empowering small enterprises to generate a substantial portion of new jobs is a core NDP target of the Department. It is within this mandate that the Committee conducted its oversight visit to the Free State province from 7 to 10 October 2025. The objectives of the visit were to:

- Assess whether public funds allocated to the Department and its entity—Sedfa are reaching their intended beneficiaries and contributing meaningfully to the growth of MSMEs and cooperatives in general.
- Evaluate the impact of financial and non-financial support programmes on enterprise sustainability, job creation, and inclusive economic participation.
- Determine whether the interventions provide fit-for-purpose funding solutions for MSMEs and cooperatives in both the formal and informal sectors.
- Track progress towards the NDP 2030 targets for MSME- and cooperative-led job creation and economic contribution.
- Obtain first-hand insights from entrepreneurs, cooperatives, and business support institutions on challenges and opportunities within the provincial MSME ecosystem; and
- Gather evidence-based information to inform the Committee's recommendations to Parliament and the Executive, with a view to strengthening policy implementation and enhancing developmental outcomes.
- Produce a report with directives for improvement.

4. COMPOSITION OF THE DELEGATION

The delegation composed of Members of the Portfolio Committee on Small Business Development as well as Members of Provincial Legislature, Parliamentary Officials, Department of Small

Business Development and Sedfa officials, officials from DESTEA and FDC, as well as officials from the districts and local municipalities local economic development units.

4.1 Members of the Portfolio Committee on Small Business Development

Ms MC Dikgale, MP	(ANC) Leader of the delegation
Ms NK Bilankulu, MP	(ANC)
Ms BL Sapo, MP	(ANC)
Ms M Mmolotsane	(ANC)
Mr HCC Kruger, MP	(DA)
Ms MC Mafagane, MP	(MK)
Ms D Ntshaba, MP	(MK)
Ms L Ngobeni, MP	(Action SA)

4.2 Parliamentary Officials

Mr NK Kunene	Committee Secretary
Mr S Gumede	Committee Content Advisor
Mr M Dodo	Committee Assistant
Mr H Baloyi	Parliament Protection Services

4.3 Department of Small Business Development Officials

Ms Phuti Marutla	Acting Parliamentary Liaison Officer (Office of the Minister)
Mr Vuyisa Dayile	Deputy Director-General: Sector Policy, DSBD
Ms Kholofelo Morwaotshehle	Office of Deputy Director-General, DSBD
Ms Sendra Mathithibane	Director: IGR, DSBD
Ms Elizabeth Moleko	Deputy Director: IGR, DSBD
Ms Sylvia Mabusela	MSME Policy & Oversight, DSBD
Ms Kefuoe Mohapeloa	Director: Primary Sector, DSBD
Ms Innocentia Molepo	Deputy Director: DSBD
Mr Kerileng Monyeke	Deputy Director: DSBD
Mr Tinyiko Baloyi	Assistant Director: DSBD
Mr Tshepo Lebupa	District Champion: DSBD

Mr Nkosikhona Mbatha	Acting Chief Executive Officer: Sedfa
Ms Sizile Dube	Office Manager: Sedfa CEO
Mr Xolani Meva	Head of Regions: Sedfa
Mr Letlatsa Lehane	Head of Department: KCG, Sedfa
Ms Thenjiwe Mbashe-Mdhluli	Provincial Specialist: Marketing, Stakeholder's Relations & Information: Sedfa Free State
Mr Sabelo Ntshangase	Acting Provincial Manager: Sedfa Free State
Mr Ephraim Moila	Acting Regional Manager: Sedfa Free State
Mr Andrew Setho	Branch Manager: Sedfa Mangaung.
Ms Olivia Henwood	Project Head Microfinance: Sedfa.
Mr Curnick Twayi	Investment Officer: Sedfa.
Ms Mmaphefo Mabe	Senior Portfolio Manager: Wholesale Lending, Sedfa.
Mr Sello Tau	Business Advisor: Sedfa
Mr Thabo Phangoa	Business Advisor: Sedfa
Mr Khauhelo Maruping	Business Advisor: Sedfa.
Mr Riaan Oelofse	Branch Manager: Sedfa, Fezile Dabi District Municipality.
Mr Ketso Makume	MEC for Free State Finance, Economic Development & Tourism.
Ms Nokuthula Chakane	Head of Department: Economic Development & Human Settlements, Mangaung Metro.
Cllr Theodorah Mosala	MMC – Local Economic Development & Tourism, Mangaung Metropolitan Municipality
Mr Justice Litabe	Manager: Informal Trading, Mangaung Metro.
Mr Zinn Lockman	Manager: Entrepreneurial Skills, Mangaung Metropolitan Municipality.
Mr Tefo Matha	District Manager: Free State Development Corporation.
Mr Matee Mokhetsi	Manager: Trade & Investments, Free State Development Corporation.

Ms Nnana Plaatjies	Manager: Marketing & Communication, Free State Development Corporation.
Mr Lopang Thole	Marketing & Communication: FDC.
Mr Makakane Maleshoane	Business Consultant: Free State Development Corporation.
Cllr Moeketsi Lebesa	Chief Whip: Maluti-A-Phofung Local Municipality.
Cllr Masitjaba Lekaje	MMC: Local Economic Development, Maluti-A-Phofung Local Municipality.
Mr Mzwakhe Mofokeng	Municipal Manager: Maluti-A-Phofung Local Municipality.
Mr Mark Thabanyane	Manager: Local Economic Development, Maluti-A-Phofung Local Municipality.
Mr Paddy Gordon	Park Manager: Golden Gate National Park, SANParks.
Cllr Nathe Gaebee	Speaker: Tokologo Local Municipality.
Mr Tshidiso Kgatoe	Local Economic Development Manager: Tokologo Local Municipality.
Ms Winky Nkokoana	Coordinator: Local Economic Development, Tokologo Local Municipality.
Mr Xoliso Nqusiko	Mayor Special Advisor: Lejweleputswa District Municipality.
Ms Mbali Letebele	Director: Local Economic Development, Fezile Dabi District Municipality.
Ms Mantsho Thato	Assistant Manager: Local Economic Development, Fezile Dabi District Municipality.
Ms Mathapelo Magwa	Trade Officer: Fezile Dabi District Municipality.
Ms Tebello Lengoabata-Seviye	Communication Officer: Fezile Dabi District Municipality.
Mr Thekiso Leie	Acting Director: Local Economic Development & Planning, Moqhaka Local Municipality
Mr Jack Malindi	Executive Mayor: Metsimaholo Local Municipality.

Ms Mayagabo Tlhapane

Director: Local Economic Development & Urban
Planning, Metsimaholo Local Municipality.

5. DAY ONE – VISIT TO MANGAUNG METROPOLITAN MUNICIPALITY

The first day of the visit was dedicated to visiting projects in and around Mangaung Metro. The delegation congregated at Sedfa's provincial office for a briefing, introductions and to consider the first day's itinerary. Members of the Committee had already been alerted that of the three projects earmarked for inspection, Finrock Capital Pty Ltd, would be withdrawn. Finrock Capital (Pty) Ltd is a financial intermediary that provides working capital and cash flow solutions through invoice factoring and debtor finance—it was a client under the wholesale lending programme. The project associated with the company was also removed from the inspection list because of the former having fulfilled its financial obligations to Sedfa—and therefore no longer a client. The following two projects were thus visited as per the original programme of the Committee, Kim Travel Consultants (Pty) Ltd and K2013124069 (Pty) Ltd trading as Bokamoso Funerals.

5.1 Kim Travel Consultants (Pty) Ltd

Kim Travel Consultants (Pty) Ltd is a 100% female-owned business incorporated in June 2017. The business is owned by Ms. Rene Torres, who is an experienced entrepreneur, she manages a successful travel agency. The core business of Kim Travel Consultants is in the booking of conferencing facilities, accommodation, car rentals and flights. The business acquired Hydro Guesthouse, an existing accommodation facility, for R13 million under Tourism Equity Fund (TEF). The TEF is a fund established by the Department of Tourism (DT) in partnership with the private sector to promote growth and transformation within the tourism sector. The purpose of the Fund is to promote the participation of black entrepreneurs within the tourism sector. Sedfa approved and disbursed funding to the tune of R13 million which comprised TEF loan amounting to R9 223 500 charged at five percent interest and the grant component to the value of R3 776 500. This structure helps address funding challenges for tourism businesses and stimulate job creation in the sector. Kim Travel Consultants facility with Sedfa is current and up to date.

Officials from Sedfa and Ms Torres addressed the Committee on how the initiative came about, Sedfa's involvement, the owner's equity of around R2 million to the business, the number of jobs created, and many other challenges related with the tourism industry. Members discovered that

Kim Travel Consultants was a well-established company with a successful booking and travel agency business model prior to Sedfa funding. With Sedfa on board, the company bought a property in a prime location which enabled it to venture into the guesthouse industry. The 29-bedroom guesthouse is conveniently located in the lush residential suburb of Westdene in Bloemfontein, close to the hospitals. Ms. Torres informed members of the Committee that the occupancy rate in June, December, and January is normally low. However, the company is able to compensate for lost revenue during other seasons and annual events, such as the Mangaung African Cultural Festival (Macufe). The company can afford its expenses, such as payroll costs for 16 permanent employees, fixed costs, utilities, loan repayment and interest, and so on. Members of the Portfolio Committee were quite pleased with the business positive trajectory. The Committee expressed gratitude to Ms. Torres and wished her well in her future business venture.

5.2 K2013124069 (Pty) Limited t/a Bokamoso Funerals

The next visit for the day was a stop by at Oranjesig, Bloemfontein, to a female owned funeral parlour. Bokamoso Funerals offers a range of services including the preparation of the deceased, arrangements for funerals and cremations, assistance with memorial services, and help with the selection of caskets and other products. The business was registered and incorporated in July 2013 by Ms. Nthabiseng Ramabodu. It obtained a total investment of R 1 562 578.45 inclusive of a Youth Challenge grant funding of R236 299.26. The funding was for expansion purposes and it was utilised to acquire four (4) vehicles, forklift, coffins, raw materials, tent, mats, protective clothing, flex polisher, water pump, generator, drill bit set, cutter and washing machine. Bokamoso Funerals facility with Sedfa is in arrears to the tune of R533 153.69. When the Committee visited the establishment, notwithstanding the fact that it was midweek, there was not much activity.

