Wednesday, 20 May 2026]

No 87—2026] THIRD SESSION, SEVENTH PARLIAMENT

PARLIAMENT

OF THE

REPUBLIC OF SOUTH AFRICA

ANNOUNCEMENTS, TABLINGS AND COMMITTEE REPORTS

WEDNESDAY, 20 MAY 2026

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ANNOUNCEMENTS

National Assembly

The Speaker

1. Removal of Minister and Appointment of Acting Minister

(1) Letter from the Leader of Government Business, dated 19 May 2026, communicating, in terms of Assembly Rule 352, the removal by the President of Minister Sisisi Tolashe from the position of Minister of Social Development, and appointment of Minister in The Presidency for Women, Youth and Persons with Disabilities, Ms Sindisiwe Chikunga, as the acting Minister in the portfolio pending a full-time appointment in due course.

Referred to the **Portfolio Committee on Women, Youth and Persons with Disabilities**.

TABLINGS

National Assembly and National Council of Provinces

1. The Speaker and the Chairperson

(a) Monthly Financial Statements of Parliament – April 2026, tabled in terms of section 54(1) of the Financial Management of Parliament and Provincial Legislatures Act, 2009 (Act No. 10 of 2009).

COMMITTEE REPORTS

National Assembly

1. REPORT OF THE PORTFOLIO COMMITTEE ON SMALL BUSINESS DEVELOPMENT ON THE APPOINTMENT OF THE SMALL ENTERPRISE OMBUD, DATED 13 MAY 2026.

The Portfolio Committee on Small Business Department (hereinafter referred to as the Committee), having conducted the recruitment and interview process for the appointment of the Small Enterprise Ombud, reports as follows –

1. INTRODUCTION

On 18 July 2024, President Cyril Ramaphosa signed the National Small Enterprise Amendment Bill into law. The National Small Enterprise Amendment Act 21 of 2024 amends the National Small Enterprise Act 102 of 1996 (the Principal Act). The Act establishes the new Office of the Small Enterprise Ombud Service (OSEOS) to address complaints by small enterprises. This is to create an equitable trading environment for small businesses by providing affordable and effective access to justice, as well as to enable the Minister of Small Business Development (Minister) to designate certain actions that impact small businesses as unfair trading practices. The head of the office is the Ombud whose recruitment, selection and appointment process are provided for in section 17F of the Act. This individual is the highest-ranking official with untainted track record of exemplary corporate governance. The Act provides that the Minister must appoint the Ombud, based on a recommendation from the National Assembly following a transparent process. The appointment process involves nominations from the public, shortlisting of candidates, interviews, and deliberations by the National Assembly leading to a final recommendation to the Minister.

However, with respect to the appointment of the Deputy Ombud, section 17F (3) enables the Minister to exclusively appoint a suitable candidate provided that the individual has "legal training

and appropriate experience and who possesses knowledge of small enterprises, trade, industry, finance or the economy", and "resident or ordinarily resident in South Africa". As this is a new office, there is currently no one occupying the office. The task of the Committee is to thus assess potential Ombud candidates and submit recommendations to the National Assembly, which will subsequently deliberate on the suggested candidates. If the House concurs with the Committee, the designated candidates will be forwarded to the Minister for final consideration, vetting and appointment. This approach promotes impartiality, objectivity, and consistency in the selection of public officials, with the ultimate goal of identifying the best candidate for the position.

2. BACKGROUND

The Minister of Small Business Development introduced the National Small Enterprise Amendment Bill [B16 - 2023] (the Bill) to Parliament on 29 June 2023 under the Joint Rules of Parliament - Rule 159 (1) (a) and (b). The Bill was given the green light by the Cabinet for introduction to Parliament on 7 June 2023. The notice and an explanatory summary of the Bill were published in the Gazette as required by Rules of the National Assembly 276 (b) and (c) on 12 June 2023. Accordingly, the Parliament was satisfied that the Department had adhered to the fundamental prescripts of tabling the Bill before it. The Portfolio Committee on Small Business Development conducted public hearings across South Africa on the National Small Enterprise Amendment Bill from 26 October to 23 November 2023. These public hearings were aimed at gathering public input on the proposed amendments to the National Small Enterprise Act (1996).

But before the introduction of the Bill in Parliament, the Committee resolved on 7 September 2022 to initiate the Committee Bill in order to amend the same Act. On 22 February 2023, a memorandum was submitted to the Speaker in accordance with National Assembly Rule 273(1) to seek permission from the House to institute and introduce the Bill. On 2 May 2023, the National Assembly considered and granted permission to the Portfolio Committee in accordance with Rule 273(3) to proceed with the legislative amendment. However, after the Minister introduced the National Small Enterprise Bill in Parliament, the Committee had to decide whether to proceed with its own Committee Bill or allow the Executive Bill to pass. It then voted to allow the Executive Bill to go through on condition that the contents of the Committee Bill would be incorporated into the Executive Bill. The Speaker of Parliament was duly notified of the Committee decision.

The Executive Bill was introduced in the National Assembly as an ordinary Bill that has no bearing on the provinces (NA – Section 75). It was subsequently referred to the Committee and the Joint Tagging Mechanism (the JTM) for further processing. It was, however, in terms of Joint Rule 160 (4), found that the Bill substantially impacts on the interests, concerns and capacities of provinces as it proposes a new system where certain trade practices are (and may still be) declared prohibited trade practices within the small enterprises sector. The Joint Tagging Mechanism (JTM) decided that the bill has implications for schedule 4 of the Constitution, specifically within the functional area of "trade", where the national and provincial governments have concurrent legislative competence. This means the bill could affect the provinces and require a different amendment process, like being classified as a Section 76 Bill, which involves the National Council of Provinces (NCOP) - a procedure that this Committee saw through to completion.
The Bill proposed amendments to the National Small Enterprise Act 102 of 1996 as a means to provide for the establishment and registration of the Small Enterprise Development and Finance Agency (SEDFA) in line with the Companies Act 71 of 2008, and the resultant disestablishment of the Small Enterprise Financing Agency (Sefa), the Co-operative Banks Development Agency (CBDA) and the Small Enterprise Development Agency (Seda) with a vision of creating a one stop shop for aspirant entrepreneurs as well as the promotion and development of Co-operative Banking Institutions (CBIs). Seda and Sefa were agencies of the Department of Small Business Development incorporated in terms of the Companies Act (2008) and the Public Finance Management Act (1999). While the CBDA was a statutory agency registered as a public entity in line with section 3 (a) of the Public Finance Management Act. That objective of the amendment has been accomplished with three agencies having been merged into a single agency.

The second most important aspect of the Bill was the creation of the Office of the Small Enterprise Ombud Service. Small enterprises do not compete on an equal footing with large companies, government and state organs. Large private firms clandestinely utilise their financial clout to harass and bully small enterprises without proper recourse. State bureaucratic inefficiencies on one hand create loopholes for corruption, undermine fairness and integrity of preferential procurement policies among others. Small enterprises are entangled in several commercial disputes that have exacerbated micro, small and medium-sized enterprises (MSME) mortality rate, placing unnecessary financial strain and prolonged legal battles. These challenges usually stem from issues

like unclear contract terms, late payments, and inadequate dispute resolution processes etc. Current dispute resolution mechanisms e.g. government ombud services, courts or arbitration services, have limitations in protecting the rights of MSMEs and cooperatives, often rendering justice inaccessible, costly, and prohibitively time-consuming.

The Portfolio Committee on Small Business Development recognised this lacuna and determined that policy responses were necessary to address it. The two proposals, the creation of a one-stop shop and Small Enterprise Tribunal, are long-standing recommendations of the Committee since during the fifth Parliament after having observed over a period of time that small enterprises were getting the short end of the stick both from the private sector and state organs. The appointment of the Ombud, to thoroughly investigate and weed out these inefficiencies, marks a significant step forward for Parliament in fulfilling its constitutional responsibility of preserving individuals' rights and liberties, thereby contributing to administrative justice and constitutional democracy. The Committee is content and satisfied with the way this entire process has progressed.

3. COMMITTEE PROCESS AND PROCEDURE

Following the letter from the Minister of Small Business Development to the Speaker of Parliament dated 29 August 2024, requesting the National Assembly to initiate a process for nomination and shortlisting of candidates for appointment as Ombud for the Office of Small Enterprise Ombud Service, the Speaker subsequently referred the matter to the Portfolio Committee on Small Business Development - Announcements, Tabling and Committee Reports (ATC) No 62—2024 dated Thursday, 17 October 2024, for consideration and reporting. Upon receipt of the communique, the Committee worked diligently to ensure that the process was completed within a reasonable timeframe. To craft a realistic project planning, the Committee Secretariat briefed members of the Committee that, at a higher level, the entire process would likely be finalised within 120 days and encompass the following strategic activities –

Table 1: Core Activities

No.	Legislated Function to be performed by the Committee

1.	Nomination and Application	The public is invited to nominate suitable candidates or apply for the position of Ombud. The process would be handled through an online nomination system accessible on the Parliamentary website.
2.	Shortlisting	The National Assembly develops a shortlist of candidates, and these individuals are subjected to pre-employment screening and verification of qualifications by the Parliament Human Resource unit.
3.	Interviews	The Portfolio Committee conducts interviews of shortlisted candidates.
4.	Recommendation	The Portfolio Committee recommends a preferred order of candidates to the National Assembly and the Minister.
5.	Appointment	The Minister of Small Business Development appoints the Ombud, who will serve for a term of five years, potentially renewable for one more term.

3.1 The Planning Process

The planning process began in earnest on 13 November 2024. The Committee met to discuss the process that would ensue. The Parliamentary Legal Advisor was also invited to provide a briefing on the legal aspects of the appointment. The Legal Advisor guided Committee members to say that the procedure for appointing the Ombud was dictated by Section 17(f) of the Act, which outlined three steps: nomination, shortlisting by the National Assembly, and appointment by the Minister. She recommended that there should be a clear nominating process. The Committee would carry out the shortlisting process, screen candidates and conduct interviews. The House would then review and approve the recommended nominees. The Committee was further advised that it has the discretion to select the number of candidates to present to the Minister. She concluded her briefing by highlighting the importance of transparency throughout the process. The Committee decided that there was an urgent need for this office and that the process should begin as soon as

feasible. In the main, the Committee agreed on the following draft procedure and steps to be followed for the appointment of the Ombud –

Table 2: Development of the Project plan for the Appointment of Ombudsperson

No.	Activity	Duration
1.	• Briefing by the Legal Advisor and Content Advisor.	1 day
2.	• Consideration and adoption of the programme for the Appointment of the Ombud.	1 day
3.	• Preparation of an advert (translation, sourcing of quotes, applying for approval).	2 weeks
4.	• Advertising in the print media.	4 weeks
5.	• Shortlisting of nominated candidates.	1 day
6.	• Screening of CVs of shortlisted candidates through South African Police Services and Parliamentary Protection Services.	2 weeks
7.	• Verification of qualifications (short-listed candidates).	5 days
8.	• Conducting interviews.	1 day
9.	• Deliberations on candidates.	1 day
10.	• Consideration and adoption of the report.	1 day

On 20 November 2024, the Committee Secretariat presented a detailed project mapping with indicative timelines to be followed for processing the appointment, which included the adoption of the programme, the call for nominations through advertisements in the mainstream media, right up to the shortlisting, interviews and selection of candidates. The draft procedure also included a suggested timeframe that would see the process start early in 2025. Considering the complexities involved in the process, the Committee Secretariat advised that the advertisements be released in the new year rather than during holidays to ensure a transparent recruitment process. The Committee was further informed that the support staff have prepared relevant documentation in

line with Section 17 of the Act on the nomination of an Ombudsperson. Once nominated, the nominee will sign the letter accepting the nomination. The nomination and acceptance forms were then forwarded to the Committee for adoption. The Committee members were given access to the project plan guideline which is displayed below. It provides a schedule or summary of activities to be performed until the report of the Committee is confirmed on 23 April 2025.

Table 3: Project Plan for the Appointment of the Ombud (13 November 2024 – 23 April 2025)

Date	Subject	Responsibility
Wednesday, 13 November 2024	• Briefing on overview in processing appointment of Ombud for Small Enterprises by Legal Advisor. • Consideration and adoption of the Programme for the Appointment of the Ombud. Consideration and adoption of the draft advert.	Legal Advisor, the Committee.
Week 6 – 10 January 2025	Translations and development of email addresses (ICT).	Secretary, ICT & Translation Unit.
Week 13 – 17 January 2025	• Sourcing of quotations for advertising. Preparation of a Political Application.	Committee Assistant & Secretary.
Week 20 – 31 January 2025	Follow up on Political Application for advert and preparation of Funding Application for advertising.	Committee Secretary & Assistant.
Sunday, 2 – Friday, 28 February 2025	• Running of an advert and collating received online applications.	Committee Secretary, Content Advisor & Assistant.
Wednesday, 5 March 2025	• Presentation of applications received and development of criterion for shortlisting.	Secretariat & the Committee.

Friday, 7 March 2025	• Presentation of shortlisted candidates, consideration and adoption of a plan for conducting interviews.	Secretariat & the Committee.
Weeks of 10 – 21 March 2025	• Verification of shortlisted candidate's qualifications. • Invitations for interviews and interviews preparation. • Political and funding applications for candidates. • Preparations of questions for interviews.	Secretariat, the Committee & Parliamentary HR.
Week of 25, 26 & 27 March 2025	• Conducting of interviews. • Deliberations on the order of preferred candidates. • Consideration and adoption of recommended candidates for Minister's appointment. • Consideration and adoption of the Appointment of the Small Enterprise Ombud for the Office of Small Enterprise Ombuds Services Report.	The Committee.

On 5 March 2025, a week after the closing date, the Committee reconvened to review, among other things, the manner of shortlisting, as well as the tabling, presentation, and consideration of the criteria. The Members also had to decide whether they should oversee the screening of candidates or if it should drive both the screening and subsequent shortlisting processes. A list of 26 applicants with short resumes was presented to the Committee for its consideration. The Committee resolved that the Secretariat should form the first layer of screening with priority being given to candidates with legal qualifications and relevant experience. Moreover, it was agreed that choosing how many applicants to shortlist would be akin to placing the wagon before the horse. A shortlist of all qualified applicants should be created for interviews. There was consensus in the Committee about conducting all interviews on Wednesday 27 March 2025 without the option of a hybrid system. But this date was later revised to 1 April 2025 due to scheduled oversight visit to Limpopo province. The Committee decided to hold a follow-up meeting on 7 March 2025.

The aim of this meeting was to finalise the planning and shortlisting of candidates. The meeting was held virtually via a Zoom platform. Only one of the 26 submissions received nominated herself, and she was not selected for further consideration. A total of eight (8) applicants were selected for further consideration. The primary criterion for shortlisting was that all applicants should have the necessary legal qualifications and experience. During the interviews, the question about relevant experience would also be taken into consideration. The members decided that all shortlisted applicants would be interviewed. It was reaffirmed in this meeting that all interviews would be conducted in person in Parliament. The Committee decided that only permanent members would be eligible to pose questions – and that alternate members may sponsor fulltime members with questions to ask. At the conclusion of this process, the final list would be scrutinized to find suitable candidates to be recommended to the National Assembly and the Minister.

3.2 Public Participation Process

The Constitution of South Africa, 1996, underscores the import of public participation process as a cornerstone of a democratic government, that requires consultation with the public before decisions are made. Public participation involves a wide range of actors, including individuals, groups, communities, organisations, and civil society, ensuring a diverse range of perspectives are considered. Public involvement takes various forms, including face-to-face deliberations, problem-solving, consensus-building, public hearings, and public comment procedures. The goal is to ensure public concerns, needs, and values are considered in decision-making, leading to better outcomes supported by the public. It was thus critical for this process to undergo a thorough and transparent public participation process in view of the previous and ongoing court challenges.

The public was invited to propose individuals with impeccable credentials to be nominated to serve as Ombud. Parliament invited applications and nominations through advertisements in local, regional, and national newspapers, as well as the Parliament website. The advertisement was published on 01 February 2025 with the deadline for the submission of applications set for 28 February 2025. All applications were conducted online whereby applicants completed a google form and submitted the required documentation. All applicants as part of the application process were expected to submit a summary of their curricula vitarum (CVs). All the information as contained in the application form, the summary of CVs and supporting documentation were stored

online on an internal recording platform of Parliament, which was accessible only to the Committee Members and the support staff. The Committee is confident that it cautiously executed this responsibility with a deep sense of thoroughness, open communication, and transparency.

3.3 Shortlisting Criteria and Process

The minimum requirements to serve as the Ombud are set out in section 17F of the National Small Enterprise Amendment Act, the nominee(s) should be a "South African resident or ordinarily resident of South Africa", and "have legal training and appropriate experience and possess knowledge of small enterprise, trade, industry, finance, or the economy". Section 17D (4) further provides that "the provisions of the Public Finance Management Act apply to the Office". The Public Finance Management Act (PFMA) establishes a framework for managing financial resources, including budgeting, accounting, and cash management. While section 17D (5) (b) underscores the importance of article 195 of the Constitution which emphasises the significance of professional ethics, efficient resource management, and a development-oriented approach. Furthermore, it highlights the need for impartiality, responsiveness to people's needs, accountability, and transparency in public administration – these are key attributes for the position.

As a result, in addition to the criteria outlined in clause 17F of the Act, the aforesaid reflections were taken into consideration when the shortlisting process was completed. As earlier mentioned, the Committee had met on 05 March 2025 to conduct shortlisting for interviews. A total of eight (8) candidates as outlined in table 4 below were selected to advance to the next phase of the recruitment process. The curriculum vitaes were well-written, informative, and potentially relevant to the job requirements. The Committee further ensured that shortlisted candidates reflect the demographic and geographical spread of the Republic.

Table 4: List of Shortlisted Candidates

No.	Candidate Name & Surname	ID Number	Qualification
1.	Adv. Sonwabile Mancotywa	[redacted]	LLB – UNITRA (1993)
2.	Ms. Yolanda Linda Maseko	[redacted]	LLB – UJ (2016)
3.	Mr. Lehlohonolo Lucky Rabotapi	[redacted]	LLB – Wits (2003)

4.	Ms. Nande Mheshe	[redacted]	LLB – Fort Hare (2020)
5.	Ms. Nomazotsho Yvonne Memani	[redacted]	LLB – Fort Hare (2006)
6.	Mr. Lufuno Tokyo Nevondwe	[redacted]	LLM – Venda (2006)
7.	Ms. Sinoxolo Vena	[redacted]	LLB – WSU (2014)
8.	Ms. Sinenhlanhla Thuleleni Mthembu	[redacted]	LLM – Unisa (2022)

3.4 Verification of Academic Qualifications

There is an ethical expectation that the person who is finally selected to hold the position of Ombud must meet the "fit and proper" requirements. Candidates were encouraged to include any relevant information in their applications that would influence Parliament or Minister's decision to appoint them, particularly if it had to do with their credentials, employment experience, or reasons for leaving prior employers. The Committee requested assistance from the Parliament Human Resources unit sections in conducting academic verification checks of the domestic qualifications. The nomination form clearly indicated as well that all short-listed applicants would be subjected to a vetting process prior to selection to safeguard the integrity of the process.

The Human Resource unit of Parliament confirmed the academic qualifications of all 8 candidates. This implied that the candidates met the minimum requirements for the role they were being considered for. However, at this stage, Parliament did not enlist the services of the State Security Agency (SSA) to conduct due diligence on each candidate in order to obtain security clearance, which is a formal process that assesses an individual's suitability to access classified information or work in a secure environment. Also, the Parliament did not enroll the services of an external service provider to conduct credit checks and verification of citizenship on each candidate. In South Africa, the government-mandated security procedure of vetting applicants is essential to upholding integrity in public service and safeguarding national security.

3.5 Interview Guidelines and Process

To ensure a fair interview process, the Committee adopted interview guidelines that focus on consistent assessment, structured questioning, and objective evaluation. This was to ensure that

the interview process is within the ambit of the Act. The interview questions were designed to test the candidate's potential and capability using a number of indices e.g. a non-scoring question where candidates were invited to provide a brief overview of their experience and qualification(s) for the position they applied for, separation of powers doctrine in relation to the Office of the Small Enterprise Ombud Services, strategic planning and systems development, knowledge of the National Small Enterprise Amendment Act including in particular the Alternative Dispute Resolution (ADR) mechanism, examples of unfair trading practices, experience in conflict and dispute resolution as well as knowledge of the PFMA in relation to concerns around contracting, procurement and payment of service providers within thirty (30) days. A set of eleven (11) questions was crafted and each candidate was allocated five (5) minutes to respond to a question. In addition, any member could ask follow-up questions to seek further clarity from a candidate.

4. COMPOSITION OF THE INTERVIEW PANEL

The assessment panel consisted of 11 members of the Committee. Table 2 below provides a list of participants on 1 April 2025 and political parties they represent. Due to ill-health, Hon. D. Ntshaba, a member of the uMkhonto We Sizwe Party, opted out of the interview panel.