The Committee surmised that sluggish business activity could be the contributing factor to the account being in arrears with Sedfa. And so, it endeavoured to discover the underlying or deep rooted reasons why the business was underperforming. In addition to providing parlour services, the business also manufacture tombstones. This integrated approach allows the business to offer a complete solution for clients during difficult times, providing everything from mortuary, burial, coffin production and installations to memorial. The mortuary component employs ten people, five of which are permanent and the other five (5) are casual while the tombstone section has 40

employees. According to the information presented to the Committee, the fundamental reason why the business is struggling is the lack of adequate operating capital to cover its short-term obligations and fund daily operations, it lacks branding or visibility material which leads to a weak brand identity, making a business forgettable and hindering its ability to attract customers, build trust, or stand out from the competition. In addition to core operational issues, businesses face various supplementary challenges related to the external environment, internal management, and growth. For instance, the mortuary segment of the business does not have adequate hearses to cater for busy periods, and it also does not have sufficient catering equipment and supplies to meet market standards. It therefore hires these as and when required.

To sustain operations, the business uses a hybrid approach involving a recurring revenue model, specifically a subscription model or a retainer model for the monthly contributions, combined with a transaction-based revenue model for the cash clients. However, a percentage of the subscriptions are paid to Sanlam as an underwriter, as Sanlam is the organisation that assesses and takes the risk for the policies being offered, a standard practice in the insurance sector. According to Sedfa, the next stage in addressing the business challenges revealed during the engagement should be to conduct a full business diagnostic to identify the fundamental causes of the issues and develop actionable solutions. The perspective was that the company's lack of product/market fit could not be remedied by increasing expenditure—the core value proposition and audience engagement must be addressed first. The Committee felt that guided assistance, strategic planning, and specific support systems (like mentorship, market access, or technical assistance) may offer a more sustainable path to success than just providing capital without a clear plan for its utilisation.

The meeting concluded that funeral services are normally regarded as an evergreen industry with a steady demand, thus a two-month period without a single service would suggest a serious operational crisis or a very unusual occurrence. The Committee concurred that pouring money into a failing business venture without addressing the underlying structural issues, poor management, or lack of accountability and so forth will not lead to sustainable improvement. Sedfa undertook to despatch a team of business advisors to conduct business performance diagnostics by assessing a company's health through a process that involves preliminary assessments, interviews, financial statement reviews, as well as gathering detailed data, identifying areas for improvement, and

creating actionable recommendations to improve strategy, operations, and profitability. The agency also consented to the company's request for a payment moratorium and debt restructuring.

6. DAY TWO – THABO MOFUTSANYANA DISTRICT MUNICIPALITY

The second day of the Free State oversight visit was devoted to a visit in Thabo Mofutsanyana District Municipality—one of the four districts in the province. The seat of the municipality is in Phuthaditjhaba (formerly Witsieshoek), the former capital of Qwaqwa. Thabo Mofutsanyana District consists of the following local municipalities: Dihlabeng, Maluti-a-Phofung, Mantsopa, Nketoana, Phumelela and Setsoto. The five projects earmarked for visitation on day two, namely, Phoka Coffee (Pty) Ltd, Nala Finance and Loan (Pty) Ltd, Reikamohetse Association for the Blind NPC, Bolata Pottery Primary Co-operative Limited and Lerata Bonono Manufacturing Primary Co-operative Limited, are all domiciled in Maluti-a-phofung Local Municipality. The projects are beneficiaries of the Sedfa Tourism Equity Fund (TEF), Wholesale Lending programme and non-financial support, as well as the Department's Craft Customised Sector Programme (CSP), that is hosted collaboratively with various Provincial Investment Promotion Agencies (PIPAs) such as Free State Development Corporation in the case of Free State province. The delegation converged at Clarens for a short briefing and assessment of the first project before heading to Phuthaditjhaba in Qwaqwa where it spent most part of the day socialising with various beneficiaries.

6.1 Phoka Coffee (Pty) Ltd

Phoka Coffee (Pty) Ltd is a family-run entrepreneurial endeavour established and registered in January 2020 with a sole purpose of providing an exceptional coffee experience. Ms. Kananelo Mofokeng and her brother Matatane Mofokeng are passionate co-founders of Phoka Coffee, a proudly Basotho-inspired coffee shop that started in their parents' backyard in QwaQwa, Free State. Ms. Kananelo Mofokeng is the only director and shareholder of this 100% black woman youth-owned business, and the brother serves as a mentor by offering assistance, imparting knowledge and insights, serving as a positive role model, and assisting the mentee in acquiring critical business skills. The SANParks appointed Phoka Coffee to manage a coffee and curio shop at the newly erected Kgodumodimo Dinosaur Museum, located inside the Golden Gate, for eight years. It is an ideal spot for a coffee business because it offers a built-in customer base—tourists.

The appointment of Phoka Coffee is part of the Public-Private Partnership programme (PPP), which aims to empower and uplift the growth of local MSMEs through local procurement while also providing possibilities for local MSMEs to participate in the formal economy. The Committee was informed during its visit to the establishment that Sedfa had approved a total funding amount of R3 021 860.37, which included a TEF cash grant of R954 978.00. The owner capital contribution was R40 972—it was utilised for project expenses including tender application costs, graphic design fees, and shop fitting expenses. The business is a going concern, stable and meeting its debt obligations towards Sedfa loan facility. The company employs a total of 16 employees potentially with positive multiplier effects on the Gross Geographic Product (GGP) of the region.

The company operated at Qwaqwa's Maluti Crescent Shopping Mall for three years prior to entering a PPP programme with SANParks. Due to high overhead expenditures, particularly a R8000 monthly rental, the business was not making enough revenue. A partnership with SANParks was thus a breakthrough for the business because it leveraged the company's commercialisation strategy to access tourism markets and resources, resulting in financial growth and improved infrastructure. The duo still aspire to run a similar coffee business back home. The idea of opening another branch in Qwaqwa is still alive, based on the availability of commercial real estate in the area's main town, Phuthaditjhaba. The company faces few obstacles including lack of employee training and transportation issues as there are no residential areas or rental properties nearby.

As a result, the business incurs an upward cost of R15K a month on transportation as the employees travel from Qwaqwa, which is 30 kilometres away. In addition, Ms. Mofokeng told the Committee that although the company is not a roastery per se, but rather a retailer of pre-roasted coffee or a cafe that purchases its beans from an outside roaster, the lack of coffee roasting equipment may be driving up operating expenses. The business purchases pre-roasted coffee from a supplier in Clarens and sells it directly to consumers without any additional processing. She estimated that the high-performance roasting equipment would cost between R200 000 and R250 000, including delivery, installation and supplemental supplies such as any additional hardware or accessories.

In wrapping up this leg of the visit, the Committee pressed for firm concessions from the Department, Sedfa, FDC, and the local government to assist the business in overcoming some of

the identified obstacles. Sedfa acknowledged that it was already helping the business with branding material, which falls under its mandate of providing non-financial support services, including marketing and digital marketing strategies. Further support would include promotional materials, signage, business cards, banners, websites, social media marketing as well as staff training. The Department undertook to assist the Ms Mofokeng to apply for the Asset Assist Programme in order to buy the necessary equipment for the business. The meeting agreed that it was in the best interest of Sedfa and the Department that the business succeed. The FDC, in accordance with its mandate as the official economic development agency of the province, providing financial and business support services to MSMEs, managing properties (including industrial parks), and promoting investment and exports in the region, assumed the responsibility to identify a convenient business spot in Qwaqwa that is easily accessible to Phoka Coffee target customers, whether by car, public transport, or walking. Overall, the Committee was happy with how the business was making progress. Members of the Committee encouraged the business owners to remain steadfast in their principles and beliefs and assured them of the Committee's continued support.

6.2 Nala Finance and Loan (Pty) Ltd

Next stop for the day was a visit to Nala Finance and Loan (Pty) Ltd—a privately held company incorporated in January 2024 with interest and operations within the financial services sector. The entity operates mostly in rural areas, with its headquarters in Phuthaditjhaba, Qwaqwa. Nevertheless, the entity operations span over several villages such as Botjhabela, Leribe, Kudumane, Monontsha, Setlhajeng, Makhalaneng, Bohlokong, Diphalaneng, Qwezi, Petsana, Matoding, Thabeng and Khotsong, with hubs in key locations such as Phuthaditjhaba, Bethlehem and Reitz. Nala Finance targets historically disadvantaged and vulnerable groups such as women, youth, and people living with disabilities to promote economic inclusion and reduce poverty.

It provides financial services to low-income individuals and groups typically excluded from traditional banking systems due to a lack of collateral or credit history. It so plays directly at the heart of financial inclusion. The United Nations has long held that financial inclusion is a driver for achieving seven of the seventeen Sustainable Development Goals (SDGs). It supports economic growth and employment, empowers women economically, and helps to eliminate poverty. Financial inclusion promotes entrepreneurship and business development. South Africa is

committed to the UN's 17 SDG goals to the extent that it has integrating them to the NDP vision 2030 to address poverty, inequality, and environmental challenges. This is just one method of increasing SMEs' access to formal financial services in order to improve their sustainability.

The business is a beneficiary of Sedfa wholesale lending programme. Sedfa provides wholesale lending facilities to financial intermediaries, like Micro-Finance Institutions (MFIs) and Retail Financial Intermediaries (RFIs), which then on-lend funds to survivalist and micro-enterprises. For this MFI, Sedfa approved an R3 million revolving facility with a seven-year duration and a 1% interest rate in November 2024. But because of a stellar track record and the kind of customers Nala Finance and Loans is aiming for, the facility has been raised to R15 million. The business targets micro and small enterprises, including those in the food industry (catering, hawkers, tuck shops, fruits and vegetables), personal services (hair salons, dressmakers), automotive repair (backyard mechanics, car wash), and waste management (recycling). These businesses often have low startup costs and focus on providing essential or convenience-based services within a local community. Nala Finance and Loan has a flexible repayment option, where a client can borrow between R3,000 and R30,000 and repay it over a period of three to 12 months.

In its visit to Nala Finance premises, the Committee found the company's quick growth and development to be really impressive. Members of the Committee interacted with Nala Finance clients, and each gave glowing testimonials about how the company had helped their enterprises, leading to the Committee's positive assessment of the company's progress. The Committee noted, however, that some borrowers were repeat clients. Repeat customers are widely seen as a reliable indicator of business success and customer approval. They reflect client loyalty and retention, two key drivers of long-term revenue and stability. Nevertheless, the implications of repetitive borrowing behavior may vary depending on the context. For lenders, especially in microfinance, repeated interactions and "progressive lending" (starting with small loans and increasing the size over time based on repayment history) are a way to build a relationship with the borrower, overcome information asymmetry, and provide dynamic incentives for repayment when collateral is not available. Financial intermediaries prefer and actively cultivate repeat client relationships.

However, for borrowers, high or excessive debt levels can indicate business stunting because the associated financial burdens and risks can limit a company's ability to invest, grow, and innovate.

According to the Committee, there is an apparent lack of a cohesive or two-way referral system between MFIs/RFIs and Sedfa. This leaves survivalists and micro entrepreneurs in particular beholden to microfinance institutions even for products and services that are freely accessible at Sedfa. Obviously, this may be due to a lack of awareness regarding the comprehensive range of free non-financial support and affordable financial services offered by the Agency. Reports have indicated instances of these entities (MFIs/RFIs) exploiting a lack of customer awareness, leading to issues like client over-indebtedness. Some of Nala Finance and Loan the Committee interacted with, mostly women and youth enterprises are as follows –

Name of Beneficiary	Enterprise description
Kabelo Stephen	Bakery & Factory
Nelin Cithiwe Tshabalala	Security Services & Training Academy
Moros Johnson Mofokeng	Matla ke Kopano Construction
Venetta Potgieter	Donic Creations CC
Jeremia Singavale	Sisonke Soup Kitchen
Sajane Mokoena	TSP Trading Construction

6.3 Reikamohetse Association For The Blind NPC

Reikamohetse Association for the Blind (the “Association”) is corporatised both in terms of the companies act as a Non-Profit Company (NPC) and Non-Profit Act as a Non-Profit Organisation (NPO). It was established with the original aim to create a workshop where blind and visually impaired persons (VIPs) could be trained to manufacture hand-woven cane furniture and household items. Its objective is to offer training in cane weaving, Braille and computer as well as orientation and mobility. During the project's conceptual stages, participation stood roughly at over 100 individuals, but this number has since decreased to just over 45 due to various factors including fatigue, lack of progress, death and so forth. The entity or project is operated at Thekolohelong Welfare Centre in Puthaditjhaba. There were simply too many issues that bothered members of the Committee in so far as this project was concerned from the workspace to the project itself.

First, the Committee expressed significant dissatisfaction regarding the insufficient provisions for creating an inclusive and accessible environment for people living with disabilities. The premises

from which they operate their business was not conducive. The Committee observed, among others, lack of essential facilities, such as electricity (for charging assistive technology), appropriate furniture, and sensory aids like coffee stations or radios, that created significant barriers and an unwelcoming atmosphere, particularly for blind and visually impaired individuals who rely heavily on predictable, well-equipped spaces for navigation and comfort.

Secondly, the Committee visited the Association, on the occasion of the Department having reported this particular project as one of the “key performance indicator” that was executed and achieved by the Department, and worthy of a visit by the Committee. The project is a beneficiary of the Craft Customised Sector Programme (CSP) that is being rolled out jointly with PIPAs, in this case FDC. The Association received five days of bookkeeping training in 2023. But when the Committee visited the premises—there was not much activity going on. The inactivity was attributed to FDC being unable to obtain a tax clearance certificate—a mandatory requirement for entities to provide services on behalf of the state, bid for government projects and tenders, and even avoid invalidation of existing contracts. Common reasons for an entity like FDC, a state organ, that makes it struggle with obtaining a tax clearance certificate could be as a result of outstanding tax debt or outstanding tax returns. This is not desirable. The Committee learnt that FDC has been having this problem for more than three years without a breakthrough.

Members of the Committee were deeply troubled by the revelations since they were precisely the same issues it found in the Northern Cape, where the Northern Cape Development Agency (NCEDA) was also not in compliance with SARS, which had an impact on service delivery. For instance, the Association faced a number of challenges that were not being addressed ranging from space (yet FDC is the landlord of many government properties in Free State), lack of transportation to the workshops due to blindness (the lack of accessible transportation for blind individuals is a significant barrier to attending workshops, networking occasions, leading to missed opportunities and potential social isolation), lack of product development and funding. The Department placed the blame squarely at the doorstep of the FDC. Hence, in the process of appraising the CSP strategy, the Department was also looking at reviewing the delivery channels to include assisting the clients directly instead of utilising hubs, clusters, intermediaries, PIPAs and so forth.

The Committee decided that the Association was facing significant operational issues and needed an immediate intervention to become more efficient and sustainable. As a result, it found that an urgent turnaround strategy was required to assist the Association in meeting its economic objectives. The FDC set out to investigate the available premises to establish whether or not an appropriate one could be found. This organisation has a property portfolio and is involved in property valuation, acquisition, and management on behalf of the Free State government. It was also suggested that the Association explore amending its business model to a cooperative in order to attract investors who can capitalise the project. Also, in line with the Committee's recommendation following its oversight visit to the Northern Cape, there was a strong sentiment for the Department to consider alternative models of distributing funds or support to beneficiaries rather than relying on PIPAs, which have repeatedly proven to be ineffective, particularly because the money was available but not spent. The Department promised to revisit the project and thoroughly assess its requirements in order to inform the turnaround plan. The committee acknowledged these commitments, noting that with a defined roadmap, the Committee could track execution in the Department's periodic reports to Parliament. On behalf of the Committee, the Chairperson thanked members of the Association and wished them well.

6.4 Lerata Bonono Manufacturing Primary Cooperative Limited

Lerata Bonono Manufacturing is a primary co-operative limited based in Tshiya Education Resource Centre in Phuthaditjhaba. The cooperative was established in 2010 to empower local youth by blending traditional techniques with modern designs. It was founded by 17 members with Mr. Philemon Lerata acting as the project head. In his short briefing, Mr. Lerata stated that the project originated when he and the founding members began operating from home as the initial phase of the project's development. However, due to increased demand, he needed to find a larger facility, which he was able to secure at Tshiya Education Resource Centre. The project was first sponsored by Mintek and subsequently by the National Development Agency (NDA). The capital injection was used to acquire necessary equipment and machinery with a view to expand operations, enhance production capacity, and modernise existing processes.

Through the DSBD and FDC partnership, the cooperative benefited from enterprise development specifically bookkeeping, product development and market access support. The cooperative has

been selected on few occasions to attend local and national market access platforms such as Decorex. This is a major event for professionals and enthusiasts in the design industry, showcasing furniture, interior design, lighting, fabrics, and other lifestyle products. The project was obviously inactive at the time of the Committee visit for a number of reasons. Mr. Lerata briefed members of the Committee that the project began to encounter significant challenges once the initial funding and stipends dried up leading to a decline in participation. Also, intermittent electricity cuts and the Covid-19 pandemic have had substantial and interconnected impacts on the project. The lack of electricity during the Committee visit highlighted the severe and widespread impact of electrical infrastructure vandalism and theft, a common and costly problem that disrupts essential services, compromises public safety, and drains municipal resources especially in townships and rural areas. Most appliances onsite, including a three-phase kiln model, rely entirely on an electrical power supply to generate heat. The Department voiced deep concern at the mortality of such projects. Mr. Lerata was nonetheless adamant that the project could still be revived if conditions change, such as new funding being secured or a new sponsor being found. Despite being inactive, there were products on display including functional items like bowls, mugs, plates, and jugs, as well as decorative pieces—indicating an inner motivation or emotional urge to continue with the project.

Other challenges flagged related to the training interventions, such as training of a limited duration, often lasting around one week and a “one-size-fits-all” approach and content that does not reflect current industry trends or job demands. It was said, such interventions are falling short of meeting specific individual and organisational needs, reducing the impact of training. He underscored the fact that, project-based training requires a mix of interventions and methods specifically tailored to the industry's unique needs, challenges, and technical requirements. Using his personal expertise as a trainer rather than a marketer, he stressed for instance that for high-end and luxury wares, art pottery, and bespoke items do need skilled marketers, particularly for stakeholder engagement, communication, and achieving the project’s end goals. A good marketer ensures the project’s value proposition is effectively communicated to the right audience. He also cited (un)sustainability of financial and nonfinancial support as contributing factors to the project instability. When initial support is not sustained over time, projects often face significant challenges in maintaining operations and achieving their objectives—a common challenge that characterised this project.

Once again, in order to conclude the current segment of the visit in a reasonable forward-looking manner, the Committee requested that the Department, Sedfa, the FDC, and the local municipality involved in a project provide a joint plan to assure its revival. A Member of the Mayoral Committee (MMC) who oversees a municipality's efforts to stimulate local economic growth, create jobs, and attract investment present in the visit mentioned increasing security measures as a priority while the municipality tries to restore electricity to the facility. Committee members also emphasised the need for involving other stakeholders such as the Department of Sport, Arts, and Culture (DSAC), National Arts Council (NAC), SETAs, and so on. Sedfa provincial office, in collaboration with the Department, committed to leading and coordinating discussions with the municipality and other stakeholders, as well as dispatching a business adviser to undertake a complete assessment and needs analysis in order to ensure that the final response is well-founded, targeted, and likely to succeed in addressing the actual requirements of the project. The Committee expressed gratitude to Mr. Lerata for sharing his inspiring story and pledged to ensure that the initiative is revived.

6.5 Bolata Pottery Primary Co-operative Limited

Bolata Pottery is a women owned primary cooperative based in Mokodumela area, Phuthaditjhaba. It is a traditional project that produces pottery items by shaping or moulding clay into objects and firing them at high temperatures to make them hard and durable. The final products including decorative pots, bowls, plates and tableware are then sold to local and sometimes international markets. The project is situated at the Basotho Cultural Village and is part of a larger effort to preserve and promote Basotho traditional customs and practices. Arts and crafts is a key economic subsector that drives job creation, stimulates innovation, and promotes cultural tourism. It is a vital part of the larger cultural and creative industries, which contribute significantly to a nation's Gross Domestic Product (GDP) and offer sustainable livelihood opportunities. There is not a doubt that the Department is giving this subsector a priority it deserves to grow rural economies. Nonetheless, the Committee is concerned that all the projects selected for assessment under the CSP programme are underperforming solely due to the delivery channel, which faces numerous obstacles.