Table 5: Composition of the Interview Panel

Status	Name of Member	Political Party
Present	Ms MC Dikgale (Chairperson) Mr CN Malematja Ms L Sapo Ms NK Bilankulu Ms M Mmolotsane*	African National Congress (ANC)
	Mr HCC Kruger Ms S Singh	Democratic Alliance (DA)
	Ms MC Mafagane	uMkhonto We Sizwe Party (MKP)
	Ms B Mathulelwa	Economic Freedom Fighters (EFF)
	Inkosi B Luthuli	Inkatha Freedom Party (IFP)

	Ms NC Hlazo-Webster	Build One Soth Africa (BOSA)

5. INTERVIEW PROCESS

In line with an earlier decision by the Committee all interviews were held in one day. The interview process began with a closed meeting of the Committee members only where the Committee Secretariat briefed members on interview protocols and scoring matrix. These protocols define the interview process, including the questions asked, criteria for evaluation, and a scoring method to rate each candidate's responses. The interview scoring sheet for each candidate was provided to all the panel members to score the interviewees. The scoring sheet presented to the interview panel includes additional instructions, such as the need that each member complete a separate scoring sheet for each candidate. Each member was given a single question to ask the candidates. This ensures that each panel member delivers an independent assessment, which might be useful when making a collective decision about candidates. A total of eight (8) in-person interviews were conducted. All candidates were assessed using a structured interview approach, meaning they were all asked the same standardised questions in the same order, and their responses were evaluated against the same pre-defined criteria.

This consistent and objective methodology helps ensure fairness and allows for easier comparison of candidates' suitability for the role. Hon Singh raised two objections, including her disagreement with a follow-up question regarding the Ombud's involvement in mobilising finance for small enterprises—a follow-up question that she felt was irrelevant for the position being interviewed for. She also brought up the Committee's previous ruling that alternate members would not be permitted to question candidates directly. The Committee acknowledged that the panelist's objection would most likely need to be addressed and reviewed by the other panelists or the Chairperson in order to establish a consensus or resolve the matter. After a marathon session that began at 9H30 in the morning and concluded at 19H00 in the evening, the panelists were content with the way the interviews were conducted and that the candidates were treated fairly. The overall atmosphere of the interviews was positive.

6. RECOMMENDED CANDIDATES

On 2 April 2025 the Committee convened again to deliberate on the candidate's suitability for the position, how the candidates fared in an interview, tally the results and to effectively recommend potential candidates for consideration by the National Assembly and ultimately the Minister. During the proceedings, the participation and assessment of candidates by an alternate member was revisited. It was reasoned that it was inconsistent with an earlier decision of the Committee, procedurally incorrect and risked flouting the rules of the National Assembly. Members had no objection to a member participating in the interview process. Nonetheless, her scoring of candidates was conceived as tantamount to voting. The Committee Secretariat also advised that the rules allow all members of the Assembly to attend meetings. Nevertheless, it was pointed out that members are eligible to vote only if they are full-time members of that Committee. If the Committee has its full complement, an Alternate Member can attend the meeting but not vote. In the end, all members of the Committee present unanimously and amicably agreed to set aside the scoring of Hon Mmolotsane. The computation of scores was completed successfully.

Following vigorous and robust discussions the Committee agreed to recommend the top four (4) candidates based on their performance during the interviews, skills and experience, and demographic profile that is representative of the country. Members were pleased with the top four candidates display of solid and clear grasp of the duties, obligations, and expectations associated with the Office of the Small Enterprise Ombud Services. The Committee, with the exception of the Democratic Alliance, decided that the candidates listed below meet the requirements to be appointed as Small Enterprise Ombud –

1. Adv. Nevondwe, Lufuno Tokyo
2. Adv. Mancotywa Sonwabile
3. Adv. Rabotapi, Lehlohonolo Lucky
4. Adv. Nande Mheshe

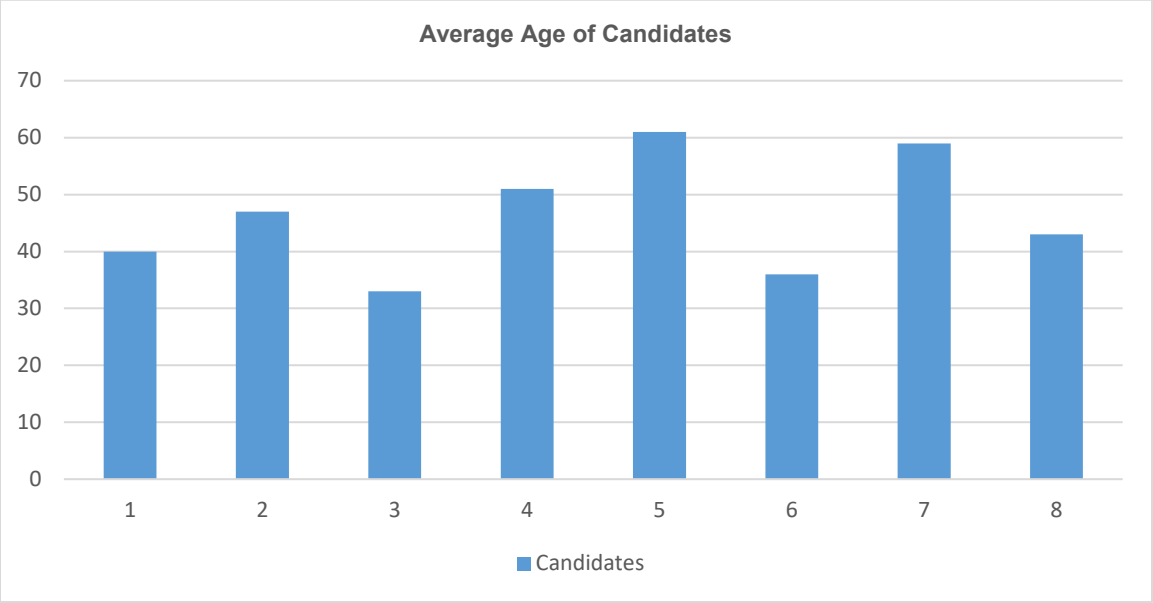
Members of the Democratic Alliance wished it to be noted that their rights remained reserved and that the list of recommended candidates would still be a subject for discussion at the party caucus. Other issues considered by the Committee included gender parity, youth and people living with disabilities. Notwithstanding academic pedigree and experience of the first four candidate, the Committee expressed concern at the lack of women and youth in that category considering that, of the eight (8) candidates that were interviewed, five (5) were women. At the same time, the Committee acknowledged that the job demands senior legal professionals with proven track record in the legal career to navigate complex and often contentious situations. This demand is fueled by the need for the Ombud to hit the ground running and to urgently resolve conflicts efficiently and effectively for the benefit of the MSME and cooperatives sector.

During the deliberations, a thorough assessment of the demographics of the country was considered in order to ensure that the shortlisted and recommended candidates are expressive of this inclusivity. There were no applications received from people living with disabilities. In any interview process, assessing demographics, like age, gender, or race, is a sensitive topic that should at all times be approached with caution and ethical considerations. While demographics can provide valuable information for research or analysis, they should not be used to make discriminatory hiring decisions. Instead, focus should be on assessing qualifications, skills, and experience, and ensuring the interview process is fair and unbiased. The overriding principle of fairness and transparency was what guided the Committee in its approach while ensuring a process built on trust and equitable outcomes as advocated in the Act.

6.1 The Average Age of the Interviewees

Figure 1 below (interview sequence) illustrates the concept of an "age factor," which can be interpreted in different contexts. In South Africa, age is a critical demographic factor, with youth unemployment being a major societal issue. Specifically, the unemployment rate among young people aged 15-34 years is significantly higher than the national average. This highlights the urgency of addressing this issue to improve the economic prospects and overall well-being of South Africa's youth. The youngest nominated candidate is 40 years old, while the eldest is 59. Accordingly, all the recommended candidates are beyond the age of 35.

Figure 1: Interviewed Candidates by Age



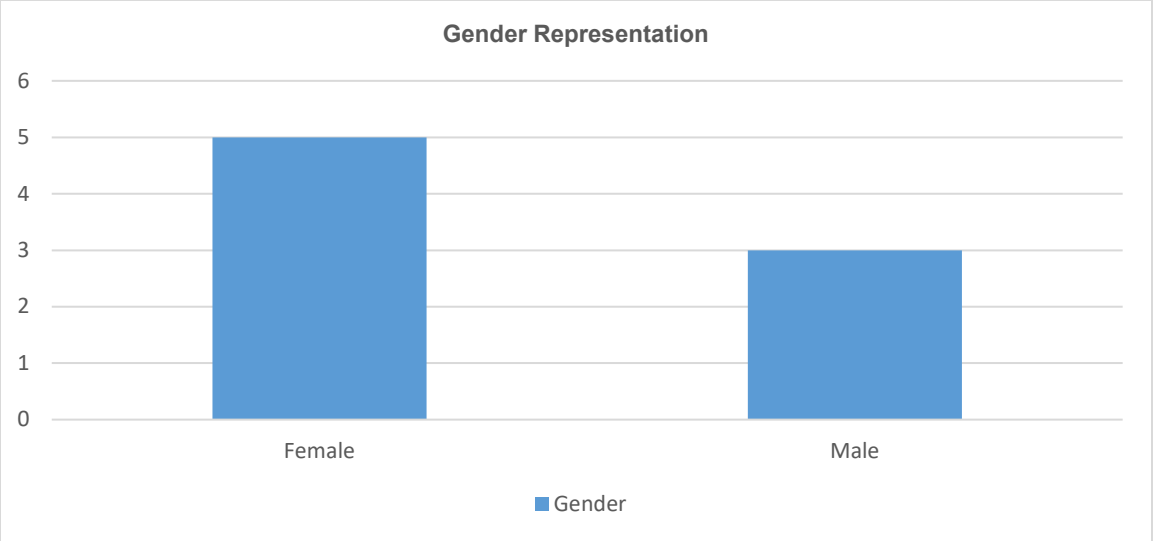
The median age of shortlisted applicants was 46, the eldest being 61 years while the youngest is 33 years old. As expected, there is a general correlation between age and experience. Mature applicants do often have more experience accumulated over time compared to those who recently started their careers. Hopefully, their longer work record would benefit the Office of the Small Enterprise Ombud Service as that often translates to a deeper understanding of industry trends, honed expertise in specific areas, and a broader network of professional contacts. Furthermore, experienced personnel tend to exhibit enhanced problem-solving skills, stronger communication abilities, and a more established work ethic. The Committee is mindful that the decisions by the Ombud will often be subjected to legal scrutiny and judicial reviews by higher bodies or even by the Courts if the law is deemed to have been applied incorrectly. Therefore, the office certainly requires an individual with significant experience in the legal and ADR field.

6.1 Gender Composition

The cohort of shortlisted applicants was mostly women. The data demonstrates that women constitute 63 percent of the candidates shortlisted and participated in the interview process. Figure

2 below shows that there were five (5) female and three (3) male applicants and interviewees. However, only one (1) female candidate was recommended. The Committee believes that equal representation is at the heart of our democracy. Gender equality, according to the Committee, is a fundamental human right whose accomplishment has far-reaching socioeconomic consequences. The fifth Sustainable Development Goal (SDG) aims to achieve gender equality and empower all women and girls. Accordingly, it is the duty of this Committee and Parliament to ensure that SDG goals are met. During its discussions, the Committee reflected and recognised that most female candidates had significant potential but did not perform as well as it had hoped. Therefore, it is of the collective opinion that a woman should be considered to serve as the Deputy Ombud if no woman is elected this time.

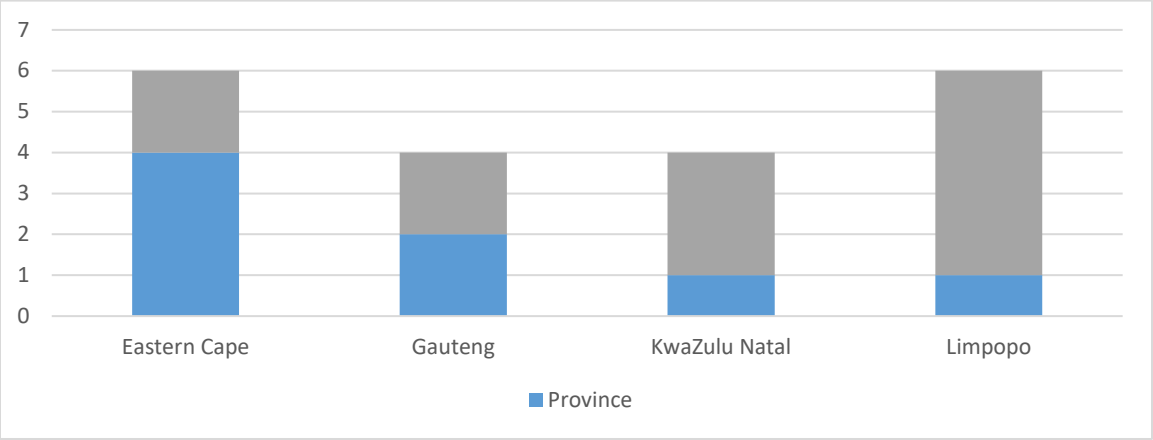
Figure 2: Gender Representation



6.2 Provinces

The Eastern Cape province had the most shortlisted and interviewed applicants, with four, followed by Gauteng with two, and KwaZulu Natal and Limpopo with one each. Of the four candidates recommended, two are from the Eastern Cape, one each from Gauteng and Limpopo.

Figure 3: Candidates Per Province



7. FIRST CONSIDERATION OF THE COMMITTEE REPORT

The Committee met on 25 April 2025 to consider and adopt the report regarding the nomination, selection, and recommendations for appointment of the Small Enterprise Ombud Service. In that meeting, the report was adopted as a true reflection of the process by members, with the exception of the Democratic Alliance (DA), Economic Freedom Fighters (EFF) and uMkhonto we Sizwe Party (MKP). Despite the opposition, the recommended list of candidates was considered to have garnered enough support for escalation to the National Assembly.

- The DA rejected the recommended list of candidates.
- Both the EFF and MKP rejected the report entirely.
- ANC, BOSA and IFP supported the report.

8. DEBATE AND RESOLUTION OF THE HOUSE

Following the adoption of the report by the Committee, it was formally ATCd (Announcements, Tablings, and Committee Reports) on 25 April 2025 and subsequently scheduled for debate in the House. On 5 June 2025, the National Assembly considered the Report of the Portfolio Committee

on the Appointment of the Small Enterprise Ombud. Following consideration of declarations of vote by several political parties, the Deputy Chief Whip of the largest party moved that the report be referred back to the Committee for further consideration and reporting. The motion was agreed to. Following that motion, the Committee convened three sessions to deliberate on the next steps, which are as follows:

8.1 First Meeting

On 18 March 2026, the Portfolio Committee met to reconsider the report on the appointment of the Small Enterprise Ombudsperson. As stated hereinabove, the Committee report identified four candidates as fitting the conditions for appointments. However, the National Assembly subsequently referred it back to the Committee. This decision was made in light of the concerns highlighted during Declarations on the Report in the National Assembly. During this meeting, as a way forward, it was proposed and agreed that all eight candidates should be re-interviewed. The Committee further resolved to seek a formal legal opinion from the Parliamentary Legal Services regarding the possibility of re-interviewing all eight shortlisted candidates. The Committee concluded that establishing legal clarification was vital to ensure that any future steps were entirely in accordance with the Constitution, applicable legislation, and administrative fairness principles. After receiving and considering the legal opinion, the Committee would then decide on the best course of action and communicate any subsequent developments.

8.2 Second Meeting

The legal opinion, dated 20 March 2026, was distributed to members of the Portfolio Committee. This was done to ensure that all members are aware of the legal risks, constitutional implications, or legal boundaries before voting on or discussing a matter as envisaged in the original request. On 29 April 2026 the Committee Secretariat invited the Parliamentary Legal Advisor to provide a brief synopsis of the legal opinion and to further expound on the legal implications of reinterviewing all eight candidates. The meeting was a foundational, informational session rather than a final and deliberative one. According to the calendar of the Portfolio Committee, the date for in-depth discussions had already been set for 6 May 2026.

8.3 Third Meeting

The third and final meeting to consider the legal opinion and chart the way forward was held on 6 May 2026. The majority of members submitted that the report should be sent back to the House after having gone through the legal opinion. The legal opinion cautioned and guided the Committee regarding few aspects of the House Resolution dated 5 June 2025, especially the clarification that "it was not a requirement of the National Assembly that the Portfolio Committee reconduct the interview process". Instead, it had simply referred the report back to the Portfolio Committee for further consideration and report. The legal opinion suggests that the House's concern was sparked by the voting change. The report was first approved by the Portfolio Committee with five parties in favor and four opposed, but in the House, this changed to five parties opposing the report. As a consequent, the legal opinion concluded by proposing that the Portfolio Committee consider the following two propositions—

8.3.1 Firstly, that the Portfolio Committee "identifies and isolates the challenge(s) that made the Report not acceptable to the majority. The challenge(s) so identified can then be addressed in isolation without the need to revisit the whole interview process".

8.3.2 Secondly, "Should the Portfolio Committee be of the view that the only way to address the challenge(s) is to redo the whole interview process, we recommend that the Committee clarifies the reason for the new process to each candidate in writing and assures each candidate in that notice that care will be taken to not prejudice the candidate and that the Committee will caution itself to avoid any acts that may be perceived as a manipulation of the process".

8.3.2.1 Lastly, the legal opinion warns that "in this event, that each candidate is afforded an opportunity to note any objection against the new process prior to the commencement of the new interview process. If any objections are submitted, we recommend that these are considered and decided on before the process commences."

As a way forward, a member of the uMkhonto we Sizwe Party moved for the motion to refer the Report of the Portfolio Committee on the Appointment of Small Enterprise Ombud back to the House for consideration and adoption. Members of the African National Congress, with Action SA and Inkatha Freedom Party concurring, supported the motion. A member of the Economic Freedom Fighters agreed with the motion. However, she expressed her displeasure with certain

aspects of the process. Some of her concerns were with respect to the report's omission of the issues she brought up in earlier sessions that were not included in the report. She cited lack of transparency, in particular, the failure to live-stream the interviews as having compromised the fairness and transparency of the process. Lastly, the Democratic Alliance rejected the report—citing irregularities and concerns about the fairness and integrity of the interview process.

9. CONCLUSION

The Portfolio Committee would like to express its gratitude to every candidate for availing themselves to attend the interviews. The Committee would like to further thank the staff members for their steadfast support behind the scenes.

Report to be considered.

2. REPORT OF THE PORTFOLIO COMMITTEE ON HOME AFFAIRS OVERSIGHT VISIT TO THE DEPARTMENT OF HOME AFFAIRS IN PRETORIA FROM 29 TO 30 APRIL 2026, DATED 19 MAY 2026

The Portfolio Committee on Home Affairs (the Committee), having undertaken an oversight visit to the Department of Home Affairs, reports as follows:

1. Introduction.

The Portfolio Committee on Home Affairs conducted a two-day oversight visit from 28 to 29 April 2026 to the Department of Home Affairs' Digitisation Hubs in Pretoria and received briefings from the Council for Scientific and Industrial Research (CSIR) and the State Information Technology Agency (SITA) on the support they provide to the DHA to reduce downtime at the Department. The Committee also received a briefing on the status of the Digitisation Project, announced by the President in his State of the Nation Address (SONA 2026) aimed at digitising 340 million civic records dating back to 1885.

The Committee received complaints from graduates at the Digitisation Hubs about their employment contracts and the low stipends they have been receiving since the inception of the project in 2023, with no increment. The Committee visited the Silverton, Church Square and BVR Digitisation Hubs and engaged with graduates on the challenges they face at work.

The matter of the downtime at the Department of Home Affairs has been a concern at the DHA offices and has affected their services, resulting in long queues at the DHA offices. SITA is the lead ICT agency for the South African government, established by the SITA Act (Act 88 of 1998) and has been providing ICT support to the Department of Home Affairs. CSIR was brought in by the DHA to conduct a study on how to reduce downtime and proposed six recommendations.

2. Delegation.

The delegation consisted of members of the Portfolio Committee on Home Affairs and relevant support staff as follows:

2.1. Members of the Committee.

Mr MS Chabane: Chairperson - African National Congress (ANC).
Ms SP Jama – ANC
Ms M Modise – ANC
Ms NE Mtolo – ANC
Mr SJ Ngubane – uMkhonto weSizwe Party(MKP)

Mr AC Roos – Democratic Alliance (DA)
Ms NJ Bollman – DA
Mr T Mogale – Economic Freedom Fighters (EFF)
Ms B Machi – Inkatha Freedom Party (IFP)

2.2. Support Staff
Mr SE Mathonsi – Committee Secretary
Mr A Salmon – Content Advisor
Mr L Ndaba – Committee Researcher
Mr T Arendse – Committee Assistant
Mr EM Molepo – Communication Officer
Mr C Rhode – Parliament Protection Services
Ms N Dyonta - Parliament Protection Services

3. Opening remarks by the Chairperson.

The Chairperson, Hon. Chabane, officially opened the meeting at which the DHA, the CSIR, and SITA briefed the Committee on the Digitisation Project and provided a progress update on the Department's ICT systems, particularly measures being implemented to address system downtime at offices that negatively affect service delivery. The Chairperson requested Hon S.J. Ngubane to deliver the opening remarks.