This project is a beneficiary of the Department and FDC support on enterprise development specifically bookkeeping and product development. The initiative also received post-funding support through sponsored participation in local market access platforms. Post-funding support

through local market access platforms helps projects and businesses reach a broader customer base, manage operations, and ensure long-term sustainability after initial funding has been secured. Hence the Committee has consistently stressed that post-funding support and monitoring are critical for successful service delivery, accountability, achieving desired effects, and ensuring the long-term viability of supported programmes and projects. Similar to other projects in this category—this one was also not doing well—implying a systemic issue rather than an isolated incident. Challenges such as a lack of physical workspace, insufficient funding, and difficulties in refining a final product commonly hinder project success across various industries. A primary limiting factor for success is usually the lack of access to markets, especially for potters in rural or marginalised areas. This project was not immune from those challenges. While these obstacles are widespread, various resources exist to help them overcome those challenges.

Following interactions with the Committee, and once members were au fait with the project, they further deducted that the project was facing an existential threat precipitated by the lack or absence of a succession planning. The cooperative is rural based and women-owned business that has existed, and probable operated for almost two decades—all positive markers or indicators of a stable business venture. On the downside, the cooperative is owner-managed by senior citizens—the youngest being 60 years old. Research has shown that when cooperatives or businesses fail to prioritise the recruitment, training, and transfer of skills to a new generation, they can face several significant consequences. A pottery business requires a blend of both technical prowess and artistic talent—that expertise cannot be mastered overnight. For example, understanding the properties of different types of clay, glazes, and the kiln firing process as well as proficiency in core techniques like hand-building, hand-eye coordination, sculpting, glazing, and decorating are essential for creating quality products. These were just some of the complications confronting this project.

As a way forward, the meeting agreed that multifaceted approaches to address project shortcomings through action on numerous fronts and/or at various levels (individual, interpersonal, community, and structural) should be considered and recommended. The Department indicated that Bolata Pottery Primary Co-operative profile would be forwarded to DSAC for consideration to attend various arts and crafts galleries around the globe. The Department was confident that galleries remain an important and influential avenue for pottery and ceramic products, particularly

in the contemporary fine art market. There was also an acknowledgement that domestic market is growing—there is a rising consumer preference for unique, customised, and handmade pottery products. Strategic spots such as Clarens, renowned for its tourism appeal, the Kgodumodumo Dinosaur Museum, Bergview One Stop and Montrose on the N3 highway, were recommended as geographically significant areas due to their potential strategic importance in the region. Moreover, members of the Committee agreed that accelerating succession planning was pivotal as expansion of online shopping like Shopify, platforms such as Etsy, popular for handmade items, are making pottery products more accessible to a wider customer base. The success of online business rely on a youthful demographic that possesses innate digital literacy to manage the complexities of online commerce and digital platform. Once again, the Department, Sedfa, FDC and the local government undertook to work collaboratively to ensure continued existence of the project.

7. DAY THREE: LEJWELEPUTSWA DISTRICT MUNICIPALITY

On day three the focus of the Committee turned to spaza shop sector in Lejweleputswa District Municipality (LDM). Spaza shop is an important economic subsector in the LDM. However, the region had one of the lowest uptake of the erstwhile Spaza Shop Support Programme. The LDM is undergoing efforts to be more organised with a database of spaza shop owners being created to facilitate networking and bulk buying. The area is also being targeted for awareness campaigns about the national Spaza Shop Support Fund, which aims to formalise and support these small businesses. These are broader national and local government efforts to formalise the informal spaza shop sector, improve food safety, and ensure compliance with municipal by-laws. The Committee selected four spaza shops (two from each municipality of Matjhabeng and Tokologo) that were funded during the sixth administration—at the height of the Covid-19 pandemic.

The funding support was provided through a combination of grants and low-interest loans, and funds were often linked to specific bank cards for use at approved wholesalers to prevent cash withdrawals. Only two of the four spaza stores could be verified because the other two in Welkom had totally collapsed. Spaza shops face stiff competition from two main fronts: the expansion of large, formal retail chains into townships and the prevalence of foreign-owned spaza shops, crime and insecurity, regulatory hurdles and informality, and limited access to finance. The Committee also took time to visit one of the most promising cooperatives, Honey Badger Primary

Cooperative, located in Hertzogville, as well as K S Group (Pty) Limited in Welkom. A visit to Mourmo (Pty) Limited, a Sedfa client under the TREP programme, had to be cancelled since Sedfa has filed a lawsuit against the company for failing to fulfil its debt commitment.

7.1 Honey Badger Primary Cooperative Limited

This Tokologo based cooperative, founded by well-trained graduates in agriculture, specialises on the production of frozen products such as potato fries and mixed vegetables. It is a youth owned and operated cooperative with its processing facility in Hertzogville. The cooperative was founded in 2018, but its operations began in earnest in 2022. In 2021, the cooperative had approached then Seda, requesting assistance with a few issues they were facing. A Business Advisor was later assigned to provide guidance and direction, mentorship and just general advice to help the cooperative achieve its vision and goals. Access to land was identified as a key enabler and requirement for the initiation and establishment of a project. The cooperative would subsequently be referred to a municipality to formally request for approval to use municipal land for their operations—a request that was acceded to by Tokologo Local Municipality. According to the Chairperson of the cooperative, Mr. Ntatenyana Taje, “this was an important milestone in the project's lifecycle that also marked the official start of the initiative”. Alongside other preparatory processes, Seda helped the cooperative secure the South African Bureau of Standards (SABS) to test and approve its products. SABS certification helped the businesses gain a competitive advantage and access wider markets by verifying that products meet national standards.

The project received a major boost of R1.5 from Globeleq Enterprise Development Programme—an intervention designed to support to MSMEs and entrepreneurs through funding, skills training, mentorship, and equipment with emphasis on communities adjacent renewable energy projects (solar and wind). Additionally, the cooperative got R1.34 million from the Department Cooperative Development Support Programme (CDSP) and R1.58 million from the Department of Agriculture. The CDSP funding in particular was utilised towards the purchase of Hyundai commercial bakkie 2.6, vehicle refrigeration unit, solar installation (50 kW Hybrid inverter), digital - POS touch screen terminal, alarm and CCTV system installation, product packaging and labelling, raw materials vegetables, oils and protective wear. All these various strategic interventions have consistently proven to drive the cooperative's growth, primarily by increasing revenue, expanding market share, and improving efficiency. The cooperative's turnover is on an

upward trajectory with a reported 53% increase between December 2023 and January 2025. The business customer base is steadily increasing with new clients in Bloemfontein, and Kimberly in Northern Cape and many others in the pipeline subject to additional conditions being met.

During its tour to the cooperative's facilities, the Committee was not only shown several pieces of equipment but also walked through the production process for frozen mixed vegetables and potato fries. The Committee was very pleased with the progress the cooperative has achieved. The business was doing well, and in fact, the cooperative is experiencing a surge in demand. The cooperative's facility is operating near capacity, making it difficult to process significantly higher order volumes. It confronts both the opportunity for expansion and considerable operational obstacles in meeting that demand. The Chairperson of the cooperative informed the Committee that in terms of the existing business plan, the cooperative requires a capital injection of R34 million to cover all its business-related expenses such as refrigerated transport and logistics, cold rooms, storage and so forth. Nevertheless, the management's short-to-medium term strategy is to follow a phased growth approach by purchasing fully automated production equipment capable of producing 500 kg of potato chips per hour. This equipment costs around R7.5 million.

Given the size of the expenditure required to fully operationalise the project, the Department was of the view that the cooperative should consider applying for the Business Infrastructure Support Programme (BISP), which was said to be more extensive as it includes machinery, equipment, tools, technology, energy support and infrastructure (newly built or refurbished). The Department's major concern at the time was that the application period had just ended on 19 September 2025—on the presumption that the cooperative had not applied. Nonetheless, the cooperative made it clear that it had applied and received a reference number to that effect. Members of the committee heaved a sigh of relief upon hearing that the cooperative did actually submit an application.

The Department pledged to look at the cooperative application objectively, considering all pertinent information that was discussed during the visit. The Committee believes that it is in the best interests of both the DSBD and the local municipality to support viable projects identified at the municipal level, as this ensures that support is provided where local needs and potential are greatest. The municipality has faced significant financial difficulties, which have negatively impacted service delivery. It was placed under provincial administration in 2022. Reports indicate

high unemployment rates within the municipality. Therefore, in order to generate income, it requires all possible interventions. After the exchange of pleasantries and well wishes, the Portfolio Committee departed for its next projects also within the vicinity of Tokologo Local Municipality.

7.2 First Spaza Shop Project

Ms. Setshego Brenda Dumisa is a female owner and operator of a tuck-shop based in Lesedi, Malebogo. Because it is run from home, there are fewer additional expenses associated with renting a separate commercial space. The Committee members had the privilege of speaking with Ms. Dumisa, who took the time to briefly describe some of the challenges the tuck shop is facing. The Committee visited the homestead of Ms. Dumisa in her capacity as a beneficiary of the Spaza Shop Support Programme to determine whether the business was still running, what the challenges were, and if she had heard or even applied for a far more improved Spaza Shop Support Fund. The Spaza Shop Support Programme was an initiative by then Sefa and the Department to provide financial and non-financial support to spaza shop owners in South Africa, including a credit facility up to R10,500. The most recent support programme may have different eligibility criteria and support structures compared to the 2021 initiative. When the Committee visited her store, the business was fully operational. The shop's inventory is made up of everyday items including bread, beverages, fruit, milk, cigarettes and so forth. No doubt the tuckshop weathered covid-19 storm.

When asked how she got her project started and what some of the challenges were, she stated that she noticed a gap in the market because many residents in the area complained about having to travel a long distance to get groceries, so she decided to open her tuck-shop to make it easier for the community to obtain necessities such as food and toiletry items. Regarding the challenges, she informed the Committee that, due to the lack of retail infrastructure in townships, finding the perfect location for a small tuck store is often challenging. Furthermore, she detailed that tuck shop owners usually lack access to bulk orders and the capacity to leverage economies of scale, resulting in lower profit margins. She regretted high overhead costs especially electricity, which she thought were excessive given that refrigerators must run constantly to preserve perishable products. Thus, she asked for help with solar installation in order to moderate operating costs.

On compliance, Ms. Dumisa's tuckshop has a municipal permit but not Certificate of Acceptability (COA). The Committee strongly encouraged her to apply for the COA, and thereafter, Spaza Shop

Support Fund which offers a combination of grants and loans for stock, infrastructure upgrades (like fridges and shelving), and business training. The provincial manager further assured the Committee that Sedfa is collaborating with municipalities to streamline the process for spaza shops to obtain operating permits and certificates of acceptance by addressing administrative bottlenecks. This initiative is a key part of the government's broader effort to help informal businesses formalise, access support funds, and comply with health and safety regulations. As the Committee was getting ready to leave, it wished Ms. Dumisa well in her future business pursuits.

7.3 Second Spaza Shop Project

The second spaza shop project earmarked for assessment in Malebogo area, was operated and owned by Mme Ntulikazi Sarah Kamodula. The tuckshop was operated at Naledi section. But after Mme. Kamodula became unwell, the tuckshop ceased to operate. Ms. Kamodula is a recipient of the Spaza Shop Support Programme. She received R10 500 to buy stock—the original programme offered R3 500, followed by an additional R7 000. This amount was part of a previous iteration or tranche of funding, as the current 2025 programme offers different funding structures. The current R500 million Spaza Shop Support Fund, launched in April 2025, has a different structure which provides up to R100,000 in support, including a stock grant of R40,000. Furthermore, Ms Kamodula benefited from the Wholesale and Retail Sector Education and Training Authority (W&RSETA)'s support for spaza shop owners and informal traders. The W&RSETA provides programmes focusing on skills development, business management training, and food safety to help informal businesses grow. The agreement was a procedural decision by the Committee to defer interaction with Mme Kumodula due to her condition and for a representative of Sedfa to return later—at a more appropriate time for further engagement and consultation.

7.4 K S Group (Pty) Limited

The last project completed on day three was to a company called K S Group (Pty) Ltd. It is a Welkom-based private corporation owned and managed by its directors and shareholders, Mr. Khotso Steven Lefakane and Ms. Edith Kutlo Molatlhegi. The company was created in 2016 and conducts business in the priority province of Free State Province. The entrepreneur is carrying out a landscaping contract with Freegold (Harmony) (Pty)Ltd at Welkom Mine. The company also conducts domestic landscaping. According to Mr. Lefakane, offering both commercial and

household (residential) services helps to broaden the customer base, which can lead to more stable, year-round business. Before requesting funding from Sedfa, Mr. Lefakane, like many others, began by using the resources at his disposal—including borrowed ones—to demonstrate a business model. Later on, he made a financial request to Sedfa. Within the Township and Rural Entrepreneurship Programme (TREP), Sedfa approved a fund amount of R592 893.99, including a grant component of R100 000.00. Funds were used to purchase a tractor, lawnmower, brush cutter, and four-stroke lawnmowers. Sedfa intervention was demonstrably beneficial to the entity.

K S Group (Pty) Ltd is one of the few projects ever to be visited by the Committee with a good story to share. At the time of the visit, Sedfa loan had been paid in record time on 30 June 2025. There is sustained progress and positive momentum in the company's performance. The business has proven its model works, demonstrated by measurable progress such as user acquisition, revenue generation, strategic partnerships, and consistent customer engagement. Mr. Lefakane assured the Committee that the company was indeed doing well. The business was at a point where it was navigating business growth challenges, such as dealing with issues of preserving quality as it expands, securing enough funding to scale up operations, and hiring and retaining talent.

In addition to the Harmony Gold Mine contract, the business was observing a rise in the demand for household landscaping. To handle the additional workload efficiently and retain profitability, the company considered adding one extra bakkie because the machinery was not being used efficiently owing to transportation limitation. Hence, a fresh application to Sedfa was already being prepared to add one more bakkie. The company has also acquired pest control certificate which would enable it to diversify its offerings. According to Mr. Lefakane, acquiring a pest control certificate enables the company to legally and safely offer a variety of specialised services, attracting new clients, tapping into new market segments, and creating new revenue streams. He courteously rejected the idea of working with the local government when asked about it, citing the municipalities' appalling supplier payment practices. The Committee was happy with this project and the progress recorded thus far. It wished Mr. Lefakane well as it concludes business of the day.

8. DAY FOUR – FEZILE DABI DISTRICT MUNICIPALITY

The Committee's final day in Free State included a visit to Fezile Dabi District Municipality. The last day was short since some participants had to return home, necessitating an early departure to accommodate their travel schedule. Three projects were chosen for assessment, all of them located in Metsimaholo Local Municipality. K2023157928 (SOUTH AFRICA) (Pty) Limited t/a Jeany-Moos and Buhlebenkosi Agri Productions 9202 (Pty) Limited are both recipients of the Asset Assist Programme. The third project, Dihwai Di Kopane Primary Cooperative Limited and also a beneficiary of the Cooperative Development Support Programme to the tune of R285 000 was withdrawn as it has most probably collapsed. The Committee also visited the Sasol Business Incubator (SBI) in Sasolburg, which provides support to local MSMEs including those owned by young females, in the manufacturing, chemicals, and energy sectors. The specific projects and businesses the Committee engaged are part of the SBI's broader initiative, which has a focus on developing black-owned businesses and increasingly targeted programmes for women entrepreneurs in male-dominated industries like mining and engineering.

8.1 K2023157928 (SOUTH AFRICA) (Pty) Limited t/a Jeany-Moos

The initial site visited was K2023157928 (SOUTH AFRICA) (Pty) Limited, also known as Jeany-Moos or Jeanymoos Enterprise, an agritourism project located in Vrishgewaagd, Kroonstad. The company is operating on a 4.2-hectare farm, using a rent-to-buy agreement from 2023 to 2039, and currently focuses on pig farming but intends to start a bakery operation as soon as everything is sorted. Agri-tourism projects integrate agriculture and tourism to provide visitors with experiences such as participating in farm activities or learning about sustainable practices while also producing cash for the owners. The Committee visit, however, was on the basis of the business having received R287,850 from the Asset Assist Programme. Ms. Nthiwa Mokalobe has a wealth of bakery operations experience. Before deciding to quit her job and follow her passion for entrepreneurship in late 2023, she worked as a baker at Pick 'n Pay and operated a bakery for a number of years. The Committee paid a visit to the project to assess how the funds were used and to observe the progress resulting from the equipment provided through the programme.

The bakery activities had not yet begun when the Committee visited the site. Nevertheless, the equipment—which comprised a bakery combo, a triple deck oven, bread pans, bread crates, a dough mixer, a planetary mixer, and more—had been delivered and could be confirmed. According

to Sedfa, despite the fact that the business had not begun operations, there were growth constraints due to the limited resources and expertise available to support commercial operations. Notwithstanding vast experience in bakery, Ms. Mokalobe lacks necessary business management expertise and her company was lacking in many respects when it comes to compliance—Sedfa acknowledged that the interventions will be carried out progressively. Furthermore, to get her business off the ground, the location needs to have three-phase electricity installed. A three-phase electricity connection is a must for operations with high power demands, such as industrial sites and a requirement for running large machinery and motors. Sedfa notified the Committee that Ms. Mokalobe had further been referred to the Department of Economic, Small Business Development, Tourism, and Environmental Affairs for assistance with a three-phase power installation.

Other value-add projects on the farm that complement the agritourism business was piggery. It is a complementary project that is steadily taking off, with a letter of intent from Huntersvlei Abattoir. The site location is nonetheless in need of infrastructure improvements for increased piggery production that focuses, among others, on specialised housing for different life stages, effective climate control (ventilation and temperature), efficient waste management, and the integration of modern technology. The tourist component, located directly next to the lake, includes a recreational area for activities such as fishing, camping, and possibly other water-based activity, as well as specific amenities to meet visitors' self-sufficient and basic needs. It is an area with high potential for growth. Once again, Ms. Mokalobe asked for Sedfa assistance with braai facilities, camping tents, and basic sanitation such as showers and toilets, with a focus on fishing for carp. Sedfa committed to sending a business advisor to undertake a needs assessment in order to create a workable project rollout strategy that takes into account all of the concerns raised. In conclusion, the Committee expressed general satisfaction with the project inspected, notwithstanding the fact that the principal project that prompted the Committee visit was not yet operational. The Committee appreciated Ms. Mokalobe for sharing her entrepreneurial path and wished her the best.

8.2 Buhlebenkosi Agri Productions 9202 (Pty) Limited

Patricia Beleng, the owner of Buhlebenkosi Agri Productions, is a motivated farmer who started off producing broilers in her backyard and now runs a poultry business that supplies hundreds of chickens to the local market. Ms. Beleng has always had a strong love for farming. She was born

and raised in Zamdela, Sasolburg in the Free State. Having grown up on her family's farm, she had already gained a great deal of information and practical experience before formally starting her business in 2022. She effortlessly demonstrated good knowledge of the sector. Her poultry business benefited from the Asset Assist Programme to the value of R196 000. The funds were utilised to acquire poultry equipment and chicks. She currently produces around 300 broilers (ROS308 breed) and enhances her offering by reselling eggs purchased from reputable local layer producers. It takes careful planning in areas like housing, feed management, and health standards to scale a broiler business from 100 to more than 300 birds per cycle. The Committee was pleased with the project and the business acumen demonstrated by Ms. Beleng throughout her presentation.