Hon. Ngubane indicated that it was an important engagement for the Committee to understand the status of ICT systems within the DHA. He stated that the Committee wanted to establish whether the Department was effectively addressing concerns consistently raised by members of the public regarding service delivery at DHA offices. He noted that system downtime remained a persistent challenge and continued to result in long queues at DHA offices across the country, causing frustration and hardship for the public.

Hon. Ngubane further raised concerns regarding SMS notifications sent to applicants after applying for identity documents and passports. He explained that applicants receive SMS messages instructing them to collect their documents, but upon arrival at DHA offices, they are informed that they must first make an appointment before collection can take place. He suggested that the DHA should revise the wording of the SMS notifications in order to provide clear and accurate instructions to applicants. He further indicated that the Committee sought clarity on the collaboration between SITA and the CSIR in addressing the persistent system downtime challenges experienced at the Department of Home Affairs.

4. Remarks by the Minister of Home Affairs.

The Minister joined the briefing virtually and made remarks, indicating that the Committee's engagement with the DHA, CSIR and SITA was central to the work of the Department. The Minister noted that infrastructural improvements were required to stabilise and reform the environment in order for the digital

transformation programme to succeed. He further highlighted the introduction of the Electronic Travel Authorisation (ETA) system to strengthen and secure the visa regime; the expansion of DHA services to 200 bank branches across the country, and the development of a Digital Identity system. The Minister further indicated that the system downtime experienced at DHA offices was largely linked to poor infrastructure.

5. Presentations.

The Department of Home Affairs, CSIR and SITA made the presentation to the Committee.

5.1. The Department of Home Affairs on the status of the Digitisation Project.

The presentation to the Portfolio Committee on Home Affairs on 29 April 2026, provided a comprehensive update on the status of the Department of Home Affairs' Digitisation Project. The presentation outlined the historical background to the project, the infrastructure and procurement processes undertaken, recruitment of youth participants, budget allocations, project performance, challenges experienced during the transition phase, and plans for the second phase of the project.

The Department explained that the digitisation of civic services records was announced by the President during the State of the Nation Address on 10 February 2022 and subsequently reaffirmed by the Minister of Home Affairs during the Budget Vote speech on 24 May 2022.

The project has sought the following key objectives:

- Digitise over 340 million paper-based civic records;
- Create 10,000 employment opportunities for unemployed graduates;
- Enable digital transformation within the public service;
- Improve service delivery efficiency and accessibility.

The Department indicated that the project forms part of broader efforts to modernise public administration, improve service delivery, promote paperless systems, and contribute to digital transformation in the public service. The project is also intended to equip young graduates with technological skills, workplace experience and training to improve their employability in both the public and private sectors.

In terms of the implementation and infrastructure, the Department reported it had to identify the infrastructure and refurbish the hubs. The DHA identified Brits, Silverton, Church Square and Rosslyn as the Digitisation Hubs. These facilities required major infrastructure upgrades and significant refurbishment to comply with Occupational Health and Safety (OHS) standards before production could commence. After

these hubs were identified, the DHA procured technological infrastructure, machinery, and allocated funding and internal capacity required to undertake a digitisation project of this scale.

Key equipment procured includes:

- 20 high-volume, 32 flatbed, and 10 overhead scanners;
- 24 microfilm conversion machines;
- 1 000 laptops, 1 000 PCs, and 415 handheld scanners.

Each high-volume scanner can scan about 300 pages per minute and process about 108 000 pages per day when operated by six people.

The Department indicated that the recruitment of 10 000 unemployed graduates was planned to occur in three phases. When the project was conceptualised, implementation was planned over three years, from 2022 to 2025. The graduates were to be employed in the following phases:

- Phase 1 (2022): 2,000 graduates.
- Phase 2 (2023): 4,000 graduates.
- Phase 3 (2024): 4,000 graduates.

The Department reported that Phase 1 began in August 2022 but resulted in the appointment of 1,345 graduates instead of the planned 2,000. Phase 2 commenced in January 2023 with 1,785 graduates. By March 2024, a total of 2,960 young graduates had been appointed under Phases 1 and 2 combined.

The DHA indicated that phase 3 of the project did not proceed due to the lack of funding for the project from the National Treasury (NT). The DHA reported that the contracts for phases 1 and 2 expired in October 2025; however, they were extended by five months to align with the end of the 2025/26 financial year. A total of 1 769 contracts were extended, and 151 of the graduates had their contracts not extended due to cases of misconduct. The DHA pointed out that the number of graduates shrank due to contract expirations and extensions, attrition due to low stipends and better opportunities elsewhere, labour disputes and legal challenges about the permanent absorption by the DHA.

The Committee was informed that the funding of the project has been inconsistent. The Department received an allocation of R839 million for the 2023/24 financial year, which was later adjusted through a rollover of R38 million and an in-year reduction of R69 million, resulting in a final available budget of approximately R809 million.

However, no dedicated funding was allocated for the digitisation project in the 2024/25 and 2025/26 financial years. Consequently, the DHA had to reprioritise funds from its existing baseline budget to sustain project activities. The Department further reported that in November 2025, it received notice of an additional allocation of R470 million through the Adjusted Estimates of National Expenditure for the 2025/26 financial year, and a further R458 million allocation for the 2026/27 financial year. The Department expressed concern that no allocations have been made beyond the 2026/27 financial year. As a result, there is no funding certainty beyond that period, posing a significant risk to project continuity.

The DHA presented output indicators, daily performance trackers and progress reports relating to the digitisation of records. The Department briefed the Committee on the transition phase of the project between April and July 2026. It was reported that, following the expiry of contracts in March 2026, 1 711 staff members were transitioned to contracts under a service provider for a period of four months ending in July 2026. The project has retained 1 297 graduates, and the reduction of the number from 1 711 to 1 297 is attributable to resignations for permanent employment elsewhere, dissatisfaction with low stipends since 2022, which has not changed, loss of interest in the project, absenteeism, misconduct cases and failure to return after March 2026.

There have been disputes and litigation on the transition arrangements. The DHA informed the graduates in January 2026 about the expiry of their contracts by the end of March 2026 and the transfer of their contracts to a service provider for the remainder of the extended contract, which was the end of July 2026.

The graduates were not satisfied with the transitional arrangements, and there was litigation to address the disputes by the organisation called Soil of Africa. The Soil of Africa demanded the permanent absorption of the graduates at the Digitisation hubs by the DHA. The DHA pointed out that it sought legal advice and maintained that permanent appointments could not be made outside the normal recruitment processes applicable to the public service. The matter subsequently escalated to legal proceedings in the Labour Court, but the Court struck the matter from the roll on the basis that it lacked urgency and was not before the appropriate forum. The dispute has since been referred to the General Public Service Sectoral Bargaining Council (GPSSBC) for mediation and conciliation involving approximately 361 affected staff members.

A new service provider procurement process is underway for a 36-month second phase. The procurement process for the second phase was reported to be underway and expected to be completed within two months to ensure continuity of operations.

The shift to a service provider model aims to:

- Improve accountability;

- Enable performance-based penalties; and
- Address previous management challenges.

Under the revised model, the service provider will supply and directly manage its own staff, thereby enabling the Department to enforce contractual penalties where performance targets are not met. The DHA pointed out that this approach was informed by lessons learned during the first phase, particularly difficulties experienced in dealing with labour relations and disciplinary matters involving workers managed through the DHA.

5.2. Presentation by the Council for Scientific and Industrial Research (CSIR) and the Department of Home Affairs on the status of intervention to reduce system downtime.

5.2.1. Council for Scientific and Industrial Research (CSIR).

The CSIR gave 6 key recommendations to fix the frequent system problems:

- **Re-architect the systems** – The CSIR recommended redesigning and modernising the Department of Home Affairs' core systems architecture, including its software, technology infrastructure and operational setup. The objective is to improve system reliability, scalability and resilience by ensuring that the failure of one component does not result in the collapse of the entire system. This includes introducing high availability capabilities between data centres to minimise downtime and ensure continuity of services.

- **Review the network architecture** – To improve the overall network environment, the CSIR conducted a review of the Department's network architecture, including computers, servers and connected devices, to identify weaknesses and improve reliability and performance. The CSIR then recommended a review of the network architecture.

- **Improve cybersecurity and security monitoring** – The CSIR recommended strengthening the Department's cybersecurity posture through the establishment of a dedicated security monitoring capability to monitor threats and cyberattacks continuously. This includes the implementation of monitoring tools to detect and respond to incidents more rapidly, as well as training staff to improve security awareness and response capabilities.

- **Deploy monitoring tools** – The recommendation is to implement comprehensive application monitoring tools to improve system observability, enabling the Department to identify and resolve system issues and performance problems more quickly.

- **Integrate biometric and non-biometric systems** – The CSIR recommended integrating biometric systems, such as the Automated Biometric Identification System (ABIS) and the Home Affairs National Identification System (HANIS), with non-biometric systems such as the National Population Register (NPR). This integration would enable biometric records, including fingerprints, to be linked with personal identity records for improved system management and service delivery.

- **Establish a single source of truth** – The CSIR further recommended the development of an "Intelligent Population Register" to improve data quality and ensure a single, reliable and authoritative source of population information. This would enable all government departments and systems to access consistent and accurate records, reducing duplication and conflicting information across systems.

5.2.2. Department of Home Affairs

The Department is making progress on fixing the frequent system downtime, but a lot of work is still needed. They are following the CSIR's 6 key recommendations. The DHA is planning to change from the old offline system to a modern, always available online system.

Progress on the implementation of the CSIR recommendations by the Department of Home Affairs is as follows:

- Re-architect the system - they have started the design phase, and it is **in progress.**
- Review network architecture - this is **in progress.**
- Implementation of the Security Information and Event Management (SIEM) - the security monitoring software that collects all data from computers, servers, networks, firewalls and the Security Operations Centre (SOC) and monitoring of SIEM is still at the **planning stage.**
- Deploy monitoring tools – the recommendation is **progressing**. Some of the tools have been installed, but do not fully function.
- Combining biometric ABIS and HANIS with the NPR data - is still **in progress.**
- Create intelligent NPR – this was at the **planning stage,** and it is a long-term project.

The Department is slowly moving in the right direction by following the expert advice, but the systems are still not stable. Most of the big fixes are still works in progress.

5.3 SITA Presentation

SITA reported that, together with the DHA, progress has been made on factors that contributed to long queues at DHA frontline offices. SITA reported that it has stabilised the core network. The core network was available 97.95 per cent of the time in November 2024, and in 2025/26 this improved to 99.78 per cent, which is a major achievement.

DHA is spending R225 million this financial year on SITA services. Most of the money (97%) goes to:

- Hosting services.
- Network services.
- Internet connectivity.

SITA indicated that the infrastructure in all 24 switching centres nationally is ageing, and that it has implemented a fully redundant core network architecture to eliminate single points of failure. The Committee was informed that the new network architecture provides improved resilience, redundancy and enhanced monitoring capabilities.

The Committee was informed that 326 DHA sites were targeted for bandwidth and connectivity upgrades, including the installation of dual links and Customer Premises Equipment (CPE). The upgrades are intended to improve network speed and reliability, with all DHA offices expected to have a minimum future bandwidth of 50 Mbps.

The Committee noted that SITA had also submitted a proposal to provide connectivity solutions for an additional 618 links, including health facilities, new offices and mobile offices.

The Committee further noted ongoing procurement processes relating to cybersecurity, multi-factor authentication, firewall licences, endpoint security and LAN infrastructure to improve the Department's ICT environment and system security.

6. Oversight visits to the Digitisation Hubs.

On 29 and 30 April, the Committee conducted an oversight visit to the Digitisation hubs after receiving the briefings on the project and the ICT by the DHA, the CSIR and SITA. The hubs that were visited are as follows:

6.1. Oversight Visit to the Silverton Digitisation Hub.

On 29 April 2026, the Committee conducted an oversight visit to the Silverton Digitisation Hub. The operations at this hub are bigger than those at the Church Square and BVR hubs. The Committee was accompanied by officials from the DHA and representatives from Phetogo, the service provider contracted by the Department. The Committee was informed that the building had been allocated to the Department by the South African Post Office. The Department undertook renovations to prepare the facility for digitisation work, including roof replacement, ventilation installation and the refurbishment of ablution facilities.

Although the Committee arrived towards the end of the working day, graduates remained at the facility to engage with the Committee. It was agreed that a formal engagement with the graduates would take place on 30 April 2026 to allow workers using public transport sufficient time to travel home safely. Some of the graduates volunteered to remain after work to demonstrate the digitisation process to the Committee across the various sections of the hub. The Committee was taken through the processes of batch creation, document preparation, scanning, quality assurance, reassembly and indexing to demonstrate how records are digitised.

On 30 April 2026, the Committee formally met with the graduates. During his opening remarks, the Chairperson outlined the purpose of the oversight visit and stated that the Committee regularly engages with the Minister, Deputy Minister and Director-General of Home Affairs regarding the work of the Department, including the Digitisation Project. The Chairperson further indicated that the Committee was satisfied with the work being performed by the graduates and recognised the importance of the project for both the Department and the country. The Committee indicated that it wished to hear directly from the graduates regarding their experiences and concerns.

Before the engagement, a request was made that DHA management should not be present during the discussions. Representatives from the various sections of the hub raised several concerns, the most prominent being that stipends had not been increased since the inception of the project in 2022. The Committee was informed that stipends ranged from approximately R5 000 to R14 500, depending on the level and nature of work performed. Graduates requested that stipends be reviewed annually to keep pace with inflation and the standard of living.

The graduates further indicated that they did not receive employment benefits such as medical aid or unemployment insurance benefits during their contracts with the Department. Concerns were also raised regarding the four-month contracts ending in July 2026, under which UIF deductions were now being made. Graduates stated that leave accumulated while employed under DHA had not been paid following the transfer to the new service provider. Additional concerns included allegations that employees who took leave during the Easter period were threatened with unpaid leave and disciplinary warnings, and that no maternity leave benefits were provided.

The Committee was informed that during training conducted in Sandton, Johannesburg, graduates did not receive subsistence allowances. Graduates further stated that the Department had outsourced the project to a service provider in order to avoid obligations arising from labour legislation, while maintaining the same salary structure previously applicable under DHA. Concerns were also raised regarding alleged threats communicated through emails and the intercom system.

The Committee heard concerns regarding working conditions at the facility. Graduates indicated that there was no canteen or suitable eating area and that all employees shared a single microwave. Concerns were also raised about the quality of water in the kitchen facilities. Employees reportedly required permission in the form of a pass-out to leave the building. The graduates further stated that there was no internet access provided for biometrics-related work, requiring employees to use their own mobile data. It was also alleged that a stampede had once occurred when only one biometric machine was operational.

Concerns relating to occupational health and safety were also raised. Graduates reported that ablution facilities were not cleaned adequately and that workers in the receiving section were not provided with Personal Protective Equipment (PPE), despite handling dusty records and documents. The absence of sanitisers and soap in the toilets was also highlighted.

The Committee was further informed that some graduates had exceeded the project's target age range of 18 to 35 years and were approaching the age of 40. They expressed concern about future employability and requested that the Department consider absorbing them permanently. Some graduates stated that they had previously performed duties within DHA offices and used the same access cards as permanent staff members. However, when permanent posts became available, and they applied, they were allegedly informed that they lacked the necessary experience.

The Committee also met with a group of approximately 25 protesters outside the building. The group consisted of graduates who had declined to sign contracts with the new service provider. They indicated that they had participated in the project from 2022 until the expiry of their contracts in October 2025. The Committee was informed that approximately 360 graduates did not sign the new contracts.

The graduates stated that they had initially been informed that Phetogo was the service provider but later received contracts reflecting Faranani as the contracting entity, while the project continued to be managed by Phetogo. The group indicated that they wished to contract directly with the Department of Home Affairs rather than through a service provider and be provided with permanent employment.

The protesters also raised concerns regarding the absence of benefits during their employment under DHA and indicated that they were unable to claim UIF benefits. They further stated that the project had failed to achieve its target of employing 10,000 young people, with fewer than 3,000 graduates reportedly employed. The protesters also indicated that many graduates had worked in DHA offices for extended periods and performed functions similar to those of permanent employees. They therefore recommended that the graduates be permanently absorbed into the Department.

The Committee noted that the protesting graduates were accompanied by an organisation known as Soil of Africa, which reportedly assists individuals with blocked identity documents in Mpumalanga. The organisation, together with the graduates, had organised a march to the offices of the Minister of Home Affairs on 18 March 2026, demanding the termination of the service provider arrangement and insourcing. The Committee was also informed that the matter had been taken to court.

Key issues raised included:

- Review of the stipends and increase them to align with inflation.
- Absence of benefits such as medical aid and unemployment insurance (UIF), despite UIF deductions being made under the current four-month contract ending in July 2026.
- Accumulated leave from the previous DHA contract is not being paid out under the new service provider contract.
- Threats of unpaid leave and disciplinary warnings were issued to staff who took leave over the Easter period.
- There is no performance bonus, and no overtime; overtime was only received once.
- Communication is poor, and there are no meetings.
- Lack of maternity leave provisions, and no study leave.
- No subsistence allowance provided during training in Sandton, Johannesburg.
- Concerns that the Department had outsourced the project to avoid the application of the Labour Relations Act, while maintaining the same salary structure.
- Received contracts to review, but these disappeared after being opened.
- Reports of intimidation via email and the intercom system.
- Inadequate facilities, including the absence of a canteen (with only one microwave available), poor water quality, lack of internet access, and the requirement to use personal data for biometric systems.
- Insufficient cleaning of toilets and lack of Personal Protective Equipment (PPE), particularly in dusty receiving areas where no sanitisers or soap were provided.
- Difficulty in exiting the building without a pass-out.

While at the Silverton Digitisation Hub, the Committee saw approximately 71 self-service kiosks that were stored in the hub. The Committee was concerned that these kiosks had not been used. The President launched the prototype on 7 May 2024. The purpose of the self-service kiosks was to address the challenges related to unequal access to Smart ID cards and passports, as part of the initiative to replace green ID books. A total of 91 kiosks and related software were purchased for R27 391 000, with a purchase order issued on 29 September 2023.

6.2. Oversight Visit to the Church Square Digitisation Hub

On 30 April 2026, the Committee conducted an oversight visit to the Church Square Digitisation Hub. During the visit, the Committee was taken through the digitisation process and shown how records were prepared, scanned and processed. The Committee was informed that the building belongs to the South

African Post Office (SAPO), with the Department of Home Affairs (DHA) occupying three of the five floors within the facility.

The Committee subsequently met with the graduates working at the hub. In his opening remarks, the Chairperson explained the purpose of the oversight visit and informed the graduates that the Committee had already engaged with their colleagues at the Silverton Digitisation Hub.

During the engagement, the graduates raised several concerns relating to their employment conditions and working environment.

The issue of job security was raised prominently. Graduates indicated that the Department should have considered insourcing them directly rather than outsourcing the work to a private company. Some graduates further stated that they were now above the project's targeted age range of 18 to 35 years and were concerned about their future employment prospects.

Concerns were also raised regarding stipends and employment benefits. Graduates indicated that the stipends were too low and had not been reviewed since the commencement of the project in 2022. The Committee was informed that some graduates earned as little as R5 000 per month between 2022 and 2026 without any increase. Graduates requested that stipends be reviewed and that they be provided with employment benefits such as medical aid, UIF, leave and related benefits. Some graduates stated that they had relocated from provinces such as the Eastern Cape and Western Cape and were required to pay for accommodation near the workplace, which placed further financial strain on them.

The graduates further raised concerns regarding alleged victimisation. They indicated that when employees raised concerns or grievances relating to working conditions and employment matters, they felt intimidated and victimised.

6.3. Population Register (BVR) Digitisation Hub

The Committee also conducted an oversight visit to the BVR Digitisation Hub on 30 April. During the visit, the Chairperson outlined the purpose of the oversight engagement, and the Committee subsequently met with the graduates working at the facility.

The graduates raised concerns similar to those highlighted during the Committee's engagements at the Silverton and Church Square Digitisation Hubs. Key concerns included the need for a review of the stipends, which graduates indicated had remained unchanged since the inception of the project despite the increasing cost of living.

The graduates further requested that the Department of Home Affairs consider employing them permanently rather than through service providers. Concerns relating to employment benefits were also raised, including the absence of benefits such as medical aid, UIF, leave benefits and other employment-related protections.

7. Committee Observations.

7.1. The Committee noted and appreciated the Department's initiative to digitise records and provide young people with work experience. However, the Committee indicated that the Department should have anticipated the current challenges at the beginning of the project and separated the graduates from the service provider from the outset. A suggestion was made that it may be more effective to recruit a smaller cohort of graduates for a longer period, who would then be able to manage the required workload efficiently. For the 2026/27 financial year, the Committee requested clarity on the budget allocation for the project and the anticipated completion date.