There was a great deal of concern though with respect to the security of tenure. During her briefing, Ms. Beleng indicated that she negotiated a 10-year leasing arrangement with Itekeng Cooperative for a farm previously maintained by the group. The main issue was that if Sedfa supported a project but the lease agreement for the project's location was not extended, the physical infrastructure may be lost or rendered inoperable. This highlights a risk where the long-term viability of the project's physical assets is tied to the lease agreement, and without renewal, there is no guarantee that Sedfa's investment in infrastructure would be recoverable. It is a common knowledge that poultry production, particularly on a commercial or industrial scale, requires a significant fixed investment in infrastructure. This includes land acquisition, construction of a property or a structure, and the purchase of essential, often automated equipment that takes time and resources to install. These structures are crucial for maintaining the optimal environment (temperature, ventilation, lighting) necessary for bird health, growth, and productivity. Proper planning is therefore indispensable.

Other operational challenges she identified are infrastructure-related, for instance, the facility has no electricity connection due to cable theft. Instead, inverters are being used to generate electricity hence her plea for solar panels. The facility also does not have an abattoir and that restricts her to selling live chicken only. Yet there is a huge and continuously growing demand for packaged slaughtered chicken driven by various consumer trends and lifestyle changes. For example, the company has received multiple letters of intent, including from Chisanyama enterprises. Chisanyama establishments are popular gathering places, particularly in townships, that provide a vibrant community dining experience, frequently accompanied by music, drinks, and a festive

environment. To her, these are missed opportunities. The business does not have a delivery bakkie, so each time she needs to make a delivery, she has to rent one, which raises her operating expenses significantly. The company intends to reduce its daily operational costs while meeting the delivery demand in the region. But it cannot afford borrowing due to its comparatively weak balance sheet. The Committee concluded that the business has enormous potential as long as the land issue is resolved. Cllr Jack Malindi, Executive Mayor of the Metsimaholo Local Municipality, and Ms. Kelly Tlhapane, Director for LED & Urban Planning, were both present and gave a definite commitment to assist Ms. Beleng in finding an appropriate and permanent place in the name of the company. For movable property such as a delivery vehicle, the Department and Sedfa agreed to tap into various grant programmes within the portfolio, while also collaborating with other stakeholders such as the local municipality to address the space issue, which, once resolved, will address other infrastructure-related challenges. The provincial office of Sedfa undertook to dispatch an official to consult with the client and conduct a business assessment to determine some of her immediate needs and take appropriate action. The Committee was happy with how this segment of the visit ended. It wished Ms. Beleng all the best in her entrepreneurial venture.

8.3 Sasol Incubation Centre

The last item in the itinerary of the Committee was a courtesy call to Sasol Business Incubator (SBI), which is located in the Eco-Industrial Park in Sasolburg. The SBI is aimed at accelerating the successful development of local start-up micro, small and medium-sized enterprises. The overarching goal of the incubator is to promote MSME sustainability in the manufacturing sector by creating and hosting a sustainable economic ecosystem that brings together a diverse mix of MSMEs, service providers, and stakeholders to collaborate and support one another as well as other businesses in the industrial park. The Committee and the leadership of Metsimaholo Local Municipality, Cllr Jack Malindi, had the pleasure of talking with the incubatees, narrating their various tales of how Sedfa supported them in partnering with SBI. A small exhibition had been set up for entrepreneurs to showcase their work, educate members of the Committee, and facilitate networking, which can lead to new opportunities, funding, or mentorship. The following businesses, all owned by young female entrepreneurs, presented their products to the committee—

8.3.1 GVM Civils and Maintenance (Pty) Limited

GVM Civils and Maintenance (Pty) Ltd is a 100% black woman-owned Level 1 BBBEE construction company based in Sasolburg. Together with Sasol Enterprise and Supplier Development (ESD), Sedfa registered the company in 2016 and started formally operating that year, offering civil works and maintenance services in Sasolburg. Since its founding in 2016, GVM Civils & Maintenance has established a solid reputation for providing top-notch civil and building construction services, including concrete work, road construction, structural construction, building restorations, and maintenance. Over the years, GVM has finished projects for Seriti, municipal governments, academic institutions, and private developers, consistently exceeding customer expectations and meeting deadlines. The company's emphasis on community-based subcontracting and training initiatives keeps it at the forefront of local economic growth and employment creation.

The company developed safety and quality management systems in line with client standards through Sasol, secured initial subcontracting opportunities under local projects and local government entities, and took part in Sasol and Seriti business support engagements and mentorship programs that strengthened tendering capacity and business compliance. Seriti also funded the purchase of basic construction tools and small equipment. All these foundational steps positioned the business for growth and made it eligible for structured enterprise support and funding opportunities. These fundamental actions set up the company for expansion and qualified it for funding and structured enterprise support. Furthermore, Sedfa funded the company to the value of R250 000 under the Asset Assist Programme. To become fully operational and optimise efficiency, the company wants to leverage a comprehensive suite of digital and process management tools tailored to core business functions. It therefore requires a capital injection of around R2.5 million to acquire, among other things, construction machinery, vehicles, and tools to expand capacity. In the construction sector, it is a norm for companies to demonstrate ownership of key equipment in order to prove capability, financial stability, and capacity to execute projects.

8.3.2 Honey Bee Engineering (Pty) Limited

Honey Bee Engineering (Pty) Ltd is a Sasolburg-based electrical engineering firm that specialises in armature winding, air compressor refurbishing and maintenance, refrigerator compressors, and a variety of pump systems. Daniel Vusi Sibisi, a certified artisan who left Relion Electrical after two years to start his own armature winding business, founded the company in 2019. In 2023, the

company relocated to larger premises within Sasol's industrial incubation hub under a two-year contract. This initiative aims to expand operations, broaden service offerings, and enter new markets, including the selling of DC motor coils. The company is committed to promoting economic and social growth by establishing job opportunities and providing in-service training to electrical engineering graduates. Sedfa's help includes an industrial plasma cutter to assist with the manufacturing of stator laminations valued at R250 000 through the Asset Assist Programme. The company received business mentoring and coaching over a 10-month period.

To continue forward, the company requires property to construct a structure that meets business standards and compliance with Integrated Management Systems (IMS). It also requires MERSETA learnership accreditation (training for TVET colleges in engineering) and industry-compliant equipment. MERSETA learnership accreditation is granted to training providers through a quality assurance process managed by the MERSETA ETQA (Education and Training Quality Assurance body). To become accredited, providers must meet criteria and undergo a review process, which includes site visits by quality assessors. The accreditation ensures that the training provider delivers high-quality, NQF-aligned learnerships in manufacturing, engineering, and related services. The company needs an R3 million cash infusion in order to fully realise its purpose. On the question of land, municipal leadership encouraged entrepreneurs to apply for a consent use in terms of the zoning scheme, or for a different type of permits as required by the municipality.

8.3.3 KSM Chemical Solutions (Pty) Limited

KSM Chemical Solutions (Pty) Ltd is a major developer of innovative and environmentally friendly plants and enzyme-based cleaning detergents, as well as biofuels derived from waste cooking oil. Established in 2015, the company draws on over 20 years of combined experience in science, engineering, finance, and logistics to provide superior-quality solutions to our clients. Ms. Selena Johnson owns the company and is therefore a BBBEE Level 1 black woman-owned contributor. It is ISO 9001:2015 and ISO 14001 Integrated Quality Management and Environmental System certified. Sedfa provides on-going support through mentorship and consulting, attendance of InSeta Exhibition, application for funding at DESTEA and assistance with Standard Bank Pitching Competition. The business has benefited from these interventions.

The company is expanding, adding staff, buying two additional vehicles, moving into its own facility in the Naledi Industrial area, and winning contracts with McDonalds for four years and Sasol detergent for seven years. This growth requires careful financial planning, and a strategic approach to managing increased workload. The KSM Chemical Solutions has also been referred to DESTEA because of the increasing demand and the need for advanced equipment to complete customer orders. The application for the laundry detergent machinery to establish and operate manufacturing in order to satisfy the demand is now underway. The equipment, plant setup, commissioning, training, facility, and additional nine permanent employees all cost R1,000,000.

8.3.4 Siyabonga Siphilise (Pty) Limited t/a Mckay Hair and Skin Care

Mckay Hair and Skin Care is a 100% black woman-owned business situated in Zamdela, Free State, that specialises in producing high-quality haircare products manufactured from natural components. The company was founded in 2020 and officially began trading in 2021. It was formed and is led by Ms Dieketseng Kubheka. Mckay Hair and Skin Care is well-positioned to increase market share both domestically and globally as customers turn more and more to natural and sustainable beauty products. Chemin, the South African chemical technology incubator, is working with the Vaal University of Technology (VUT), with support from the Small Enterprise Development Finance Agency (Sedfa), to develop new chemical formulas and improve existing product quality for Mckay Hair and Skin Care. For networking purposes, the company is affiliated to Cosmetic Export Council of South Africa (CECOSA) and Proudly South Africa.

Sedfa supported the company with marketing materials like gazebos, banners, table clothes and chairs to help businesses become more visible at markets and events. It also assisted the company with enterprise coaching programme—a personalised guidance to help entrepreneurs build essential business skills, often grouping diverse women together for maximum skill transfer and networking. The company lacks its own manufacturing facilities, which limits production capacity and thus a major impediment to growth. The lack of delivery vehicles significantly disrupts production distribution, leading to increased costs, delays, and potential stockouts. To boost production output, the company also needs automated filling and sealing devices and a 1-ton homogenous mixer. The company's application to the Department for the Business Infrastructure Support Programme (BISP) with reference number BSIP863251 is in progress.

8.3.5 Letz Wash Laundry Services (Pty) Limited t/a Bonolo Scents

Letz Wash Laundry Services (Pty) Limited, operating as Bonolo Scents, is a private enterprise formed by Ms. Tebello Khanya. The corporation is headquartered in Sasolburg, Free State. The company began as a modest laundromat run from a family garage, when Ms. Khanya recognised a reoccurring problem: traditional detergents were clogging drains and harming the environment. This insight led her to conduct study and produce an environmentally friendly alternative that is both effective and sustainable. Since then, Bonolo Scents has experienced tremendous growth, obtaining listings with Makro Online, Edenvinne Cosmetic Stores, and Spaza Eats. The company provides hotels and laundromats, supporting the growth of local businesses and the creation of jobs. Bonolo Scents has a strong ambition for expansion, the company intends to grow into Food Lover's market locations around the country. The company's products or services are seeing a rapid increase in customer interest and purchases.

Some of the Sedfa intervention include business formalisation with the CIPC, business mentorship and coaching, intellectual property (IP) registration and vehicle acquisition through Asset Assist Programme to the value of R250 000. During her interaction with the Committee, Ms. Khanya informed members that the business was seemingly doing well, with few hiccups here and there such as finding a suitable business site within the local municipality, challenge in having a fully compliance workshop to manage offtake contracts with retailers (FoodLovers Market Nationally and Pick n Pay). This engagement also revealed that the company lost an opportunity to apply for BISP. Once more, the Metsimaholo Local Municipality's involvement was crucial since it undertook to handle matters pertaining to land, space, sites, and so forth. This session marked the conclusion of the Portfolio Committee programme in the Free State province.

9. COMMITTEE OBSERVATIONS

9.1 Among all the provinces visited thus far, the Committee noted that projects supported by Sedfa were performing comparatively well in the Free State. Where difficulties were identified, there was always a proactive approach to finding solutions—and by addressing issues early, the impact of potential setbacks is minimised. The Committee

- believes this foresight shifts the focus from reactive problem-solving to proactive prevention, ensuring smoother project execution. It can only be encouraged.
- 9.2 Sedfa's collaboration and engagement with the Department of Economic, Small Business Development, Tourism and Environmental Affairs is exceptional—certainly more pronounced in Free State than in other provinces. These partnerships are essential for executing national initiatives at the local level, cutting red tape, and tackling specific provincial concerns that promote growth and job creation. Sedfa and DESTEA work together to provide comprehensive financial and non-financial support to businesses in the Free State. The referral mechanism helps ensure that businesses referred from one entity to the other receive the appropriate form of support, whether it is financial (from DESTEA programmes) or capacity-building (from Sedfa programmes).
 - 9.3 The role of FDC, however, was patently unclear and it seemed to contradict its founding objective of being a leading catalyst for economic growth and development in the province. The FDC acts as a landlord for a substantial portfolio of government-owned properties in Free State, which includes industrial, commercial, and residential properties. But many young entrepreneurs the Committee interacted with cited lack of access to land, physical space, or business premises as the major constraint they face in getting their businesses off the ground. The Committee believes that the challenge of securing land for projects stems mainly from failure or lack of communication or cooperation between FDC and local governments (as land custodians) and Sedfa.
 - 9.4 The lack of a two-way referral system between Sedfa and Microfinance Institutions/Retail Financial Intermediaries is a major problem and a persistent issue that affects the efficiency and impact of support for small businesses. From a Portfolio Committee perspective, this problem stems from a fragmented ecosystem and a lack of effective coordination. The absence of a structured, reciprocal referral process means that MFIs/RFIs may not effectively refer clients who have outgrown micro-finance to Sedfa for larger loans or more comprehensive business support services. The visit to Nala Finance exposed this incongruity. Some excellent MFI/RFI clients have projects that, in theory, are ready for the next chapter and ought to have been referred to Sedfa for full business support.
 - 9.5 Furthermore, the high interest rates imposed by microfinance institutions (MFIs) on micro and survivalist enterprises are a significant and ongoing concern because these rates place

a heavy financial burden on businesses, making it difficult to access capital for growth and potentially leading to debt cycles or business failure. High interest rates in excess of 30% increase borrowing costs, straining the cash flow of micro and survivalist enterprises and making it difficult to meet day-to-day operating expenses. There is thus a perception that MFIs are exploiting vulnerable borrowers who have few other options for formal credit.

- 9.6 The performance of the craft customised sector programme has been a major milestone in the growth of the creative industries, with a primary focus on job creation, poverty alleviation, and empowering marginalised segments of society, such as women and youth especially in rural areas. Overall, the programme has been successful in creating a framework for the sector's growth and giving many people a crucial economic entry point. But implementation issues limit its full potential, especially when it comes to consistently offering financial, marketing, and skills support at the local level.

9.6.1 Firstly, there are a number of significant issues with the programme's execution in conjunction with provincial investment agencies, the most of which have to do with capacity constraints, coordination issues, a lack of a coherent strategy, and compliance issues. Moreover, the majority of provincial agencies are not adhering to South African Revenue Services regulations. Even though they are automatically exempt from income tax, they nevertheless have additional tax requirements that must be complied with, such as Pay As You Earn (PAYE) on employee compensation and Value Added Tax (VAT) where applicable. Even exempt businesses or state organs have an obligation to submit statutory returns every year.

9.6.2 Secondly, the strength of the intervention seems open to doubt as it appears to be limited mainly to training. The effectiveness of any intervention heavily depends on whether the training is followed by practical application, sufficient resources, ongoing support, and systemic changes to reinforce the learned skills or information. None of the projects under the Craft Customised Sector Programme were able to demonstrate a connection between training and productivity. The Committee is of the view that for training-based interventions to be robust and successful, they generally require complementary components such as follow-up and mentorship, resource allocation, ongoing leadership support as well as monitoring and evaluation. Without these reinforcing mechanisms, training often

results in limited long-term impacts. Based on engagements with beneficiaries, it would appear, training modules do not, for instance, effectively support succession planning—modules are too generic and not tailored to the specific skills, competencies, and business challenges. Training processes do not incorporate iterative methods to allow for continuous improvement, feedback, and adaptation.

9.6.3 Thirdly, the Department seems to be giving too much priority to international markets at the expense of domestic ones. Yet the arts and crafts industry is moving towards online shopping, a trend that has been accelerated by global events such as Covid-19 pandemic and technological advancements. The demand for arts and craft products is seeing a surge in interest, and the pandemic accelerated the need for online purchasing options as people spent more time at home. Consumers can now find a wide variety of art supplies and handmade goods through online marketplaces and dedicated e-commerce sites, and many local artisans and businesses must also adapt to this shift by establishing an online presence. To ensure the effectiveness and relevance of training initiatives, interventions should be designed to incorporate current trends in learning and development. For instance, the online clothing retailer Shein, has experienced extraordinary growth to become one of the largest and most dominant players in the global fashion industry. The Craft Customised Sector Programme marketing approach must ideally combine several channels to maximise reach and engagement.

9.7 As in many other provinces, the Committee has found that projects often fail because they are not given adequate financial support to succeed. Honey Badger Primary Cooperative Limited is an example of a project that requires a minimal effort or slight push to climb over the hill. The cooperative has demonstrated its business concept. The phenomenon of funding shortfall or funding gap often happens due to factors like budget cuts or shifts, delays in funding, or a lack of funds for essential parts of a project, which leaves them vulnerable to problems like cost overruns, delays, and overall failure to achieve their goals. It is a common and significant problem in government. Some projects are underfunded from the start or have funding cut during implementation, making it difficult to complete them as planned. In some instances, funds are allocated, but released late, which often lead to price variations and other implementation issues. The Committee

acknowledges that the Department faces a dilemma between pursuing numerous projects that have a high risk of failure or focusing on a smaller number of good projects, which may lead to fewer projects overall—but with precision.

9.7.1 It is well-known fact that funding several failed projects results in enormous waste of resources. Continued investment in enterprises with low viability depletes funds, time, and human resources that could be better spent elsewhere, resulting in poor overall outcomes and a low return on investment.

9.7.2 Similarly, sponsoring too few good projects limits the potential for development and innovation. This approach may stifle innovative ideas, runs the danger of losing out on important opportunities, and could result in development bottlenecks.

9.7.3 However, the Committee believes that the key tenet of a successful project funding should be strategic allocation based on merit and potential return on investment (ROI), rather than the number of initiatives supported. Unlike traditional financial ROI, the return on investment for the Department are jobs—the creation or development of employment opportunities. At some point, difficult policy choices would have to be made by the Department as the majority of the projects supported are not meeting that primary objective of creating a sufficient number of jobs.

9.8 The Committee is concerned that spaza shop sector in South Africa faces significant challenges, and many local owners are struggling to remain competitive or are exiting the market entirely. The high failure rate (estimated at 65% to 75% for South African MSMEs generally) is driven by a combination of internal and external factors. While previous interventions were mainly financial support (Spaza Shop Support Programme), the freshly launched R500 million Spaza Shop Support Fund provide both financial and non-financial support (training, mentorship, infrastructure upgrades) to help formalise and sustain South African-owned spaza shops. The Committee is pleased and welcomes this shift in strategy.

9.8.1 However, it is equally concerned at the poor take up of the fund due to onerous compliance requirements. The rules and regulations for participating in the fund are difficult, demanding, and overly burdensome to meet. According to the Department, as of 20 May 2025, 2 867 applications had been received, with just 294 satisfactorily reviewed and ready for the second step, which included allocation

to both agencies (NEF and Sedfa). On 5 November 2025, the Department reported receiving 2595 applications, 2495 assessments done, and 1194 business licenses submitted for verification. Of the 637 licenses that the Department checked, only 418 could be verified, 219 were not on the municipal system, and 338 were still awaiting municipal verification. The uptake is overly lower than was expected.

- 9.8.2 The Committee is concerned at the lack of a systematic impact study by the Department to measure the effectiveness of the earlier Spaza Shop Support Programme. In essence, the lack of a formal, post-implementation impact assessment makes it difficult to definitively measure the impact or support of the programme. The recently introduced Spaza Shop Support Fund is not guided or backed by any empirical evidence. For instance, the South African Spaza Shops Association argued recently that the fund's rigid compliance framework is not tailored to the realities of most informal township entrepreneurs, pointing to the high rate of non-compliant applications (86%) as evidence that the system, not the spaza shop owners, is failing. The intervention is maybe misguided. This is an area this Committee has already flagged for meticulous review by the Department.
- 9.9 Following this oversight visit, the Committee noted once more that lack of coordination between the Department and local government is a significant and persistent challenge. This fragmentation leads to ineffective support interventions for MSMEs and cooperatives across the country. It appeared some beneficiaries in the Free State were not fully aware of the extent to which their local municipalities can assist with space or land-related issues. Whereas most municipalities were often not aware of the projects supported by the Department and Sedfa in their local municipalities. It is public knowledge that local governments act as the initiator, catalyst, and driver for these initiatives, bringing together public, private, and community stakeholders to work towards a shared vision for sustainable economic growth and improved quality of life for residents in the municipality.
- 9.10 The Sasol Business Incubator is a prime example of leveraging Enterprise and Supplier Development (ESD) to grow sustainable micro, small and medium enterprises by providing a comprehensive package of support, including business and technical assistance, funding solutions, access to experts, and physical infrastructure. This integrated approach goes beyond basic services to create a supportive environment for start-ups and established

MSMEs to scale into resilient businesses. The Committee felt, however, that some projects had progressed beyond the incubation stage and were ready to formally enter the market. Henceforth, the financial package to be advanced to these enterprises must be appropriate, proportional and commensurate with the stage of the business so as to ensure that projects have sufficient resources to succeed without being over- or under-funded.