7.2. The Committee indicated that there appeared to have been inadequate preparation for the Digitisation Project. The Committee further expressed concern that graduates were not receiving certificates that would enable them to demonstrate the skills acquired during the programme and improve their prospects of securing permanent employment.

7.3. The Committee suggested that the Digitisation Hub should become a permanent facility to drive digitisation across government departments, including courts, Deeds Offices and hospitals. The Committee further indicated that, given the high unemployment rate, the project had created expectations of permanent employment among graduates, regardless of the contracts they had signed. The graduates indicated that some of them had previously worked at DHA offices before being placed at the Digitisation Hubs, which further contributed to expectations of permanent employment. In response, the DHA indicated that there were plans to convert the project into a business entity within the Department in order to create permanent employment opportunities and continue utilising the buildings and machinery.

7.4. The Committee sought clarity on the role of the service provider in the Digitisation Project. The Committee noted that the DHA had provided the machinery and recruited the graduates. It was reported that approximately 361 graduates had taken the DHA to court, while 151 graduates had been charged with misconduct. The Committee requested reasons why the 361 graduates had refused to sign contracts with the new service provider and further sought clarity on why the service provider had been changed. The DHA explained that the role of the service provider was to plan and execute the project, as well as manage staff on a daily basis, since the DHA Human Resources component did not have the capacity to do so. The

DHA further indicated that it had taken a decision for the service provider to employ the graduates directly and that, as a result, performance had improved.

7.5. The Committee pointed out that some graduates had relocated from other provinces and had been receiving as little as R5 000 per month since the inception of the project in 2022. The Committee further noted concerns that some graduates had gone for up to three months without being paid, which had negatively affected their well-being.

7.6. The Committee raised concerns regarding the rollout of the self-service kiosks. The President launched the project on 7 May 2024 in Mokopane. The kiosks were intended to allow clients in non-modernised offices to submit electronic applications for Smart ID cards, passports and certificate reprints without assistance from officials. A total of 91 kiosks and related software were procured at a cost of R27 391 000, with the purchase order issued on 29 September 2023. However, the kiosks have not been utilised for their intended purpose. In response, the DHA indicated that it had taken a preliminary decision not to proceed with the implementation of the self-service kiosks due to a policy shift, as banks are now providing these services free of charge.

7.7. The Committee expressed concern about the transition from HANIS to ABIS and the Department's subsequent decision to revert to HANIS. The Committee noted that the change may have been influenced by the departure of the service provider from the country, suggesting that the DHA did not have full ownership of the system. The DHA explained that HANIS would once again serve as the primary system, with ABIS functioning as a backup.

7.8. Regarding system downtime at DHA offices, the Committee asked what measures had been put in place to ensure that service delivery would not be disrupted when one data centre experienced downtime. The Committee pointed out that the information reported by the DHA, the CSIR, and SITA appeared inconsistent with the realities on the ground. The Committee noted that long queues at DHA offices continued due to network challenges, while mobile offices were reportedly offline most of the time and operating at only 52.2 per cent efficiency. SITA explained that it utilised different service providers in different provinces and that, although the infrastructure belonged to service providers, SITA retained control over the information and ensured that the network remained secure.

7.9. The Committee indicated that, when the Department's Provincial Managers brief the Committee on provincial operations, the Chief Information Officer (CIO) should also be invited. The Committee further recommended that the DHA fill the CIO position as a matter of urgency. The DHA indicated that a new ICT structure had been submitted for approval and that, once approved, the CIO position would be

advertised. The Department further noted that it had developed a three-year plan to capacitate the ICT environment.

7.10. The Committee sought clarity on the role of the CSIR within the DHA and whether the CSIR was effectively replacing SITA. The Committee further noted that the number of data centres had been consolidated from five to two.

8. Recommendations.

8.1. The Department of Home Affairs (DHA) should provide the Committee at the next related meeting, with a comprehensive implementation plan for the Digitisation Project, including clear timelines, budget allocations, staffing requirements and the anticipated completion date of the project.

8.2. The DHA should develop and implement a sustainable funding model for the Digitisation Project and engage National Treasury regarding long-term funding certainty beyond the 2026/27 financial year to ensure continuity of operations and prevent disruptions to the project.

8.3. The DHA should conduct a review of the service provider model utilised in the Digitisation Project and submit a report to the Committee outlining:

- the rationale for outsourcing;
- the responsibilities of the service provider;
- measures to strengthen oversight and accountability; and
- mechanisms to protect the rights and well-being of graduates participating in the project.

8.4. The DHA should ensure that all graduates participating in the Digitisation Project receive accredited training and certificates of completion that formally recognise the skills and experience acquired during the programme to improve future employability. Where possible interns should be considered for permanent placement within the DHA.

8.5. The DHA should review the stipend structure for graduates in the project, taking into account inflation, Subsistence and Travel (S&T) during training, the cost of living and the nature of the work performed as benchmarked to Sector Education and Training Authority standards. The Department should also ensure that all stipend payments are made on time and in line with contractual obligations.

8.6. The DHA should ensure compliance with all applicable labour legislation and improve conditions of service for graduates, including clarity regarding leave, Unemployment Insurance Fund (UIF) contributions, maternity leave, occupational health and safety standards and grievance procedures.

8.7. The DHA should improve occupational health and safety conditions at the Digitisation Hubs by ensuring adequate cleaning services, provision of Personal Protective Equipment (PPE), access to safe drinking water, proper kitchen facilities and adequate internet connectivity for operational purposes.

8.8 The DHA should improve communication with document applicants regarding the collection of identity documents and passports by revising SMS notifications to provide accurate instructions on whether appointments are required before collection.

8.9. The DHA, together with SITA and the CSIR, should provide the Committee with quarterly progress reports on measures implemented to reduce system downtime, including progress made in implementing the six recommendations made by the CSIR.

8.10. The DHA should prioritise the filling of the Chief Information Officer (CIO) position and strengthen internal ICT capacity to improve oversight, accountability and the long-term sustainability of the Department's digital transformation programme.

8.11. SITA and the DHA should accelerate infrastructure upgrades at DHA offices, including improving connectivity, bandwidth and network redundancy, particularly at mobile offices and high-volume service centres.

8.12. The DHA should provide the Committee with a detailed report on the procurement, utilisation and future plans relating to the 91 self-service kiosks procured at a cost of R27.391 million, including the reasons for the change in policy direction and measures to prevent fruitless and wasteful expenditure.

8.13. The DHA should provide clarity on the relationship between HANIS and ABIS, including the ownership, maintenance and long-term sustainability of the systems, and indicate the measures being implemented to ensure that the Department retains full control over critical national identification systems.

8.14. The DHA should engage with other government departments regarding the possible expansion of the Digitisation Project into a permanent government-wide digitisation programme to support the modernisation of public administration and create sustainable employment opportunities for young people.

9. Conclusion.

The Committee acknowledges the importance of the Digitisation Project in modernising civic records, improving service delivery and creating employment opportunities for young graduates. However, concerns remain regarding system downtime, funding uncertainty, labour relations and working conditions at the Digitisation Hubs.

The Committee welcomes the interventions by the DHA, SITA and the CSIR to improve the Department's ICT systems and will continue to monitor progress on the implementation of the recommendations contained in this report.

Report to be considered.

3. REPORT OF THE PORTFOLIO COMMITTEE ON HOME AFFAIRS OVERSIGHT VISIT TO LIMPOPO PROVINCE, DATED 19 MAY 2026.

The Portfolio Committee on Home Affairs, during its Marriage Bill public hearings in Limpopo Province from 2 to 6 February 2026, conducted oversight visits to the Department of Home Affairs offices in Polokwane, Lebowakgomo, and Groblersdal on 4 and 6 February 2026, and reports as follows:

1. Introduction.

The Portfolio Committee on Home Affairs conducted a series of public hearings and oversight visits in the Limpopo Province from 2 to 6 February 2026. On 4 and 6 February, the Committee conducted an oversight visit to three offices of the Department of Home Affairs, namely, Polokwane, Lebowakgomo, and Groblersdal.

The primary objective was to assess the operational efficiency and infrastructure of the Department of Home Affairs (DHA) offices in Polokwane, Lebowakgomo, and Groblersdal. The visit identified critical service delivery challenges, including staffing shortages, with the province reporting it is operating at only 40% capacity and a significant backlog of approximately 89,000 uncollected Smart ID Cards.

2. Composition of the delegation.

2.1. Members of the Committee

Mr MS Chabane – African National Congress.

Ms SP Jama - African National Congress.

Ms NE Mtolo - African National Congress.

Mr SJ Ngubane – Umkhonto WeSizwe Party.

Mr AC Roos – Democratic Alliance.

Ms NJ Bollman – Democratic Alliance.

Mr T Mogale – Economic Freedom Fighters.

Ms LM Mathopa – Patriotic Alliance.

2.2. Support staff

Mr Eddy Mathonsi – Committee Secretary.

Mr Adam Salmon – Content Advisor

Mr Lebohang Ndaba - Researcher

Mr Thurston Arendse – Committee Assistant

3. Oversight visit.

3.1. Polokwane Department of Home Affairs Office

On 4 February 2026, the Committee conducted an oversight visit to the Polokwane Department of Home Affairs office. The Committee was welcomed by Mr Albert Matsaung, the Provincial Manager. The Speaker of Polokwane Municipality also attended the oversight visit.

Mr Matsaung briefed the delegation and indicated that the province comprises five district municipalities, namely Vhembe, Greater Sekhukhune, Mopani, Waterberg, and Capricorn. Each district is required to have a District Manager: Operations (DMO). However, only one DMO is permanently appointed, while the remaining four positions are filled in an acting capacity. The province has a total of 32 offices and infrastructure sites, and the filling of vacancies remains a significant challenge.

The Provincial Manager reported that the Polokwane office was relocated from Library Gardens to its current premises on Thabo Mbeki Street. The office has adequately segregated parking, which is also utilised as a sheltered waiting area. As a result, clients do not queue outside the building. The office is accessible to persons with disabilities.

The office has an approved staff establishment of 90 posts; however, only 30 posts are filled. Of the 30 filled posts, three are immigration officials, and 27 are operations staff, including management. The office is therefore operating at approximately 30 per cent capacity. Officials in the province, particularly at the Polokwane office, are required to perform multiple functions, which negatively affects staff morale.

The Provincial Manager further reported that the Seshego office has recently been modernised, although several other offices in the province remain unmodernised. The province has 30 mobile trucks allocated to districts as follows: Capricorn (8), Greater Sekhukhune (8), Mopani (6), Vhembe (4), and Waterberg (4). Overall, the province is operating at approximately 30 per cent capacity. The Provincial Manager indicated that the provincial budget does not correspond with population growth and suggested that increasing capacity to at least 60 per cent would significantly improve service delivery. The provincial DHA employs a total of 612 officials.

Service Delivery Challenges

The province faces several challenges, including inadequate office coverage in certain areas, budget cuts, long queues, and staff shortages. While the population of Limpopo has increased, staffing levels at the Department of Home Affairs (DHA) have declined.

To address long queues, the DHA introduced the Branch Appointment Booking System (BABS), which allows clients to book appointments online for Smart ID Card and passport applications and collections. The system enables the Department to monitor daily bookings. However, system disruptions negatively affect service delivery. Walk-ins are still accommodated in addition to online bookings.

In the province, one bank in Burgersfort provides passport and Smart ID Card services. Decisions regarding the rollout of DHA services in banks are made by the Banking Association of South Africa.

Smart ID Cards and Green ID Books

The province is gradually transitioning towards Smart ID Card applications and issues approximately 36 000 Smart ID Cards per month. However, there are approximately 89 000 uncollected Smart ID Cards dating back to 2013. The disposal policy has not yet been implemented for these.

Very few Green ID Books are issued in the province. Citizens are no longer issued with Green ID Books, while permanent residence holders and naturalised citizens may apply for Green ID Books in Vhembe and Mopani districts, where there is a higher concentration of foreign nationals. It was also reported that there are instances of blocked identity numbers affecting both foreign nationals and South African citizens.

Foreign Learners and Documentation

The Provincial Manager reported that the Department of Basic Education indicated that approximately 60 000 foreign learners in the province do not have birth certificates or appropriate documentation, such as study permits. He emphasised that admission to schools must comply with the laws of the Republic.

Birth Registration

The Polokwane office provides birth registration services to three hospitals. Only one hospital has a permanently appointed DHA staff member, while the other two rely on staff from the Polokwane office. The province registers births within 30 days and is performing satisfactorily in this regard.

Infrastructure and Operational Matters

The office has a Point of Sale (POS) system for payments but still accepts cash. Officials reported challenges with old and worn uniforms. Cleaning services are insufficient, and the office relies partly on contracted cleaners.

Limpopo shares land borders with Mozambique, Zimbabwe, and Botswana, which presents significant immigration management challenges. The immigration section in the province is under-capacitated and struggles to manage the flow of undocumented migrants.

In Mopani District, the Phalaborwa office was closed due to flooding, resulting in the loss of some documents. Approximately 133 affected clients were assisted, and their fees were waived. Management vacancies remain unfilled in Bochum, Phalaborwa, and Tzaneen. The Tzaneen office is on the second floor of a building and is inaccessible to persons with disabilities, prompting a request for relocation. The Lebowakgomo office also lacks adequate operational space.

Walkabout Observations

Following the briefing, the Committee conducted a walkabout of the Polokwane office. It was observed that the Births, Marriages, and Deaths (BMD) section has only two officials responsible for all BMD services, including amendments. No appointment system is used in this section.

The modernisation section is equipped with eight web-based machines, enabling an official to process Smart ID Card and passport applications from start to finish without requiring clients to move between counters.

During the walkabout, the Committee observed that the system was offline nationwide. Where system failures occur at the national level, the Head Office must effect a resolution. The Committee interacted with clients, who confirmed they had been informed of the system downtime. The Committee suggested that an intercom system be utilised to provide regular updates to clients during system disruptions.

The Committee expressed concern about the lack of privacy at the information desk. It also noted the presence of separate queues for persons with disabilities, the elderly and pregnant women. However, school learners in uniform who were applying for identity documents were not prioritised to enable them to return to school promptly.

After concluding the oversight visit at the Polokwane office, the Committee proceeded to the Department of Home Affairs office in Lebowakgomo.

3.2. Lebowakgomo Department of Home Affairs Office

The Department of Home Affairs Lebowakgomo office is located in the old Parliament building in Lebowakgomo. It was indicated that the Department of Public Works and Infrastructure (DPWI) is responsible for the building's maintenance, and the lease agreement is concluded with the Provincial DPWI. The Committee conducted a walkabout of the office.

It was observed that not all services are located in the same building. Civic services — including marriages, births, deaths, identity documents, and passport applications — are provided in one building, while Immigration, Management and Finance services are housed in a separate building within walking distance.

The Committee noted several infrastructure challenges, including:

- A non-functioning air conditioning system.
- Broken and discarded chairs abandoned in front of the office.
- Many damaged ceilings.
- Broken Toilet Door in the men's bathroom.
- Water leakages in several offices.

During the engagement with staff, the following concerns were raised:

- The office is not user-friendly. The main service area, where passport and identity document applications are processed, has two garage shutter doors, which makes it difficult to control access, particularly towards closing time.
- There are inadequate shelters or seating for clients, and the building lacks emergency exits.
- The bullet-proof window & door at the cashier's office is broken and has not been repaired.
- The safe used to store cash is in a separate building within walking distance, posing a potential security risk.
- The office is understaffed and requires additional capacity.

Staff further indicated that the use of the Branch Appointment Booking System (BABS) has increased, particularly for passport and Smart ID Card applications. They reported that school learners are prioritised for Smart ID Card and passport applications. The office also has access to a mobile truck.

Engagement with Clients

Clients informed the Committee that although they had received SMS notifications to collect their documents, they were only subsequently advised on-site that they were required to make an appointment to collect their identity documents and passports.

The Committee was further informed that the office has two cleaners: one permanently appointed by the Department of Home Affairs and one contracted by the Department.

3.3. Groblersdal Department of Home Affairs Office

On 6 February 2026, the Committee conducted an oversight visit to the Groblersdal office. The Mayor of the Greater Sekhukhune District Municipality and the Speaker of the Elias Motsoaledi Local Municipality attended the engagement.

It was reported that within the Greater Sekhukhune District Municipality, there are three Department of Home Affairs offices, namely Groblersdal, Nebo, and Jane Furse, with the Groblersdal office being the busiest in the district.

Infrastructure and Client Waiting Area

The Committee observed that the waiting area had limited seating outdoors, which was insufficient to accommodate the volume of clients. Some women were accompanied by children who were sleeping on the floor due to the lack of adequate seating. It was reported that additional chairs had been ordered in 2025; however, these had not yet been delivered. In contrast, there were waiting areas within the building that were not being fully used.

Staffing and Operational Challenges.

The office indicated that it is understaffed despite being the busiest in the district. Staff morale was reported to be extremely low due to the requirement for officials to perform multiple functions. For example, officials responsible for dispatching applications to the Head Office experience delays because they are simultaneously required to perform front-office duties. This negatively affects turnaround times.

Walk-in clients are accommodated only after all booked appointments have been addressed or in cases of no-shows or cancellations. It was reported that from the 1st to the 10th of each month, the office is extremely busy and primarily services clients with appointments. Walk-ins are informed that they will be accommodated from the 11th to the 30th of the month.

Security

Security at the office was reported to be inadequate. The office has two security guards — one on duty during the day and one at night. As the office has two entrances, one entrance remains without security coverage during operating hours, posing a potential risk.

Engagement with Members of the Public.

During its interaction with members of the public, the Committee was informed of the following concerns:

- Clients who had received SMS notifications to collect their enabling documents were turned away upon arrival and instructed to make appointments for collection.
- Long queues continue to be experienced.

- Some members of the public had visited the office several times, often accompanied by children, to collect their Smart ID Cards.
- Several seating areas within the building were not full despite people queuing outside.
- Only two officials were assigned to assist with the collection of passports and Smart ID Cards, which contributes to delays.

The office has two mobile units that service rural areas. However, one mobile truck operates on the old system. Applications processed through this truck cannot receive Smart ID Cards and passports directly from the Government Printing Works (GPW). When such documents are received and scanned at the Groblersdal office, SMS notifications are automatically sent instructing applicants to collect their documents at the Groblersdal office instead of the mobile unit where the application was initially submitted. This arrangement creates inconvenience and confusion for rural applicants. The Groblersdal office is modernised in respect of Smart ID Card and passport applications; however, it continues to operate on the older system and has two photo booths.

Immigration Services.

The office has three Immigration Officers and one Controller. It was reported that the Elias Motsoaledi Local Municipality has a high number of undocumented foreign nationals. Immigration officials indicated that they handle approximately 40 active cases per month and work closely with the South African Police Service (SAPS) in conducting operations.

Lease and Rental Dispute

During the walkabout, the Committee observed that part of the ceiling was broken and had not been repaired. The Committee was informed that the lease agreement for the building is between the Department of Public Works and Infrastructure (DPWI) and the Elias Motsoaledi Local Municipality. The building belongs to the municipality, and the Department of Home Affairs does not have a direct lease agreement with the municipality.

The Department of Home Affairs pays rental to the DPWI; however, the DPWI has stopped paying the municipality. It was reported that the DPWI is withholding 2 years and approximately R407 000 of this rental money owed to the municipality, with the monthly rental amounting to R16 000.

Other departments occupying the building include the Departments of Education and Health. It was further reported that the Department of Education had also stopped paying rent to the DPWI, but is expected to vacate the building on 1 April 2026, and perhaps the space could then be utilised by the DHA.

4. Committee Observations.

The Polokwane Department of Home Affairs:

4.1. Appointment Slot Scams

The Committee expressed concern regarding the block booking of appointment slots by certain individuals and the subsequent selling of those slots to unsuspecting members of the public. This isn't a booking system, it is more like a black market. The Committee requested clarity on the turnaround time for restoring the system when it goes offline.

4.2. Zero-Rated Bookings

The Committee further stressed that the department should stop expecting poor people to spend their last cents on data just to access a government service. The online system should be zero-rated. It's not a luxury—it's a basic right.

4.3. Polokwane Progress

The Committee noted with appreciation that clients at the Polokwane office were not queuing outside the building, but rather within the parking area, which provided adequate shelter. The Committee also noted that several civics targets were being achieved well above target.

4.4 Mobile Units – One-Way Service?

Concerning applications processed at mobile units, the Committee sought clarity on whether mobile trucks return to the same areas where applications were submitted to facilitate the collection of documents by applicants. Clarity is really needed because right now it looks like a one-way ticket to nowhere.

4.5. Nearly 90,000 Uncollected IDs

Although the province has not destroyed uncollected identity documents dating back to 2013, the Committee expressed grave concern that approximately 89 000 identity documents remain uncollected.