10. COMMITTEE RECOMMENDATIONS

Based on the summary of key findings and observations, the Committee makes the following recommendations: -

- 10.1 The relationship between Sedfa and the Department of Economic, Small Business Development, Tourism and Environmental Affairs is characterised by strategic collaboration and partnership. It is a functional partnership designed to provide cohesive and comprehensive support to small businesses in the Free State, ensuring that government services are well-coordinated and effective. Sedfa, supported by the Department under the auspices of the Intergovernmental Relations Framework Act of 2005, should strive to inculcate these partnerships with other like-minded provincial departments such as Agriculture & Rural Development, Cooperative Governance & Traditional Affairs, Public Works & Infrastructure as well as Sports, Art, Culture & Recreation in order to effectively mainstream all the crosscutting projects. The onus is on Sedfa as an implementing arm of the Department to ensure that project mainstreaming is an essential component of central decision-making, planning, and budgetary allocation procedures, rather than an add-on activity. The Committee will periodically monitor and review statutory reports to ensure that recommended actions are being implemented.
- 10.2 The Craft Customised Sector Programme is facing delivery bottlenecks that require a review of the current partnership dynamics. Following its oversight visit to the Northern Cape province, the Committee recommended that this programme be delivered by Sedfa. There is still no obvious explanation for why provincial investment agencies are trusted to co-deliver the programme when they themselves depend on Sedfa for assistance and offer nothing of substance. They are based in provincial headquarters, while Sedfa maintains presence in a number of towns. Once more, the Committee believes that Sedfa is in a better position to oversee and implement the Craft Customised Sector

Programme than provincial investment agencies. The programme should therefore be transferred immediately unless compelling reasons exist for the status quo to remain.

- 10.3 As alluded to earlier, there is a gap in the present training options that can only be filled by interventions that go beyond basic instruction and give participants the tools they need to manage the risks that could jeopardise a project's long-term success. For example, training modules should incorporate, inter alia, succession planning by aligning training with future leadership roles, assessing current talent for potential, and creating personalised development plans to close skill gaps for identified candidates. This approach ensures seamless leadership transitions, preserves institutional knowledge, and strengthens the organisation's long-term resilience by proactively preparing future leaders. Some projects were clearly in doubt due to the challenges posed by an aging membership.

10.3.1 The Committee finds it imperative that training modules be reviewed as a matter of urgency with the intention to fully integrate the entire spectrum training including risk management and other technical skills. Training should lead to developmental and measurable impacts at both individual and organisational levels.

10.3.2 For the CSP projects, the ideal marketing approach needs an integrated, multi-channel strategy blending digital (websites, social media, e-commerce platforms) with physical (exhibitions, galleries, in-store, community events) and traditional media for broad reach, focusing on unique storytelling, consistent branding, and leveraging partnerships to overcome market access gaps for artisans.

10.3.3 The Department, Sedfa, FDC, and the local municipality must facilitate and provide logistical assistance to Bolata Pottery Primary Co-operative Limited in establishing presence in strategic hotspots identified, discussed, and agreed upon during the visit, such as Clarens, the Kgodumodumo Dinosaur Museum, Bergview One Stop, and Montrose on the N3 Highway. These sites were identified as geographically significant because of their potential strategic importance in the region.

- 10.4 To guarantee project scalability and sustainability, the Department and/or Sedfa should support the complete business plan rather than just certain parts of it. Of course, funding a project in stages allows the Department/Sedfa to assess progress and results before committing further resources, mitigating the risk of investing in a failing project. However, funding the entire plan helps ensure that operational costs, maintenance, and future

development are accounted for, preventing the project from collapsing after the initial funding period ends. If anything is to go by, the sample of the projects visited gives evidence to imply that fully funded initiatives have a better chance of survival than fragmented funding that just covers the initial stages or certain components of the plan. The Department should conduct a thorough investigation and possibly a longitudinal analysis to inform its policy position on this matter. This planned study should preferably be finalised before the conclusion of the first quarter of the 2026/27 financial year and thereafter presented to the Committee.

- 10.5 The survival of many spaza shops through the Covid-19 pandemic is a testament to their remarkable resilience and essential role in their communities. Most of these tuckshops adapted quickly to the unprecedented challenges, filling gaps in supply chains and providing vital goods and services when larger retailers were less accessible. Their deep understanding of local needs and strong community ties likely contributed significantly to their ability to endure and continue serving their customers during a time of immense difficulty. They have shown beyond any doubt that they are in this for the long run.

10.5.1 It is the recommendation of the Committee that those that are still in existence, should be given priority for assistance with municipal compliance and application for a Spaza Shop Support Fund. The Committee would periodically monitor the fund's disbursement as part of its oversight role to ensure it achieves its objective of supporting South African-owned businesses in townships and rural areas.

10.5.2 Municipalities, especially rural and smaller municipalities, must be strengthened in a number of crucial areas with a view to expedite the application and compliance processes. The Department could investigate graduate recruitment to help municipalities speed up compliance concerns and applications for the Spaza Shop Support Fund. The integration of digitalisation and e-recruitment systems can help streamline application processes and reduce unnecessary delays. The Committee believes that by resolving these capacity issues, the Department will have a better chance of developing more competent, effective, and responsive municipalities, which will ultimately lead to better fund uptake and compliance. Otherwise, the National Treasury may redirect the funds for other purposes.

- 10.6 The incorporation of Department's projects into municipality's Local Economic Development (LED) plans necessitates a systematic, collaborative, and integrated approach that builds on existing government frameworks and fosters public-private collaborations. Local municipalities must be informed about all projects supported by the Department and Sedfa. Moreover, they must be integrated into municipal planning cycles, particularly Integrated Development Plans (IDPs). This will ensure that national priorities are aligned with local needs, avoiding fragmented and uncoordinated efforts. The existing District Development Model (DDM) can serve as a key platform for coordinating across all levels of government. Mandating the provision of Global Positioning System (GPS) coordinates for all applications may improve project tracking and municipal oversight. Henceforward, the Committee will regularly review the Department and Sedfa reports (quarterly and annually) to ensure adherence to this recommendation.
- 10.7 A formal and systematic two-way referral process should be established as a standard practice between the Sedfa and MFIs/RFIs. In essence, adopting this as a "norm" means moving away from ad-hoc collaborations to a structured, expected system of operation that benefits MSMEs and fosters inclusive economic growth.
- 10.7.1 Survivalists and micro entrepreneurs should not be paying for services that they might literally get for free at Sedfa. Equally, products and services provided by MFIs/RFIs ought to be differentiable from those provided by Sedfa. The client profiles of Nala Finance and the Department-backed Asset Assist Programme overlap significantly in their target demographic.
- 10.7.2 Sedfa must limit the rate of interest charged by intermediaries to at least 20% and below. Alternatively, the interest rate charged to an end-user enterprise by an intermediary (a financial institution that on-lends funds sourced from Sedfa) should not be higher than 10% of the rate at which Sedfa provides the funds to that intermediary. This recommendation must be phased in progressively with full implementation effective 1 April 2026. The Committee retains the discretion to accept the Sedfa 2026/2027 APP if this directive is not properly institutionalised.
- 10.7.3 Subsequent to its North West oversight visit, the Committee recommended that the Department and Sedfa should explore the feasibility of "intermediary-supported clients to be considered for the same grant component as those sponsored directly

by Sedfa”. In response to this recommendation, Sedfa misrepresented itself to the Committee by stating as follows, “the entity has since started the practice on Wholesale Lending where the end-users are charged the same 5% interest rate by the Intermediary Channel Partners”. This was not the case in the Northern Cape, Limpopo, or the Free State—it is neither the case now. The end-user enterprises, the majority of whom are micro and survivalists, continue to face the double-whammy of high interest charges and no embedded grant respite.

- 10.8 Sedfa should undertake a profiling exercise of all the entities the Committee networked with at the Sasol Business Incubator as well as Nala Finance and Loan with the purpose of examining their needs, performance, and potential for integrated support. This proposed initial business assessment will help Sedfa determine whether required interventions are non-financial support (business development services, mentorship, technical know-how), financial support (loans, grants, credit guarantees), or a combination of both. Through this analytical process—results of which must be presented to the Committee on a quarterly basis—Sedfa will ensure that its support is relevant and has maximum impact.
- 10.9 There were multiple other projects visited that necessitated the Department and Sedfa to follow-up or return to complete needs analysis. The follow-up is to conduct, among others, needs assessment, gap analysis, and develop a detailed plan with actionable steps for how to address the prioritised needs. A project management plan for execution and regular reporting to Parliament should be developed by the Department and Sedfa as well as partners before the end of the current financial year.
- 10.10 The Committee has repeatedly flagged speeding as a major risk factor that has to be monitored and most probably be regulated by Parliament. It is placing lives of the members of Parliament and staff in harm’s way. Prior this visit, concerns have been raised about the safety of MPs during oversight visits, where accidents, one of which was fatal, have occurred due to issues like vehicles driving at high speeds. It must be deterred.
- 10.11 On the Tourism Equity Fund, perhaps owing to a lot of unobjective information circulating around, the Committee Secretariat is directed to create space and time in the calendar of the Committee to immediately invite both the Department of Tourism and Sedfa to provide or discuss key updates, challenges, and progress in as far as the fund is concerned.

- 10.12 The Committee continues to have serious concerns about the lack of post-investment monitoring and support, as well as early detection of struggling projects, since these factors frequently result in business failure. The Committee is once again calling on the Department and Sedfa to build up their post-investment units so as to provide better and coordinated support, monitoring, and impact measurement. The Committee will examine the 2026/27 annual performance plan to determine if these units' capacity has improved.

Report to be considered