4.6 Voting Fraud Risk

The Committee also raised concerns regarding whether any of the uncollected identity documents may have been used for voting purposes and suggested that the Department engage with the Independent Electoral Commission (IEC) on this matter.

4.7. Thohoyandou Office.

The Committee expressed concern about the incomplete Thohoyandou office building, which was scheduled for completion in 2019. The Committee requested clarity on interventions undertaken by the

Provincial Office to ensure the completion of the building so that it can serve the surrounding community. The provincial office needs to explain what they've actually done, not what they're waiting for.

The Provincial Manager indicated that the Department depends on the Department of Public Works and Infrastructure (DPWI) for office infrastructure. It was reported that the DPWI requires an additional R10 million from the Department of Home Affairs to complete the construction of the office.

4.8. **Birth Registration Failures**

The Committee expressed concern regarding mothers leaving hospitals without registering births for several reasons, including the naming of the child, underage motherhood, cultural practices, and failure to present identity documents upon admission to health facilities. The Committee further enquired whether Community Development Workers assist in facilitating Late Registration of Births (LRBs) and what additional measures are in place to prevent delays in birth registration.

Lebowakgomo Department of Home Affairs:

4.9. The Committee indicated that the Provincial Office should submit a detailed written report on the condition and operational status of the Lebowakgomo office. In addition, the Committee requested a comprehensive report on the condition of all 31 Department of Home Affairs offices in the province, including infrastructure, maintenance, lease arrangements and compliance with occupational health and safety standards.

4.10. The Committee further requested a copy of the lease agreement between the Department of Home Affairs (DHA) and the Provincial Department of Public Works and Infrastructure (DPWI).

4.11. The Committee observed that the toilets were in a poor and unhygienic condition and were not adequately cleaned.

4.12. The Committee indicated that issues relating to the safe, cleaning services, and air conditioning must be addressed as a matter of urgency.

4.13. The overall condition of the office was found to be unsatisfactory. In addition, the waiting area did not have sufficient steel chairs to adequately accommodate members of the public, resulting in discomfort and inconvenience to clients.

4.14 Despite the challenges noted, the Committee commended the office for overachieving on several of their civic and immigration targets.

Groblersdal Department of Home Affairs:

4.15. The Committee expressed concern that the Department of Public Works and Infrastructure (DPWI) has ceased rental payments to the Elias Motsaledi Local Municipality on behalf of the Department of Home Affairs. This has resulted in an outstanding debt of R407,000 unfairly attributed to the Department of Home Affairs, leaving the municipality unable to conduct essential building maintenance.

4.16. The Committee further noted that the Department of Education is scheduled to vacate the premises by 1 April 2026 following the expiration of its lease agreement.

4.17. Observations revealed that the online booking system was sending incorrect messages, particularly regarding the automated notification messages sent to the public once their documents are finalised.

4.18. It was noted that the office failed to prioritise school-aged children applying for Smart ID Cards. This lack of prioritisation forces students to spend extended periods in queues, resulting in avoidable absenteeism from school.

5. Recommendations.

Based on the observations made during the oversight visits, the following recommendations are proposed to the Minister of Home Affairs to improve service delivery in Limpopo:

5.1. Address the non-functioning air conditioning, damaged ceilings, water leakages, and broken bullet-proof windows at the Lebowakgomo office immediately.

5.2. Improve the hygienic conditions of the toilets at the Lebowakgomo office through more effective cleaning and maintenance services.

5.3. The intervention should be made with the Department of Public Works and Infrastructure (DPWI) to complete the Thohoyandou office building, which has been delayed since 2019. The Minister of Home Affairs, the Deputy Minister of Home Affairs and the Director-General should also inform Chief Mphaphuli to update him on the completion of the Office.

5.4. Consider relocating the Tzaneen office to a ground-floor or accessible facility, as its current second-floor location prevents access for persons with disabilities.

5.5. The DHA Head Office must establish clear turnaround times for restoring the national system during downtime to minimise service disruptions.

5.6. Zero-rate the online booking system to allow citizens to make appointments without data costs, investigate and stop the "block booking" and selling of appointment slots by third parties, and correct automated SMS notifications to ensure they provide accurate instructions for document collection, particularly to make appointments for collection.

5.7. Install or repair the intercom systems in offices to provide regular updates to waiting clients during system failures.

5.8. Increase provincial staffing levels to at least 60% to meet population growth and reduce the burden on officials performing multiple functions.

5.9. Ensure that school learners in uniform, the elderly, persons with disabilities and pregnant women are prioritised for Smart ID Card applications/collections to prevent unnecessary school absenteeism.

5.10. Implement additional measures, such as utilising Community Development Workers, to assist with Late Registration of Births and ensure mothers do not leave hospitals without registering their children.

5.11. Develop a comprehensive strategy, in collaboration with the DHA Stakeholder Forum and traditional leaders, to encourage the collection of the 89,000 outstanding ID documents.

5.12. Relocate the cash safe in Lebowakgomo to the main service building to eliminate the risk of transporting cash between separate buildings.

5.13. The DHA must engage the DPWI to resolve the outstanding debt of R407,000 owed to the Elias Motsoaledi Local Municipality for the Groblersdal office to ensure essential maintenance can resume, and the Department of Home Affairs and DPWI negotiate with the municipality to consider occupying the additional offices that would be vacated by the Department of Education.

5.14. The Provincial Office is required to submit a detailed report on the condition of all 32 DHA offices in Limpopo, covering infrastructure, maintenance, lease status, and health and safety compliance.

Report to be considered.

4. Report of the Standing Committee on Finance on the determination of remuneration of members of the Financial and Fiscal Commission, dated 20 May 2026.

A letter, dated 10 January 2026, was received from the President of the Republic, requesting the National Assembly to consider the draft notice of his determination of the salaries and allowances of members of the Financial and Fiscal Commission (FFC), amongst others. The draft determination is made in terms of section 9(1) of the Financial and Fiscal Commission Act No. 99 of 1997 (FFC Act), as amended by the Financial and Fiscal Commission Amendment Act, 2015 (Act No 4 of 2015), in terms of the Independent Commission for the Remuneration of Public Office-bearers Act, 1997 (Act no. 92 of 1997) as amended by the Determination of Remuneration of Office-Bearers of Independent Constitutional Institutions Laws Amendment Act, 2014 (Act No. 22 of 2014).

On 13 March 2026, the part of the draft notice from the President on the determination of the salaries and allowances of members of the FFC was referred to the Standing Committee on Finance for consideration and report.

Section 9(1) of the FFC Act provides that members of the FFC are entitled to such remuneration, allowances and other benefits as determined by the President taking into consideration the recommendations from the Independent Commission for the Remuneration of Public Office Bearers (Commission). The determination by the President must be approved by the National Assembly. Furthermore, the Commission must consult with the Minister of Finance when investigating or considering the remuneration, allowances and other benefits of members of the FFC.

Subsection (6)(b) of section 8 of the Independent Commission for the Remuneration of Public Office-bearers Act requires that the Commission take the following factors into account when making recommendations, as it did in the report:

(i) The salary, allowances and benefits of members of other constitutional institutions;

(ii) affordability in relation to the responsibilities of the constitutional institution concerned; and

(iii) the level of expertise and experience required of a member of the constitutional institution concerned.

The Commission recommended 4.1% salary increment for all Members of Public Office Bearers, including Members of the Independent Constitutional Institutions for the financial year 2025/2026.

In arriving at the annual remuneration recommendations for 2025/2026, the Commission has, amongst others, considered the following:

- The role, status, duties, functions and responsibilities of the office bearers concerned;
- Affordability of different levels of remuneration of public office bearers;
- Current principles and levels of remuneration, particularly in respect of organs of state;
- Inflation; and
- Available resources of the State.

The Schedule to the Notice indicates the total remuneration for the Chairperson as R2 192 876 with effect from 1 April 2025.

The Standing Committee on Finance, having considered the determination of remuneration of the Chairperson of the Financial and Fiscal Commission, referred to it, ***approve*** the President's determination of remuneration of members of the Financial and Fiscal Commission.

The MKP reserve their position.

Report to be considered.

National Council of Provinces

1. REPORT OF THE SELECT COMMITTEE ON APPROPRIATIONS ON THE *DIVISION OF REVENUE BILL* [B5 - 2026], DATED 20 MAY 2026

The Select Committee on Appropriations, having considered the *Division of Revenue Bill* [B5 – 2026] (National Assembly-Section 76(1)), referred to it and classified by the JTM as a Section 76(1) Bill, reports as follows:

1. Introduction and background

Section 214(1) of the Constitution of the Republic of South Africa requires that every year a Division of Revenue Act should determine the equitable division of nationally raised revenue between national, provincial, and local government. In line with Section 7(1)(3) of the Money Bills and Related Matters Act No. 9 of 2009, as amended by Act No. 13 of 2018 (the Money Bills Act); Section 27(1) of the Public Finance Management Act No. 1 of 1999, as amended by Act 29 of 1999 (the PFMA), and Section 10(1) of the Intergovernmental Fiscal Relations Act No. 97 of 1997, the Minister of Finance, Mr E Godongwana, tabled the 2026 Budget, including the *Division of Revenue Bill* [B5 – 2026] (the Bill) in the National Assembly on 25 February 2026.

The purpose of the Bill is to provide for –

(a) the share of each sphere of government of the revenue raised nationally for the relevant financial year; and

(b) each province's share of the provincial share of that revenue; and any other allocations to the provinces, local government or municipalities from the national government's share of that revenue, and any conditions on which those allocations are or must be made.

2. Legislative framework, consultations and public participation

According to the above-mentioned legislative framework, the Bill must be processed following the procedure established by Section 76(1) of the Constitution. On 21 April 2026, the Bill was passed by the National Assembly and referred to the National Council of Provinces (NCOP) and the Committee for consideration and report as required by Section 9(2) of the Money Bills Act. As per the practice, the Committee invited all provincial portfolio committees on Finance and/or Treasury to be part of the Ministerial briefing on the Budget on 27 February 2026. On

17 March 2026, the National Treasury briefed the Committee on the Bil and on 18 March 2026, the Committee consulted with the Parliamentary Budget Office (PBO), in compliance with Section 15 of the Money Bills Act. On 24 March 2026 the Committee, in compliance with Section 214(2) of the Constitution and Section 10(4) of the Intergovernmental Fiscal Relations Act, consulted with the Financial and Fiscal Commission (FFC) and the South African Local Government Association (SALGA) on the Bill.

As per Section 72 of the Constitution and Section 9(5)(b) of the Money Bills Act, advertisements calling for public submissions in 11 official languages were published on the Parliamentary website and social media account and were sent to all the civil society stakeholders in the Committee's database. In response, written submissions were received from the following stakeholders:

- Amandla.Mobi
- Better Governance Initiative
- Breadline Africa
- Chartered Institute for Business Accountants (CIBA)
- Congress of South African Trade Unions (COSATU)
- Budget Justice Coalition
- Women on Farms Project
- Rural Health Advocacy Project
- Eastern Cape Health Crisis Action Coalition
- Equal Education and Equal Education Law Centre
- SECTION27
- Institute for Race Relations (IRR)
- Institute for Race Relations Legal
- YearBeyond
- Youth Capital and The Learning Trust
- Healthy Living Alliance (HEALA)
- Masinyusane Development Organisation
- Legal Resource Centre
- Pietermaritzburg Economic Justice and Dignity Group (PEJDG).

Apart from the Legal Resource Centre and the PEJDG, all the above stakeholders also made oral representations during a public hearing on 25 March 2026, and National Treasury provided responses to the issues raised on 13 May 2026.

The NCOP, through the Committee Members, briefed provinces on the Bill between 22 and 24 April 2026. The Committee received and considered the provincial negotiating mandates on 06 May 2026 and final mandates on 20 May 2026, after National Treasury had provided responses to the issues raised by provinces on 13 May 2026. This served as an indication that provinces had fully participated in the processing of the Bill, as envisaged in Section 214(2) of the Constitution.

3. Overview of Bill

According to the National Treasury, the 2026 Budget marks an important turning point for South Africa as determined action has put the country's public finances on a sustainable footing, enhancing fiscal credibility. Consistent fiscal discipline has set the launch pad for faster, job-creating economic growth by maintaining macroeconomic stability; speeding up structural reforms in water, transport and electricity; boosting state capability; and increasing public infrastructure investment. Strengthened measures to improve the operations, performance and financial management of provincial and municipal government are announced, introducing reforms that will be more active and structural in nature to make a fundamental shift in the fiscal architecture.

The 2026 Budget amounts to R2.4 trillion, which is a nominal increase of R70.4 billion or 3 percent from the adjusted allocation of R2.3 trillion in the 2025/26 financial year. Over the 2026 medium-term expenditure framework (MTEF) period, the budget is projected to increase to R2.6 trillion by the 2028/29 financial year at an average rate of 4.1 percent, as shown in Table 1 below.

Table 1: Equitable division of revenue raised nationally

Spheres of Government	**Column A**	**Column B**	
		Forward Estimates	
	2026/27	**2027/28**	**2028/29**
	R'000	**R'000**	**R'000**
National allocations[1,2]	1 602 840 029	1 662 255 195	1 742 618 772
Provincial allocations	670 322 736	698 625 733	720 409 289
Local government allocations	110 090 001	114 483 348	118 041 399
Total allocations	**2 383 252 766**	**2 475 364 276**	**2 581 069 460**

1. *National share includes conditional allocations to provincial and local spheres, general fuel levy sharing with metropolitan municipalities, debt-service costs, the contingency reserve and provisional allocation*
2. *The direct charges for the provincial equitable share are netted out*

Source: National Treasury (Division of Revenue Bill: 2026)

For the 2026/27 fiscal year, the national government sphere receives R1.60 trillion, which is an increase of R33.9 billion or 2.2 percent from the 2025/26 adjusted allocation of R1.57 trillion; while the provincial sphere receives R670.3 billion and the local sphere R110.1 billion. Proportionally, the national share of the total nationally raised revenue equals 67.3 percent, the provincial share 28.1 percent, and the local government share 4.6 percent. However, when excluding the contingency reserve and debt service costs, national government receives 48.9 percent and the provincial and local governments' actual shares increase to 41.7 percent and 9.4 percent, respectively.

4. Provincial allocations

4.1 Provincial Equitable Share

The Provincial Equitable Share (PES) for 2026/27 amounts to R670.3 billion, which is R32.5 billion more than the allocation of R637.8 billion in 2025/26. Additional allocations are made to the 2026/27 PES to alleviate funding pressures related to compensation budgets, to fund early retirement and support the Presidential Employment Stimulus, as follows:

- R3.2 billion is added for the education sector to support provinces with compensation of employee (COE) costs and other pressures the sector is facing.
- R6.9 billion is added for the health sector to fund COE costs, shortfalls in goods and services expenditure, and the employment of doctors.
- R340 million is added for the implementation of the Early Retirement Programme for the purpose of covering financial incentive costs in the provinces.
- R319 million is added for the continuation of the Education Assistants Programme, which was introduced in 2020 as part of the Presidential Employment Stimulus Initiative.
- R342 million is reprioritised from the Early Childhood Development (ECD) Grant towards the equalisation of remuneration for Grade R educators, which will be added to the PES over the 2026 MTEF.
- A total of R1.9 billion is made available in additional funding outside the PES formula.

Over the 2026 MTEF, the PES is projected to grow marginally at an average nominal rate of 3.7 percent from R670.3 billion in 2026/27 to R720.4 billion in 2028/29 (see Table 2 below), which is slightly above the projected average inflation rate of 3.2 percent for period.

Table 2: Provincial Equitable Share and conditional grant allocations

Province	**Column A**		**Column B**	
	Equitable share 2026/27	**Conditional Grants 2026/27**	**Equitable share forward estimates**	
			2027/28	**2028/29**
	R'000	**R'000**	**R'000**	**R'000**
Eastern Cape	86 599	16 610	89 813	92 199
Free State	36 761	9 876	38 247	39 364
Gauteng	140 952	29 240	147 063	151 711
KwaZulu-Natal	136 378	27 273	142 178	146 679
Limpopo	78 951	13 810	82 364	84 979
Mpumalanga	56 019	10 733	58 585	60 580
Northern Cape	18 242	5 514	19 097	19 765
North West	46 867	9 513	48 522	49 860
Western Cape	69 553	17 431	72 757	75 273
Unallocated	-	157	-	-
Total	**670 322**	**140 157**	**698 626**	**720 410**

Table 2 above shows the total transfers to the provinces amounting to R810.5 billion in the 2026/27 financial year; comprised of the equitable share of R670.3 billion and conditional grant

funding of R140.2 billion. An amount of R157 million, set aside for the Provincial Disaster Response Grant, is included in the conditional grant allocation of R140.2 billion and will only be allocated once a disaster has been declared. A total of R14.5 billion is added to the baselines of direct conditional grants to provinces over the 2026 MTEF period; while technical adjustments result in a reduction of R2.8 billion and proposed reductions to provincial conditional grant baselines amount to R6.2 billion in direct grant transfers and R105 billion in f indirect grant transfers. The net effect of the additions and reductions is a reduction of R13.9 billion.

4.2 Proposed changes to provincial grant allocations

4.2.1 Technical adjustments to grant baselines

- R2.2 billion is shifted from the Ilima/Letsema Grant to the Comprehensive Agricultural Support Programme (CASP) Grant over the 2026 MTEF period, as per the recommendation of the conditional grant review process to merge the two grants to eliminate the duplication of efforts in support of smallholder and subsistence farmers and provide a more cohesive and comprehensive support system for beneficiaries.
- R800 million is reprioritised from the ECD Grant in 2026/27, of which R13 million is added to the Learners with Profound to Severe Intellectual Disabilities (LSPID) Grant and R446 million is allocated to the National School Nutrition Programme Grant (NSNP) over the 2026 MTEF period to protect against inflationary pressures. The balance of R342 million is allocated for the equalisation of remuneration for Grade R educators, which will be added to the PES over the 2026 MTEF period.
- R3 billion is reprioritised from the Human Settlements Development Grant (HSDG) to the Informal Settlements Upgrading Partnership Grant (ISUPG) to address previous reductions that significantly lowered the baseline of the ISUPG, while ensuring that the grant has sufficient funds to deliver on its activities.

4.2.2 Additions to grant baselines

- R12.8 billion is added to the ECD Grant over the 2026 MTEF period for the continued expansion of ECD services, of which R175 million is for the implementation of e-Cares to pay the salaries of employees who will be responsible for collecting and managing data for the system, their operational expenses and tools of trade.
- R218 million is added to the Health Facilities Revitalisation Grant over the 2026 MTEF period for the Tygerberg and Klipfontein Regional Hospitals through the Budget Facility for Infrastructure (BFI).

- R1.5 billion is added to the Provincial Roads Maintenance Grant (PRMG) over the 2026/27 MTEF to fund the carry-through costs of the disasters that occurred between April 2024 and June 2025, for the reconstruction and rehabilitation of provincial infrastructure damaged by flooding and thunderstorms.

4.2.3 Reductions to grant baselines

- A reduction of R197 million is made to the CASP Grant over the 2026 MTEF period to the Department of Agriculture for the development of an e-Certification system; implementation of animal identification, recording and traceability systems; and the continued implementation of blended financing.
- A reduction of R25 million is made to the Expanded Public Works Programme (EPWP) Integrated Grant for Provinces over the 2026 MTEF period to make funding available for existing pressures in the Department of Public Works and Infrastructure.
- A reduction of R2.3 billion is made to the School Infrastructure Backlogs Grant (SIBG) baseline in 2026/27, aligned to the phasing out of the Grant over the 2026 MTEF period, to be merged with the Education Infrastructure Grant (EIG). The Grant will retain R448 million in 2026/27 to finalise the closeout of projects and the remaining allocation for capital payments will be shifted to the EIG.
- To make funding available for the continued implementation of the Presidential Employment Stimulus initiative, funding is reprioritised from the following two grants: Of the total reduction of R1.2 billion to the EIG over the 2026 MTEF period, R503 million is reprioritised in 2026 and of the total reduction of R1.5 billion made to the PRMG over the 2026 MTEF period, R707 million is reprioritised in 2026.
- Reductions are also made to grant baselines over the 2026 MTEF period in line with Cabinet endorsement of lower consumer price index (CPI) levels, as reflected in the revised fiscal framework for the 2025 Medium Term Budget Policy Statement (MTBPS). The total downwards revision is R568 million in 2026/27; R1.2 billion in 2027/27 and R3.1 billion in 2028/29, as follows:
  - A reduction of R4 million to the Land Care Programme Grant: Poverty Relief.
  - A reduction of R88 million to the ECD Grant.
  - A reduction of R11 million to the HIV and AIDS (Life Skills Education) Grant.
  - A reduction of R7 million to the LSPID Grant.
  - A reduction of R20 million to the Maths, Science and Technology Grant.
  - A reduction of R431 million to the NSNP Grant.
  - A reduction of R7 million to the Provincial Disaster Response Grant.

- A reduction of R391 million to the District Health Programme Grant.
- A reduction of 78 million to the Human Resources and Training Grant.
- A reduction of R8 million to the National Health Insurance (NHI) Grant.
- A reduction of R592 million to the National Tertiary Services Grant.
- A reduction of R592 million to the HSDG Grant.
- A reduction of R38 million to the ISUPG.
- A reduction of R55 million to the Community Library Services Grant.
- A reduction of R27 million to the Mass Participation and Sport Development Grant.
- A reduction of R349 million to the Provincial Transport Operations Grant.
- A reduction of R103.6 billion to the indirect NHI Grant.

5. Local government allocations

5.1 Local Government Equitable Share

The Local Government Equitable Share (LGES) for 2026/27 amounts to R110.1 billion, which is R4.0 billion more than the R106.1 billion allocated in 2025/26. The LGES is projected to grow at an average nominal rate of 3.5 percent over the 2026 MTEF to R118.0 billion by 2028/29.

5.2 Local government conditional grants

A total of R10.71 billion is added to the baselines of direct local government conditional grant transfers and R536 million to indirect conditional grants via a technical adjustment over the 2026 MTEF period while reductions of R10.74 billion and R1.1 billion are proposed.

5.2.1 Changes to local government grants

(a) Technical adjustments effected

- R536 million will be shifted from the direct to the indirect component of the Municipal Infrastructure Grant (MIG) in 2026/27 to address infrastructure delivery issues.
- R19.2 billion will be shifted from the Urban Settlements Development Grant (USDG) to the metro trading services component of the Urban Development Financing Grant (UDFG) over the 2026 MTEF period to strengthen core utility functions.
- R797 million will be shifted from the Integrated National Electrification Programme (INEP) Grant over the 2026 MTEF period to merge it with the Energy Efficiency Demand Side Management Grant funding, with the focus on energy efficiency and renewable energy programmes that can lead to more sustainable energy provision and enable the achievement of long-term energy security goals.

(b) Additions to grant baselines

- R8.6 billion is added as an additional incentive allocation over the 2026 MTEF period and directed towards the metro trading services component of the UDFG.
- R2.1 billion is added to the Regional Bulk Infrastructure Grant (RBIG) over the 2026 MTEF period for a regional wastewater treatment works project in Polokwane, funded through the BFI.

(c) Reductions to baselines

- A total reduction of R1.2 billion is made to the MIG baseline in 2026/27, of which –
  - R300 million is shifted to the Department of Cooperative and Traditional Affairs (CoGTA) for the once-off gratuity payment to outgoing Councillors after the local government elections; and
  - R921 million is shifted to the Public Employment Programme to support the continued implementation of the Presidential Employment Stimulus.
- To make funding available for the continued implementation of the Presidential Employment Stimulus initiative, funding is reprioritised from the following two grants:
  - R491 million reduction to the Municipal Informal Settlements Upgrading Partnership Grant; and
  - R784 million reduction to the indirect INEP (Eskom) Grant.
- R144 million reduction is made to the UDFG over the 2026 MTEF period to correct the BFI allocations for eThekwini Metropolitan Municipality: The full allocation of R379 million for the non-revenue water project was erroneously allocated to eThekwini, instead of being split between the Municipality and the Infrastructure Fund as per the agreed work package.
- R8.3 billion reduction is made to the Public Transport Network Grant (PTNG) over the 2026 MTEF period, as identified through the Targeted and Responsible Savings Process (TARS).
- R321 million reduction is made to the indirect Neighbourhood Development Partnership Grant (NDPG) over the 2026 MTEF period. The Grant will be discontinued and its baseline of R219 million over the 2026 MTEF will be shifted to the National Treasury Vote and is earmarked to support government's infrastructure reforms.
- Reductions are also made to the following two grants:

- R547 million reduction to the direct NDPG in the latter two years of the 2026 MTEF period.
- R5 million reduction to the direct EPWP Integrated Grant for municipalities.

6. Submissions by stakeholders

6.1 Parliamentary Budget Office

The Parliamentary Budget Office (PBO) indicated that the intention with the division of revenue between the three spheres of government was to increase the proportion of transfers to the provincial and local spheres over time. The PBO explained that the estimated annual growth for the PES share was 3.5 percent over the MTEF and that allocations per province were based on the PES formula, with Gauteng receiving the biggest proportion of 21 percent, KwaZulu Natal 20.3 percent, followed by the Eastern Cape with 12.9 percent.

The PBO submitted that provincial grant reforms for the 2026 MTEF period focused on consolidation, better targeting and strong performance incentives, with the SIBG being fully merged into the EIG in 2026/27. The CASP Grant and the Ilima/Letsema Projects Grant will be combined to streamline support to emerging farmers. The Community Library Services Grant is earmarked for incorporation into the PES in 2028/29. The PBO supported these changes as it would improve efficiencies.

The PBO commented that, to protect infrastructure investment from municipal dysfunction, a general clause is introduced in the Bill to enable the National Treasury to redirect infrastructure grants from local municipalities that have proven incapable of implementation to the Development Bank of Southern Africa (DBSA), the Municipal Infrastructure Support Agent (MISA) or capable district municipalities.

The PBO's analysis of conditional grant performance information showed -

- Underspending accompanied by underperformance and in certain circumstances over performance;
- Performance outputs/indicators that were not well defined;
- Poor or no reporting on actual non-financial information;
- No targets were set for outputs;
- Incomplete performance information in the Annual Reports;
- Unreliability of reported information, as some Annual Reports and the Bill presented differing figures; and
- Lack of data/information credibility, particularly when numbers were duplicated across financial years or differed in various statutory documents.

The PBO commented that inconsistences between expected outputs and subsequent reporting were of a technical nature and should be addressed. The PBO added that enhancing the quality and accuracy of performance reporting would strengthen the ability of oversight bodies, such as Parliament, to monitor and evaluate the effectiveness and efficiency of expenditure on government priorities. The PBO also indicated that instances of underspending on certain grants, accompanied by overperformance, may be attributed to the setting of targets lower than actual achievements in the preceding financial year. The PBO recommended that previous performance be used as a baseline when determining targets for subsequent years.

6.2 Financial and Fiscal Commission

The Financial and Fiscal Commission (FFC) indicated that in the 2025 Budget, the total allocation to provinces for the 2026/27 financial year had been projected to be R798.43 billion, which had been increased by 1.5 percent to R810.48 billion in the 2026 Budget. The PES allocation for 2026/27 had been projected to be R660.57 billion and was adjusted by 1.5 percent to R670.32 billion in the 2026 Budget; and conditional grant allocations had been projected to be R137.86 billion and was adjusted by 1.7 percent to R140.16 billion in the 2026 Budget. While the PES allocation for all provinces had been increased, the increases varied across provinces, ranging from 1.1 percent to 1.8 percent. The FFC submitted that the total funding outside the PES formula amounted to R1.9 billion for the 2026/27 financial year and that additional allocations calculated outside the formula undermined the principles of transparency and predictability. The FFC was concerned over how these funds would be monitored to ensure that they were utilised for the intended purpose and indicated that this practice created fiscal uncertainty among provinces and may lead to intergovernmental fiscal tensions and disputes.

The FFC submitted that there were significant adjustments between the 2025 and 2026 MTEF with respect to the following grants:

- The ISUPG increased by 107 percent, with funds shifted from the HSDG.
- The ECD Grant increased by 115.8 percent, to expand ECD services.
- The CASP Grant increased by 34.5 percent between the two budgets and has been merged with the Ilima/Letsema Projects Grant.
- The HSDG was allocated R1 billion, or 7.5 percent less than the 2025 Budget had estimated.

The FFC welcomed the revision to the ECD Grant, as showing government's commitment to ECD but raised a concern regarding the capacity and readiness of provinces to spend the increased funding. The FFC noted the conversion of the SIBG to the EIG and raised its concern

over the downward adjustment for the EIG, as the objectives and outcomes of the merged grants could be compromised. The FFC did not support the proposed consolidation and reallocation of funds within the human settlements sector under the current ISUP Grant framework. The FFC submitted that in its current form, the ISUP structure encroached on the constitutionally assigned powers and functions of municipalities, specifically in areas such as zoning and water infrastructure, responsibilities that, while administered through provinces, remained a core municipal mandate. The FFC's position was further informed by the sustained downward revisions of the HSDG over the past seven years, which had significantly impaired the delivery of housing developments.

In light of its previous recommendation on performance-based local government grants for sustainable urban development, the FFC recommended that the National Treasury and the CoGTA should formally assess the first-year implementation of the performance-based urban development component and its impact on metropolitan infrastructure management, particularly in water, sanitation, electricity and waste services, and determine whether measurable improvements in asset management, project execution and financial sustainability had been realised. It further recommended a consolidated impact assessment of the cumulative reductions and reprioritisations across infrastructure grants to determine the full implications for service delivery and infrastructure backlogs in rural and fiscally constrained municipalities.

6.3 South African Local Government Association

The South African Local Government Association (SALGA) submitted that the local government fiscal environment had evolved significantly since the 1998 White Paper on Local Government, introducing new stressors that were never anticipated in the original design of the fiscal framework. These included –

- Rapid urbanisation and unplanned settlement growth;
- Intensifying climate shocks, including floods, droughts and infrastructure damage, imposing high unbudgeted costs on municipalities;
- Deepening poverty and unemployment, and affordability of services;
- Ageing and failing infrastructure, requiring large-scale renewal investments far beyond available funding; and
- Escalating debt to Eskom and water boards, constraining municipal liquidity and compromising service continuity.

SALGA submitted that local government was experiencing systemic, structural and management risks which included the following:

- Ageing infrastructure, much of it 40 to 60 years old, inherited from the apartheid era.
- High levels of non-revenue water and electricity, often above 40 percent.
- Delays in procurement and long turnaround times for maintenance.
- Pollution of water sources increasing treatment costs.
- Poor systems and tools for efficient operation processes and procedures.
- Municipal arrears to Eskom exceed R78 billion as of December 2025.
- Debt to water boards exceeds R20 billion, rising by 11 percent year-on-year.
- Revenue collapse, with 151 municipalities reporting collection rates below 75 percent.
- Repairs and maintenance expenditure below 8 percent, on average 4 percent.
- District Development Model implementation gap, with funding flows and functional assignments remaining unresolved.

SALGA did not support the notion that debt had stabilised, as debt had increased by 12 percent since 2022. It argued that the more debt grows, the more it continued to constrain the fiscus with less budget to allocate towards investing in infrastructure for economic growth and reduce the inadequate funding of local government. SALGA indicated that it would lobby for capacity building and performance management support to be infused in the reforms currently underway, as it was critical to infrastructure planning, development and delivery and it was not clear how state capability would be supported and improved from a human capital and skills development perspective in the current reforms, where the focus was on changing the powers, functions, roles and responsibilities, consequence management and monetary investment infrastructure. It would provide comments on the municipal public-private partnership (PPP) regulations, once they were published.

SALGA further submitted that the 6 percent decline in both direct and indirect conditional grants proved that government had no intention of acknowledging the infrastructure backlog in local government and no commitment to fund the sector adequately. SALGA argued for scenario and modeling implication of outcomes of the draft of White Paper and Fiscal Framework before they became budget proposals in the medium term. SALGA indicated that government was reducing infrastructure spending by provinces and municipalities citing corruption and weaknesses in financial management when the same was experienced by the state-owned entities (SOEs) where the majority of the funds would be reallocated to. SALGA acknowledged the challenges of non-payment of creditors within 30 days; underspending on conditional grants; delayed projects; and high instances of unauthorised, irregular, fruitless and wasteful expenditure as reported by the Auditor-General of South Africa's (AGSA's) 2023/24 municipal audit report, but argued that the weaknesses identified in provinces and municipalities were the same as those in national

departments and SOEs, yet National Treasury had not invoked Section 216 of the Constitution on them. SALGA urged Parliament to hold Treasury accountable for being biased and partial in implementing consequences and invoking Section 216.

SALGA was concerned over the fact that the equitable share formula continued to use the 2011 census data which may negatively be impacting municipalities with a higher number of poor households; and the fact that National Treasury had provided funds to Statistics South Africa to collect the latest data and indicated that it would lobby for annual updating and publishing.

6.4 Public submissions

6.4.1 Breadline Africa

While acknowledging that the Bill strengthened predictability, accountability and multi-year planning for provinces and municipalities through clear rules for frameworks, reporting and oversight, Breadline Africa raised concern over the fact that there was no conditional grant dedicated to ECD infrastructure; provinces could not re-allocate other grant funds towards ECD; ECD was not recognised as a local government function; and the Bill made no provision for the maintenance of ECD infrastructure.

Breadline Africa made the following recommendations:

- Establish a dedicated ECD Infrastructure Capital Grant (Schedule 5A).
- Amend the framework of the existing ECD Grant to add a capital infrastructure component.
- Include ECD infrastructure in the 2026/27 Budget Facility for Infrastructure (BFI) pipeline.
- Recognise ECD infrastructure as a municipal mandate and amend DoRA frameworks to enable municipalities to legally support ECD facilities.
- Use Schedule 6 indirect grants to allow national departments and accredited partners to deliver standardised ECD builds rapidly at scale on behalf of provinces and municipalities.
- Align the Bill and public ECD infrastructure plans to the 2030 ECD Strategy for universal ECD access.
- Ensure that fiscal allocations match the infrastructure requirements of the R12.8 billion ECD subsidy expansion announced in the 2026 Budget.

6.4.2 Rural Health Advocacy Project

Rural Health Advocacy Project (RHAP) reported that real per capita district health financing was declining in all nine provinces, indicating that the problem was structural and national, not a matter of individual provincial management. Inter-provincial inequity was extreme and uncorrected, while the system was absorbing the PEPFAR gap with less real resource per person than the year before. With the PES showing no medium-term real growth in the 2025 MTEF, provinces must still absorb wage drift, overtime, medicines inflation, and demographic demand, creating year-on-year pressure with no new fiscal space

RHAP recommended that the Committee –

- Request National Treasury to provide a province-by-province analysis of real per capita district health services expenditure against burden of disease indicators, and an assessment of whether the current PES formula and conditional grant architecture are producing or correcting inter-provincial health inequity;
- Engage the Department of Health on the timeline and content of the district health package promulgation under the National Health Act; and
- Signal to National Treasury that the NCOP expects the 2027 Division of Revenue process to include a proposal for consolidating the district health conditional grant architecture, with equity-adjusted allocation and outcomes-linked accountability.

6.4.3 Youth Capital and The Learning Trust

Youth Capital (YC) and The Learning Trust (TLT) submitted that the 2026 Budget was a fiscal turning point that excluded young people, while youth unemployment remained structurally high with four out of ten young people unemployed. If fiscal policy did not explicitly and intentionally include young people in its design, the benefits of growth would not reach them, investment would not absorb them into productive activity and economic stability would not translate into social inclusion. YC and TLT indicated that stability without inclusion risked entrenching the very inequalities the budget sought to address; and made the following recommendations:

- Government should institutionalise Public Employment Programmes (PEPs) as a core labour market instrument responding for the structural nature of unemployment. PEPs should be transitioned from short-term stimulus interventions into a permanent and predictable component of South Africa's employment system. This required –

- Multi-year baseline funding allocations for the Presidential Employment Stimulus including, among others, the Basic Education Employment Initiative (BEEI) and the Social Employment Fund (SEF);
- Clear annual expansion targets linked to reductions in youth unemployment;
- Formal institutional anchoring within labour market policy frameworks to ensure continuity beyond fiscal cycles; and
- Support for implementation capacity, coordination, and learning systems to ensure effective delivery at scale.

- Government should introduce a youth employment impact framework across government spending, with all major expenditure programmes required to demonstrate their contribution to youth employment outcomes. This should include -
  - The introduction of a Youth Employment Impact Statement to accompany the Budget;
  - The establishment of measurable targets and reporting requirements across departments;
  - Based on the impact assessment, tabling a funded, time-bound National Youth Employment Plan ahead of the 2026 MTBPS; and
  - Clear accountability mechanisms linking expenditure to employment outcomes for young people.
- Government should embed youth inclusion conditions in the R1.07 trillion infrastructure investment and deliberate inclusion measures must be introduced to ensure equitable access. This should include –
  - Mandatory youth hiring targets across publicly funded infrastructure projects;
  - Apprenticeship and Work-Integrated Learning (WIL) quotas tied to project pipelines; and
  - Procurement mechanisms that prioritise youth-owned enterprises and supplier development.
- Government should provide certainty and strengthen the design of the SRD Grant, which should be repositioned as part of a broader pathway into economic participation. This requires –
  - Policy certainty on the future of the Grant beyond short-term extensions;
  - Consideration of an increase in its value to reflect the cost of living; and
  - The Grant to be integrated with employment services, skills development, and enterprise support pathways, so that it functions not only as a mechanism for

immediate income support but as an enabling platform that facilitates access to and transition into sustainable earning opportunities.

- Government should develop a coherent strategy for youth self-employment and enterprise and recognise self-employment as a primary pathway into the economy and align fiscal instruments accordingly. This should include –
  - Linking PEPs to enterprise development pathways;
  - Creating targeted support mechanisms for young, first-time entrepreneurs; and
  - Embedding youth enterprise participation within infrastructure and procurement systems.
- Government should increase funding for TVET colleges and align this investment with completion and employment outcomes. TVET funding should be linked to measurable improvements in throughput and transitions into work. This requires –
  - The introduction of throughput and certification targets tied to funding allocations;
  - A funded and coordinated national Work-Integrated Learning (WIL) placement system;
  - Increased funding allocated for TVET institutions; and
  - Integration between TVET pathways and PEPs to support completion and transition.
- Parliament should strengthen public participation to enable meaningful engagement with civil society. The budget participation process should be restructured to ensure inclusivity and accountability. This requires -
  - Improved communication and advance notice of participation opportunities;
  - Extended timeframes for submissions; and
  - Clear feedback mechanisms demonstrating how public inputs are considered and incorporated.

6.4.4 YearBeyond

YearBeyond (YB) submitted that government should fund what worked, the National Youth Service and that too many young people remained excluded from meaningful economic participation, despite their willingness to work and that pathways needed to be created for youth not in employment, education, or training (NEET) and strengthen communities. Youth unemployment carried long-term fiscal costs such as reduced lifetime earnings, increased reliance on social support, and greater social instability.

YB noted that budget allocations had been uneven since 2021/22, with funding remaining fragmented and unpredictable. Without multi-year certainty implementing partners could not plan effectively; contracting became inefficient; monitoring long-term outcomes was

weakened; and administrative costs increased. YB submitted that a multi-year MTEF-aligned framework would provide stability; improve efficiency; strengthen accountability; and enable long-term impact measurement. The National Youth Service was a proven working intervention, delivering skills and experience, income and dignity, and pathways into the economy and strengthening public service, community development, and youth employability. It was not a short-term intervention, but a pipeline into long-term economic participation. YB's data showed that 70 percent of participants progressed into employment, education and entrepreneurship; 60 percent had household needs such as food and transport; 30 percent needed education; and 12 percent wanted to be involved in business activities. The Service provided both immediate relief and long-term opportunity.

6.4.5 SECTION27

SECTION27 raised various shortcomings of the Bill, including the level of commitment to Gender-Responsive Budgeting (GRB); the real-term reduction in the PES; and the lack of sufficient resources allocated to address challenges experienced in the health and education sectors.

SECTION27 requested the Committee to -

- Demand participatory human rights impact assessments of the Division of Revenue and budget decisions so that budget decisions are informed by the lived realities of communities and the implications of these decisions translate into the realisation of socio-economic rights for all South Africans;
- Call for the reversal of real-term cuts to education and health infrastructure grants, including the Education Infrastructure Grant and Health Facility Revitalisation Grant so that provincial departments are better positioned to build new schools, health facilities and clear infrastructure backlogs;
- Prioritise funding for the expansion of frontline personnel such as teachers, nurses, doctors, and community health workers, to combat shortages and overcrowding, and also to absorb unemployed young people who are seeking opportunities to serve their communities and build our taxbase and economy in an inclusive way;
- Call for GRB to be scaled beyond a pilot, with a fully funded and capacitated function within National Treasury and expanded to critical sectors such as health. The pilot must be made participatory for the intended beneficiaries, grounding this intervention in their lived realities;

- Call for the expansion of the National Schools Nutrition Programme (NSNP) to meet rising demand and ensure that allocations are reliably above food inflation; and exercise its oversight authority to compel government to strengthen NSNP procurement systems to be reliable, transparent and have effective consequence management where non-delivery of meals or corruption impedes learners' access to quality meals;
- Require clear, time-bound implementation plans for ECD nutrition funding, strengthen accountability for underspending, and ensure that support reaches all children, including those in unregistered and under-resourced centres;
- Call for targeted investment in provincial capacity to timeously clear infrastructure backlogs and ensure that all funds allocated towards this translate into clinics and classrooms for all;
- Require a coordinated response to reduce the impact of accruals, medico-legal claims, and other fiscal leakages that divert resources away from essential services such as education and healthcare; and
- Call for increased and protected funding for Emergency Medical Services (EMS), including greater investment in fleet renewal, maintenance, and rural coverage to overcome the barriers preventing patients from accessing their constitutional right to quality healthcare services.

6.4.6 Budget Justice Coalition

The Budget Justice Coalition (BJC) questioned the adequacy of allocations in the Bill to fund services both at provincial (health and education) and municipal level (basic services and infrastructure).

The BJC highlighted the following areas for reform:

- Rebalance fiscal policy toward service delivery and inclusive growth.
- Strengthen progressive revenue mobilisation.
- Reform equitable share formulas to reflect real needs.
- Adopt differentiated funding approaches for municipalities.
- Ringfence infrastructure maintenance funding.
- Link infrastructure investment to employment outcomes.
- Invest in administrative and technical capacity.
- Address systemic causes of underspending.
- Institutionalise gender-responsive budgeting.

- Scale public employment programmes as a core fiscal tool.

6.4.7 Equal Education and Equal Education Law Centre

Equal Education (EE) and Equal Education Law Centre (EELC) raised concerns regarding the funding of education from Grade R to post-school level as well as the shortcomings of the Gender Budget Statement, and made the following recommendations:

- Increase the overall allocation to education to protect constitutional rights to basic education, higher education, dignity, and the best interests of the child.
- Ensure that the overall allocation in the Bills enable sustained investment in line with policy commitments.
- Parliament should demand greater transparency in how the overall allocation to the education sector is determined, including whether implicit ceilings are being applied across basic and post-school education, how these affect the division of revenue across government spheres, and to what extent this undermines the concurrent responsibilities of different spheres of government.
- Amend the Bill to provide dedicated baseline funding for universal Grade R.
- Prioritise funding to no-fee schools to address quality and access disparities.
- Reverse real declines in the Public Primary Schools sub-programme.
- Increase allocations for Learner-Teacher Support Materials (LTSM) in line with international benchmarks.
- Require transparent procurement and monitoring systems to ensure every learner has access to adequate materials.
- Accelerate the rollout and resourcing of school libraries, including verification of existing data.
- Ringfence at least 0.5 percent of the public ordinary schools' compensation of employees budget to support teacher development.
- Expand the educator workforce with a funded plan to recruit approximately 64 000 additional teachers by 2030.
- Restore and expand funding for the Basic Education Employment Initiative (BEEI) and integrate teaching assistants into early grade literacy strategies.
- Fully fund inclusive education, in line with the Guidelines for Resourcing and Inclusive Education System; starting by expanding district-based support services and increasing educational psychologists headcounts to required levels.

- Increase conditional grant allocations to scale toward the estimated R57 billion annual requirement.
- Allocate infrastructure funding through conditional grants in line with need, prioritising rural provinces and historically under-resourced schools.
- Reform infrastructure grant incentive mechanisms to better support province-specific improvements in planning and delivery.
- Publish the updated education component of the Provincial Equitable Share (PES) formula for public scrutiny and input.
- Revise an immediately implementable formula to account for unplaced Grade R learners, poverty, rurality, and disability.
- Increase the overall size of the PES to reflect the real cost of delivering education across provinces.
- Expand the Gender Budget Statement to adopt an intersectional approach that reflects multiple dimensions of inequality.
- Integrate data across sectors and track outcomes, not only programme allocations.
- Increase investment in university and Technical and Vocational Education and Training (TVET) infrastructure and human resources to expand capacity and reduce overcrowding.
- Address funding shortages in TVET colleges through improved funding and retention strategies.
- Develop a sustainable funding model for the National Student Financial Aid Scheme (NSFAS) to progressively fund fee-free higher education and eliminate recurring shortfalls.
- Improve administrative systems and de-densify student support services to ensure timely disbursement and access.

6.4.8 Institute of Race Relations

The Institute for Race Relations (IRR) submitted that the Committee was empowered to block conditional grant allocations from being used to pay black economic empowerment (BEE) premiums or other preference premiums above base price, arguing that reducing preference premiums to zero aligned directly with objective criteria for serving the national interest.

IRR made the following recommendations:

- Amend the Bill by inserting a clause stating that all allocations as conditional grants in terms of Schedule 4, 5, 6, and 7 must not be used to pay preference premiums, whether that be black economic empowerment (BEE) premiums or other premiums.
- If any organ of state finds its duties of compliance under the Bill to be inconsistent with requirements under the Preferential Procurement Policy Framework Act (PPPFA), then it can apply for an exemption from payment of BEE premiums under section 3 of the PPPFA.

6.4.9 Institute of Race Relations Legal NPC

The Institute for Race Relations (IRR) Legal submitted that there was a constitutional duty to make BEE premiums explicit in the Bill and that its own polling had shown that this transparency was preferred by the majority of South Africans.

IRR Legal made the following recommendations:

- Amend the Bill to make black economic empowerment (BEE) premium payments explicit and reportable to National Treasury.
- Withhold appropriations in terms of Clauses 17 and 18 if transparency conditions are not met.
- Explicitly prescribe BEE premium reporting in the framework for conditional allocations (Schedules 4 to 7).
- Amend Clause 14 to require provincial and municipal financial statements to transparently report BEE premiums.

6.4.10 Pietermaritzburg Economic Justice and Dignity Group (PEJDG)

The PEJDG submitted that it conducted a Household Affordability Index on a monthly basis by tracking 44 basic food items that a family in major cities and towns across South Africa needed per month; which had become a source of reference for many and illustrated how food prices continued to go increased on a monthly and annual basis. A key observation from the data collection was how households were spending less on food, thereby compromising on their health and wellbeing because they had to pay for costs such as electricity and water first. The PEJDG made the following recommendations:

- Government should increase the Child Support Grant to bring it in line with or above the Food Poverty Line (FPL).
- Government should develop a better mechanism on tariffs so that low-income households were exempt from current duties as charged by Eskom, water entities and municipalities.
- Government should conduct a thorough assessment of whether municipalities are spending their conditional grants for water and electricity infrastructure; and re-look the model and assessment of how municipalities implemented government's indigent policy meant to shield poor customers.
- Government should increase the SRD Grant to at least the FPL of R760.

6.4.11 Masinyusane Development Organisation

According to the Masinyusane Development Organisation (MDO), the Basic Education Employment Initiative (BEEI), an intervention as part of the Presidential Employment Stimulus launched in 2020, represented one of the most significant recent public investments addressing youth unemployment and foundational learning challenges and reflected a bold and necessary national response which had already created meaningful impact at scale. MDO indicated that BEEI was effective because it worked with and through teachers, who remained at the centre of the education system, where in many rural and under-resourced schools, teachers managed large and diverse classrooms, worked under significant administrative and instructional pressure, and carried the responsibility of ensuring curriculum coverage. However, the 2026 Budget reduced funding allocations to the Initiative and the MDO recommended that funding for the BEEI be reinstated and that it be confirmed for the long-term.

6.4.12 Legal Resource Centre

The Legal Resource Centre (LRC) submitted that while the bulk of government spending went towards education, this was not indicative of the adequacy thereof and that the right to basic education as enshrined in section 29(1)(a) of the Constitution was immediately realisable and not subject to internal qualifications such as budgetary constraints. The LRC added that adequate expenditure must account for schools' actual financial need and ensure that schools were adequately equipped to provide learners with the immediate access to education to which they were entitled. While the overall budget for education had increased in nominal terms by approximately 6.7 percent in the 2026/27 financial year, this amounted to an increase in real terms of approximately 3.7 percent when accounting for the effects of inflation. This marginal

increase would not enable the education sector at large to meet the needs for education across the country. The LRC further submitted that, according to the Minister of Basic Education, approximately R129 billion was required to address existing infrastructure backlogs, including the provision of classrooms, sanitation, water, electricity, and the eradication of unsafe structures. In addition, recent data presented to Parliament indicated that 13 655 schools required additional sanitation facilities, 6 319 schools lacked reliable water supply, and 8 265 schools required additional classrooms, while 3 677 schools continued to have inappropriate or unsafe structures. However, regardless of these challenges, the School Infrastructure Backlogs Grand had shrunk from R1.8 billion in 2024/25 to R1.6 billion in 2025/26 and to a mere R448 million in 2026/27, a decline of approximately 7 percent in nominal terms over a two-year period. The allocation to the Education Infrastructure Grant (EIG) remained comparatively steady, with a slight decrease in real terms. The LRC submitted that there was a clear disjuncture between the budget allocated towards school infrastructure and schools' needs, with approximately R129 billion needed to address existing school infrastructure backlogs, excluding expansion required to accommodate new Grade R learners, and R448 million and R16 billion allocated towards school infrastructure through the SIBG and EIG respectively.

6.4.13 Congress of South African Trade Unions

The Congress of South African Trade Unions (COSATU) acknowledged key allocations to improve public services in health, education and municipal basic service delivery; but expressed concern that there was no additional support to cushion the agricultural, industrial and manufacturing sectors at risk of high electricity prices, global trade turmoil, increases in oil prices and inflation, and Foot and Mouth Disease; and that interventions did not go far enough to capacitate highly dysfunctional municipalities, tackle rising municipal debt or deal with corrupt and incompetent municipal management.

COSATU made the following recommendations:

- Closer parliamentary oversight over public employment and infrastructure programmes.
- Engage the Public Investment Corporation (PIC), Sector Education and Training Authorities (SETAs) and the National Skills Fund (NSF) to expand public employment programmes.
- More active law enforcement to tackle the construction mafia and cable theft.
- Engage the PIC, the Development Bank of Southern Africa (DBSA) and the Industrial Development Corporation (IDC) to boost economic infrastructure.

- Urgent engagements at National Economic Development and Labour Council (NEDLAC) on ramped up SMME, industrialisation and export and a financial stimulus and relief package.
- Fill frontline vacancies such as doctors, nurses, paramedics, teachers and police.
- Extend the ghost post audit to all departments, entities, municipalities and SOEs.
- Cut executives and senior management in favour of shifting resources to frontline positions.
- COSATU is seeking urgent discussions with government at NEDLAC on an economic social relief package to cushion the working class, poor, and unemployed from the devastating impact of massive fuel hikes.
- Urgent interventions to stabilise increasingly dysfunctional municipalities, including tackling revenue and expenditure obligations and developing a new funding model.
- Enlist Eskom, the South African National Roads Agency (SANRAL) and the Department of Water and Sanitation to ensure delivery of basic services and recapacitating of struggling municipalities.

6.4.14 Amandla.mobi

Amandla.mobi welcomed the increases in social grants but indicated that the amounts were still not enough to keep up with the cost of living. It further submitted that SARS lacked sufficient resources to recover the half a trillion rand uncollected tax and that wealth inequality had not changed since 1994.

Amandla.bobi made the following recommendations:

- Increase Personal Income Tax for the ultra-wealthy and commit to introducing an annual net wealth tax at a rate above 3 percent for those with a wealth of more than R3.8 million.
- Re-allocate funds and minimise irregular government expenditure.
- Expand the Child Support Grant to include pregnant mothers.
- Ensure public institutions such as SARS have the funding necessary to realise their mandate.
- Increase the Health Promotion Levy to 20 percent and expand it to include fruit juice.
- Increase all social grants by substantial amounts to help curb poverty and hunger, and address the high cost of living.
- Increase the Social Relief of Distress Grant and expand it to those unfairly excluded.
- Provide clear plans for the implementation of the Basic Income Grant.

6.4.15 Better Governance Initiative

The Better Governance Initiative (BGI) indicated that municipalities were responsible for a defined set of functions, yet routinely funded services that belonged to national and provincial governments, at a cost of R30 billion per year. If municipalities did not step in, services would collapse, and residents would hold municipalities accountable. BGI argued that accountability must be built in alongside adequate funding to municipalities, not used as a precondition to withhold it.

BGI made the following recommendations:

- Parliament should amend the Bill to increase the local government equitable share by R30 billion for 2026/27, adjusting the local government share from 9.4 to 10.9 percent of nationally raised revenue.
- If a full R30 billion correction is not desirable or achievable in 2026/27, Parliament should adopt the maximum correction achievable within a net-neutral fiscal corridor (where both national and provincial spheres end at or above their 2025/26 revised estimates), with an allocation for the corrected allocation over the MTEF.
- Parliament should amend the Appropriation Bill to reflect the consequential reduction in national and/or provincial allocations required to give effect to the above recommendations, consistent with a net-neutral fiscal framework.

6.4.16 Chartered Institute for Business Accountants

The Chartered Institute for Business Accountants (CIBA) submitted that the following key structural issues affected the effectiveness of translating funding into real outcomes:

- Weak municipal governance and financial management.
- Conditional grant performance and underspending.
- Performance and measurement gaps.
- Insufficient alignment of infrastructure with local economic activity.
- Ineffective monitoring, oversight and accountability.

CIBA made the following recommendations:

- Strengthen municipal governance and finance capacity and internal controls, protect finance officials and establish an Accountants' Protection and Non-Compliance with Laws and Regulations (NOCLAR) Fund.

- Improve conditional grant performance by simplifying administrative requirements, strengthening technical project support, and improving coordination between national departments and municipalities.
- Strengthen outcome-based performance measures by adding reliability, functionality and service quality indicators and link funding to actual service delivery outcomes, not just reported outputs.
- Align infrastructure with Local Economic Development by prioritising infrastructure that supports economic nodes and business activity and strengthen maintenance of existing infrastructure.
- Introduce a Risk-Based Monitoring Framework, classifying municipalities by risk level and directing intensive oversight and support to the highest-risk municipalities while allowing flexibility for strong performers.
- Explore voluntary linkages between grant recipients and community service delivery and skills development to strengthen local outcomes.

6.4.17 Eastern Cape Health Crisis Action Coalition

The Eastern Cape Health Crisis Action Coalition (ECHCAC) raised various concerns including the adequacy of the PES allocations; the need for climate-responsive budgeting; underspending; and severe challenges in healthcare service delivery in the Eastern Cape.

ECHCAC requested Parliament to -

- Advocate for multi-year, ring-fenced allocations that prioritise the rehabilitation of facilities in Komani and across the Eastern Cape, with explicit reporting obligations to prevent underspending and misallocation;
- Assist communities with adaptation and recovery after climate change impacts and to request an audit of previous disaster allocations to identify failures in spending and ensure that future allocations address both immediate recovery and long-term resilience; and
- Revisit previous engagements with the Enoch Mgijima Local and Chris Hani District municipalities to follow up on the issues raised during the 2025 engagements, as many of the service delivery issues raised in the communities have gotten worse.

6.4.18 Healthy Living Alliance (HEALA)

The Healthy Living Alliance (HEALA) reported that South Africa was experiencing a shift from communicable diseases to non-communicable diseases (NCDs) due to a dietary move to ultra-processed foods and sugar-sweetened beverages. NCDs cost the country 0.7 percent of GDP with 15 percent of the Department of Health budget being spent on NCD care; while revenue collected through the Health Promotion Levy (HPL) could support health and social programmes.

HEALA made the following recommendations:

- Increase the HPL to at least 20 percent.
- Introduce an annual inflation adjustment.
- Expand the HPL to include 100 percent fruit juices.
- Reduce the sugar threshold to improve effectiveness.

4.6.19 Women on Farms Project

The Women on Farms Project (WFP) expressed concern over certain allocations in the 2026 Budget, including the R8.2 billion to settle approximately 985 land restitution claims over the medium term, the R1.2 billion for land redistribution for 2026/27, and the fact that the SRD Grant, the Child Support Grant and the Older Persons Grant remained too low to sustain a decent quality of life; and further called for a tax on net worth on all types of assets as a complement existing wealth tax instruments.

The WFP called on the Committee to -

- Recommend an increase in the budget allocation to the Department of Land Reform and Rural Development and the Department of Agriculture for the specific purpose of land redistribution, including the redistribution of unused state land and state land currently leased to commercial farmers;
- Exercise its mandate for expenditure oversight to ensure that land redress, through provincial equitable share and conditional grant expenditure, specifically includes women farm workers and dwellers; and
- Insist that National Treasury, together with the Department of Social Development, present the plan and budget to implement a Universal Basic Income Grant (UBIG) as a matter of urgency. As a stop gap measure, the Child Support Grant and the Social Relief of Distress (SRD) Grant should increase to Statistics SA's 2026 Food Poverty Line (FPL) of R855 a month.

7. Provincial mandates

The Committee met on 06 and 20 May 2026, respectively, to consider negotiating and final mandates from provinces.

7.1. Negotiating mandates

7.1.1. Eastern Cape supported the Bill within certain parameters.

7.1.2. Free State supported the Bill and made recommendations.

7.1.3. Gauteng supported the Bill and made recommendations.

7.1.4. KwaZulu-Natal supported the Bill.

7.1.5. Limpopo supported the Bill and made inputs.

7.1.6. Mpumalanga supported the Bill and made recommendations.

7.1.7. Northern Cape supported the Bill and made recommendations.

7.1.8. North West supported the Bill and made a recommendation.

7.1.9. Western Cape supported the Bill and made comments and recommendations.

7.2. Final mandates

7.2.1. Eastern Cape supported the Bill.

7.2.2. Free State supported the Bill.

7.2.3. Gauteng supported the Bill.

7.2.4. KwaZulu-Natal supported the Bill.

7.2.5. Limpopo supported the Bill.

7.2.6. Mpumalanga supported the Bill.

7.2.7. Northern Cape supported the Bill.

7.2.8. North West supported the Bill.

7.2.9. Western Cape supported the Bill.

8. Findings and Observations

Having deliberated and considered all the submissions made by the above stakeholders on the *Division of Revenue Bill* [B5 - 2026], the Committee made the following findings and observations:

8.1 The Committee noted persistent concerns regarding the adequacy of allocations to local government, particularly in the context of widespread municipal financial distress, rising debt levels, and an inability to meet basic service delivery obligations. While the local government fiscal framework assumes a degree of own-revenue generation, many municipalities, especially in rural areas, lack a viable revenue base. This structural imbalance continues to undermine the sustainability of municipalities and the equitable provision of basic services.

8.2 The Committee remained concerned that weak revenue collection systems, outdated billing systems, and the absence of credible indigent registers continue to compromise municipal finances. This results in poor targeting of free basic services, leakage of resources, and inequitable service delivery outcomes. The lack of reliable data and enforcement mechanisms further exacerbates revenue shortfalls and weakens fiscal discipline at municipal level.

8.3 The Committee observed that the current design of conditional grants does not adequately incentivise improved performance, as well-performing municipalities are not sufficiently rewarded, while underperforming municipalities continue to receive allocations with limited consequences. This weakens accountability and does not encourage improvements in governance, planning, and expenditure efficiency across municipalities.

8.4 The Committee noted that many municipalities lack the technical, planning, and project management capacity required to effectively implement infrastructure programmes. This results in delays, cost overruns, and poor-quality infrastructure delivery. The reliance on external implementing agents reflects systemic institutional weaknesses rather than a sustainable long-term solution to capacity constraints.

8.5 The Committee remained concerned about the effectiveness, accountability, and coordination of implementing agents (IAs) such as Development Bank of Southern Africa (DBSA) and others. Instances of project delays and non-completion raise questions about oversight, value for money, and alignment with municipal priorities. The lack of clear performance frameworks for IAs further limits transparency and accountability.

8.6 The Committee remained concerned that, despite significant investments in the water sector through multiple conditional grants, including the Water Services Infrastructure

Grant, service delivery outcomes remain inadequate. The fragmentation and duplication arising from multiple grant instruments have contributed to inefficiencies in planning and implementation. These further highlight weaknesses in intergovernmental coordination, asset management, maintenance, and accountability, ultimately undermining the effectiveness and sustainability of public investment in the water sector. As such, this is reflected in persistent challenges such as high levels of non-revenue water, system failures, infrastructure vandalism, and unaddressed leakages.

8.7 The Committee noted continued underspending of conditional grants, particularly at municipal level, driven by weak planning, capacity constraints, and administrative inefficiencies. This results in funds being returned to the fiscus without achieving intended service delivery outcomes, thereby perpetuating infrastructure backlogs and eroding public trust.

8.8 The Committee observed that while expenditure reporting mechanisms are relatively strong, there is inadequate monitoring of outputs and outcomes associated with conditional grants. The absence of integrated performance monitoring frameworks limits the ability of Parliament to assess whether allocated funds are translating into tangible service delivery improvements.

8.9 The Committee remained concerned that the current Provincial Equitable Share (PES) formula does not adequately reflect evolving demographic trends, rurality, poverty levels, and service delivery pressures, and continues to rely on outdated data. This undermines its responsiveness to current realities and results in a misalignment between allocations and actual needs, particularly in provinces experiencing rapid population growth and deep structural poverty.

8.10 The Committee noted the increasing use of allocations outside the PES formula to address sector-specific pressures. While these allocations may serve short-term objectives, they undermine the principles of predictability, transparency, and equity that underpin the intergovernmental fiscal system, and may weaken accountability mechanisms.

8.11 The Committee remained concerned that municipalities continue to perform functions on behalf of other spheres of government without adequate funding, resulting in significant fiscal pressures. These unfunded mandates distort municipal budgets, divert resources from core functions, and compromise service delivery, particularly in financially constrained municipalities.

8.12 The Committee observed that the Local Government Equitable Share (LGES) formula does not adequately reflect current realities, including climate-related costs, urbanisation trends, and evolving demographic patterns. The use of outdated data and assumptions

contributes to inequitable allocations and limits the ability of municipalities to respond to emerging challenges.

8.13 The Committee noted that the increasing shift of grants from direct to indirect allocations reduces municipal control over infrastructure delivery and weakens accountability at local level. This approach may also limit opportunities for municipalities to build internal capacity and technical expertise, thereby perpetuating long-term dependence on external support.

8.14 The Committee remained concerned that current levels of infrastructure investment are insufficient to address the scale of backlogs across key sectors such as health, education, and municipal services. A significant portion of allocations is directed towards maintenance rather than expansion, limiting the ability to meet growing service delivery demands.

8.15 The Committee observed persistent misalignment between intergovernmental planning processes, budget allocations, and implementation across the three spheres of government. This results in inefficiencies, duplication, and poor service delivery outcomes, highlighting weaknesses in intergovernmental coordination and integrated planning systems.

8.16 The Committee remained concerned that some municipalities are expending approximately R30 billion annually on functions constitutionally assigned to national and provincial spheres, representing a significant diversion of already constrained local government resources and undermining their core service delivery mandate.

8.17 The Committee noted serious concerns regarding the utilisation of funds allocated for health facility upgrades, particularly in provinces such as the Eastern Cape and the North West, where expenditure has not resulted in visible improvements, suggesting deficiencies in oversight, contract management, and accountability systems.

8.18 The Committee noted that rural health systems are under significant strain due to declining real per capita allocations and external funding withdrawals, while current budget allocations, including those through the PES, are insufficient and inadequately ring-fenced to protect frontline services.

8.19 The Committee noted concerns regarding the cost implications of Broad-Based Black Economic Empowerment (BBBEE) related procurement premiums in certain institutions, which may reduce value for money and limit the effectiveness of public expenditure if not properly designed and monitored.

8.20 The Committee remained concerned that regulatory and compliance requirements, including those linked to the Public Interest Score, impose a disproportionate

administrative and financial burden on Small and Medium Enterprises (SMEs), potentially constraining economic growth and job creation.

8.21 The Committee noted that municipal finance officials operate in environments with limited institutional protection and support, which undermines financial governance, accountability, and the effective implementation of fiscal frameworks.

8.22 The Committee acknowledged the positive impact of programmes such as the Basic Education Employment Initiative (BEEI) and civil society-led education support initiatives, which contribute meaningfully to youth employment and improved learning outcomes, particularly in underserved communities.

9. Recommendations

The Select Committee on Appropriations, having considered submissions from various stakeholders on the *Division of Revenue Bill* [B5 - 2026], recommends as follows:

9.1 The National Treasury, in consultation with the Department of Cooperative Governance, the South African Local Government Association (SALGA) and the Financial and Fiscal Commission (FFC) should, within 120 days of the adoption of this Report by the House, review the local government fiscal framework to address structural imbalances affecting financially distressed and low-capacity municipalities. The review should assess the adequacy and design of the local government equitable share, considering limited own-revenue potential in rural municipalities, and propose measures to enhance revenue sustainability, improve debt management, and strengthen the capacity of municipalities to deliver basic services in an equitable and sustainable manner.

9.2 The National Treasury, in collaboration with the Department of Cooperative Governance and the South African Local Government Association (SALGA) should, within 120 days of the adoption of this Report by the House, develop and implement a targeted support and reform programme to strengthen municipal revenue management systems. This should include the modernisation of billing systems, the standardisation and verification of indigent registers, and the enforcement of credit control measures. The programme should prioritise improving data integrity, enhancing revenue collection capacity, and ensuring that free basic services are accurately targeted, to strengthen municipal fiscal discipline and sustainability.

9.3 The National Treasury, in consultation with the Department of Cooperative Governance and relevant sector departments should, within 120 days of the adoption of this Report by the House, review the design of conditional grants to introduce stronger performance-

based incentives and consequences. This should include mechanisms to reward well-performing municipalities, enforce remedial actions for persistent underperformance, and link future allocations to demonstrated improvements in governance, planning, and expenditure efficiency, to strengthen accountability and enhance the effectiveness of public spending.

9.4 The National Treasury, in collaboration with the Department of Cooperative Governance, the South African Local Government Association (SALGA) and relevant provincial departments should, within 90 days of the adoption of this Report by the House, develop and implement a targeted capacity-building framework to strengthen technical, planning, and project management capabilities within municipalities. This should include structured skills transfer programmes, reduced reliance on external implementing agents, and the institutionalisation of in-house technical expertise. The framework should further introduce clear accountability measures to improve project execution, minimise delays and cost overruns, and enhance the quality and sustainability of infrastructure delivery.

9.5 The National Treasury, together with the Department of Cooperative Governance and relevant sector departments should, within 90 days of the adoption of this Report by the House, develop and enforce a standardised performance and accountability framework for implementing agents, including the Development Bank of Southern Africa (DBSA). This should include clear service level agreements, measurable performance indicators, and regular reporting requirements aligned to municipal priorities. The framework should further strengthen oversight mechanisms to ensure value for money, timely project delivery, and improved transparency and accountability in the implementation of infrastructure programmes.

9.6 The National Treasury, in collaboration with the Department of Water and Sanitation and the Department of Cooperative Governance should, within 120 days of the adoption of this Report by the House, review and rationalise water-related conditional grants to reduce fragmentation and duplication. The review should strengthen integrated planning and coordination across spheres of government, enforce ring-fenced allocations for operations and maintenance, and improve asset management practices. The Committee further recommends the introduction of strengthened accountability and reporting mechanisms, including enhanced in-year monitoring under Sections 71 and 32 of the Municipal Finance Management Act and the Public Finance Management Act, to reduce non-revenue water, address infrastructure losses and system failures, and ensure that investments translate into improved and sustainable water service delivery.

9.7 The National Treasury, together with the Department of Cooperative Governance and relevant provincial departments should, within 90 days of the adoption of this Report by the House, implement targeted measures to address persistent underspending of conditional grants at municipal level. This should include strengthening project planning and readiness requirements, improving cash flow and procurement management, and providing focused technical support to low-capacity municipalities. The Committee further recommends the enforcement of stricter in-year monitoring and early warning systems, including enhanced reporting under Sections 71 and 32 of the Municipal Finance Management Act and the Public Finance Management Act, to ensure timely expenditure, minimise the return of funds to the fiscus, and accelerate infrastructure delivery.

9.8 The National Treasury, together with the Department of Cooperative Governance should, within 90 days of the adoption of this Report by the House, develop and implement an integrated performance monitoring framework for conditional grants that links financial expenditure to measurable outputs and outcomes. This should include standardised performance indicators, improved data collection and reporting systems, and alignment between financial and non-financial reporting. The Committee further recommends that such reporting be incorporated into in-year monitoring processes to enable legislatures to effectively assess the impact of public spending on service delivery outcomes.

9.9 The National Treasury, together with relevant provincial departments should, within 120 days of the adoption of this Report by the House, review and update the Provincial Equitable Share (PES) formula to improve its responsiveness to current demographic trends, rurality, poverty levels, and service delivery pressures. The review should prioritise the use of up-to-date and credible data, reassess the weighting of key components of the formula, and ensure better alignment between allocations and actual expenditure needs across provinces, particularly those experiencing rapid population growth and structural poverty.

9.10 The National Treasury, together with the provincial sector departments should, within 120 days of the adoption of this Report by the House, review the increasing use of allocations outside the Provincial Equitable Share (PES) formula, with a view to limiting their use and reinforcing the principles of transparency, predictability, and equity in the intergovernmental fiscal system. The review should assess the rationale, scope, and impact of such allocations, and develop clear guidelines to ensure that any deviations

from the PES formula are justified, time-bound, and subject to strengthened reporting and accountability mechanisms.

9.11 The National Treasury, in collaboration with the Department of Cooperative Governance and relevant provincial sector departments should, within 90 days of the adoption of this Report by the House, conduct a comprehensive assessment of unfunded mandates imposed on municipalities. The assessment should identify the scope and fiscal impact of such functions and develop clear policy and funding mechanisms to ensure that any assigned responsibilities are accompanied by adequate and sustainable funding. The Committee further recommends the strengthening of oversight and enforcement mechanisms to prevent the continuation of unfunded mandates and to protect municipal fiscal integrity and service delivery capacity.

9.12 The National Treasury should, within 120 days of the adoption of this Report by the House, review and update the Local Government Equitable Share (LGES) formula considering the Local Government White Paper review process to better reflect current realities, including climate-related costs, urbanisation trends, and evolving demographic patterns. The review should prioritise the use of updated and credible data, reassess key formula components and weightings, and ensure that allocations are more responsive to emerging service delivery pressures, thereby improving equity and the capacity of municipalities to respond to changing conditions.

9.13 The National Treasury, together with the Department of Cooperative Governance should, within 90 days of the adoption of this Report by the House, review the shift from direct to indirect conditional grant allocations to assess its impact on municipal accountability and capacity development. The review should establish clear criteria and conditions for the use of indirect grants, ensure that such arrangements are time-bound, and incorporate structured skills transfer to municipalities. The Committee further recommends measures to progressively restore municipal control over infrastructure delivery while strengthening oversight and support mechanisms to build sustainable in-house capacity.

9.14 The National Treasury, in collaboration with relevant infrastructure departments should, within 120 days of the adoption of this Report by the House, undertake a review of infrastructure funding to assess its adequacy in addressing existing backlogs and future service delivery demands. The review should consider options to increase and better balance allocations between maintenance and new infrastructure expansion, prioritise high-impact projects, and explore innovative financing mechanisms to augment public

investment, to accelerate the reduction of infrastructure backlogs and improve access to basic services.

9.15 The National Treasury, in collaboration with the Department of Cooperative Governance, the Department of Planning, Monitoring and Evaluation and relevant sector departments should, within 90 days of the adoption of this Report by the House, strengthen intergovernmental planning and coordination mechanisms to ensure alignment between planning, budgeting, and implementation across all three spheres of government. This should include the institutionalisation of integrated planning frameworks, improved synchronisation of planning cycles, and the use of shared data systems. The Committee further recommends enhanced oversight and reporting to reduce duplication, improve efficiency, and ensure that budget allocations translate into coherent and effective service delivery outcomes.

9.16 The National Treasury, in collaboration with the Department of Cooperative Governance and relevant provincial sector departments should, within 90 days of the adoption of this Report by the House, quantify and verify the extent of municipal expenditure on functions constitutionally assigned to national and provincial spheres, estimated at approximately R30 billion annually. Based on this assessment, clear funding and reimbursement mechanisms should be developed, and where appropriate, functions should be reassigned or formalised through proper assignment frameworks in line with Sections 9 and 10 of the Municipal Systems Act. The Committee further recommends strengthened oversight to prevent the continuation of such fiscal distortions and to safeguard municipal resources for core service delivery functions.

9.17 The National Treasury, in collaboration with the Department of Health and relevant provincial departments should, within 90 days of the adoption of this Report by the House, conduct a targeted audit and performance review of funds allocated for health facility upgrades, particularly in underperforming provinces such as the Eastern Cape and North West. The review should assess expenditure against actual outputs, strengthen contract management and oversight mechanisms, and identify corrective actions to address inefficiencies and possible misuse of funds. The Committee further recommends enhanced reporting and accountability measures to ensure that infrastructure investments result in measurable improvements in health service delivery.

9.18 The National Treasury, in collaboration with the Department of Health should, within 120 days of the adoption of this Report by the House, review the adequacy of funding for rural health systems within the Provincial Equitable Share (PES) and related allocations. The review should assess the impact of declining real per capita funding and

external funding withdrawals, and consider mechanisms to better protect frontline services, including the introduction of targeted or ring-fenced allocations where appropriate. The Committee further recommends strengthened monitoring and reporting to ensure that funds allocated to rural health services are prioritised and effectively utilised to sustain service delivery.

9.19 The National Treasury, in collaboration with the Department of Trade, Industry and Competition and relevant oversight bodies should, within 90 days of the adoption of this Report by the House, review the cost implications of Broad-Based Black Economic Empowerment (BBBEE) procurement premiums across public institutions. The review should assess their impact on value for money and service delivery outcomes, strengthen guidance on the application of preferential procurement policies, and ensure that empowerment objectives are achieved in a manner that is cost-effective, transparent, and aligned with efficient public expenditure.

9.20 The National Treasury, in collaboration with the Department of Small Business Development, the Department of Trade, Industry and Competition and other relevant regulatory bodies should, within 90 days of the adoption of this Report by the House, review the regulatory and compliance requirements applicable to Small and Medium Enterprises (SMEs), including those linked to the Public Interest Score. The review should assess the administrative and cost burden on SMEs and develop targeted measures to streamline compliance, reduce unnecessary regulatory costs, and support enterprise growth, while maintaining appropriate governance, transparency, and accountability standards.

9.21 The National Treasury, in collaboration with the Department of Cooperative Governance and the South African Local Government Association (SALGA) should, within 90 days of the adoption of this Report by the House, develop and implement measures to strengthen institutional support and protection for municipal finance and internal audit officials. This should include the establishment of clear governance and reporting frameworks, enhanced professionalisation and capacity-building programmes, and mechanisms to safeguard officials from undue political and administrative interference. The Committee further recommends strengthening accountability systems to enable finance officials to effectively enforce fiscal discipline and ensure compliance with applicable financial management legislation.

9.22 The National Treasury, in collaboration with the Department of Basic Education and relevant stakeholders should, within 60 days of the adoption of this Report by the House, assess the sustainability and scalability of programmes such as the Basic Education

Employment Initiative (BEEI) and civil society-led education support initiatives. The assessment should identify opportunities to institutionalise and expand these programmes, strengthen coordination with existing education interventions, and ensure sustainable funding mechanisms to maximise their impact on youth employment and learning outcomes, particularly in underserved communities.

10. Conclusion

The Committee's consideration of the 2026 Division of Revenue Bill underscores persistent structural and institutional weaknesses within the intergovernmental fiscal system, particularly at provincial and local government level, where challenges in planning, coordination, capacity, and accountability continue to undermine service delivery outcomes. While the Bill provides for an equitable allocation of nationally raised revenue, the Committee emphasises the need for a more responsive, transparent, and performance-oriented fiscal framework that better aligns resources with actual needs and strengthens the link between funding and measurable outcomes. The recommendations contained in this Report seek to address these systemic constraints, enhance the efficiency and impact of public expenditure, and strengthen accountability across all spheres of government, in support of sustainable, equitable sharing of nationally raised revenue and improved service delivery outcomes.

11. Committee decision

The Select Committee on Appropriations, having considered the *Division of Revenue Bill* [B5 – 2026] (National Assembly-Section 76(1)) referred to it and classified by the Joint Tagging Mechanism as a Section 76 Bill, reports that it has agreed to the Bill without any proposed amendments.

The Umkhonto we Sizwe Party (MKP) objected to the Bill.

Report to be considered.

2. REPORT OF THE SELECT COMMITTEE ON APPROPRIATIONS ON THE OVERSIGHT VISIT TO HEALTH FACILITY REVITALISATION GRANT PROJECTS IN NORTH WEST PROVINCE, DATED 20 MAY 2026

1. Introduction

The Committee has a constitutional mandate to conduct oversight over the allocation and expenditure of public funds to ensure effective, efficient and economical use of state resources, as required by Section 55(2)(b) of the Constitution; while the Money Bills Amendment and Related Matters Act (2009, as amended) empowers Parliament to monitor the implementation of the budget and evaluate service delivery performance. The Committee conducted an oversight visit from 21 to 24 October 2025 to assess the performance and impact of the Health Facility Revitalisation Grant (HFRG) in the North West Province.

The Health Facility Revitalisation Grant (HFRG) is a direct conditional grant allocated to provincial health departments to –

- Build, upgrade and refurbish health facilities;
- Improve functionality and compliance with health standards;
- Strengthen health system infrastructure in preparation for National Health Insurance (NHI);
- Address historical infrastructure backlogs; and
- Expand capacity for clinical training through institutions such as nursing colleges.

The HFRG, previously referred to as the Hospital Revitalisation Grant and renamed to include clinics, community health centres, emergency units and training facilities, was flagged as an outstanding issue in the 6th Parliament Legacy Report. Persistent underperformance and infrastructure delivery failures linked to the Grant formed part of unresolved legacy matters requiring accountability and continuity of oversight. The Committee reviewed progress on four key healthcare infrastructure projects in the Province, which were prioritised due to their strategic importance in improving access to health services and addressing long-standing infrastructure backlogs, and in response to persistent delays and cost escalations identified during research and analysis.

1.1 Purpose of the oversight visit

The purpose of the oversight visit was to –

- Verify on-site progress and detect inconsistent reporting;
- Identify early warning signs of corruption and potential project failures;
- Expose contract management weaknesses and site performance blockages;
- Ensure value for money in health infrastructure delivery; and
- Strengthen public trust through parliamentary oversight and accountability.

1.2 Expected outcomes

The oversight visit was intended to produce tangible outcomes that enhance accountability and guide evidence-based decision-making by the executive in the health sector, and included the following:

- A clear view of project status, spending trends, and performance of HFRG-funded projects.
- Identification of systemic challenges requiring urgent intervention.
- Strengthened intergovernmental coordination and consequence management.
- Evidence to inform findings and recommendations for the Committee's Report.

1.3 Health infrastructure projects visited

The Committee visited the following projects:

- Mmabatho Nursing College (Mahikeng): Refurbishment and training infrastructure improvements.
- Bophelong Psychiatric Hospital (Mahikeng): Construction and equipment upgrade.
- Marcus Zenzile Clinic (Klerksdorp): Completion of a new clinic facility.
- Potchefstroom Hospital (Potchefstroom): Casualty and emergency unit upgrade.

1.4 Methodology

In fulfilling its constitutional oversight mandate, the Committee employed a combination of content research, departmental briefings, stakeholder engagements, and on-site inspections to assess the implementation and performance of HFRG projects. The approach was designed to triangulate information obtained from various sources to ensure accuracy, accountability, and evidence-based reporting.

The Committee convened interactive briefing sessions with key stakeholders, including the Auditor-General of South Africa (AGSA), National Treasury, North West Provincial Treasury, and the North West Department of Health as the implementing agent. These engagements enabled Members to interrogate project planning, financial performance, and compliance with the grant framework. Following the briefings, the Committee conducted on-site inspections of the identified projects to verify reported progress, inspect the quality of workmanship, and assess adherence to timeframes and budget allocations. During these visits, the Committee held interactive sessions with provincial executives, departmental officials, and project teams, to address implementation challenges, clarify discrepancies, and obtain first-hand perspectives on factors affecting delivery.

This mixed-method approach ensured that the Committee's findings and recommendations were informed by both documentary evidence and direct observations, thereby strengthening the integrity and accountability of the oversight process.

2. Summary of presentations by key stakeholders

2.1 Auditor-General of South Africa (AGSA)

The Auditor-General of South Africa (AGSA) reported that spending of the Health Facility Revitalisation Grant by the North West Department of Health (NWDH) had gradually improved in recent years, largely due to interventions by the Provincial Treasury. However, the underspending between 2021/22 and 2022/23 was significant, and stemmed from several causes including the following:

- The cancellation of key projects and deferred maintenance and construction of new health facilities, for example: Taung Hospital, Ganyesa Hospital, Bophelong Phase III, and Motswedi Clinic.
- Poor performance by service providers across active projects.
- Long lead times for delivery of medical equipment to project sites and facilities.
- Project delays stemming from community interruptions.
- The resignation (or loss) of key personnel in the Project Management Unit (PMU).

Furthermore, the NWDH has entered into contractual obligations far in excess of its actual spending trend. Conditional grant spending on infrastructure remained below R500 million in a year when commitments exceeded R1 billion, indicating that the NWDH appears to be overly

committed with the number of projects in progress creating further risk of projects delays due to insufficient funding. Additionally, in the current year, 100 percent of spending on the grants was achieved but this did not translate to completed projects.

The AGSA identified the following challenges and mitigating measures:

- Ongoing project delays with little improvement resulted in increased project cost. Risk management processes must be improved to identify potential risks and develop mitigation strategies to avoid delays and cost overruns.
- Cashflow management issues led to delayed payments to consultants. The PMU must ensure that detailed and realistic project planning with clear timeliness, budgets and resource allocation are implemented.
- Vacancies in the PMU contributed to ineffective implementation of projects. The accounting officer (AO) must ensure that the vacancies in the PMU are addressed.
- No condition assessment has been performed in a past five years on the majority of facilities. The PMU must ensure that conditionals are done to address infrastructure damages.
- The use of contract price adjustment clauses instead of approving a contract purchase agreement (CPA) for the entire contract to compensate the contractor for price increases. The Department should rather consider approving costs for particular items on the bill of quantities that increased drastically, which the contractor could not allow for in their bid price.

The AGSA identified the following as the cause of the above challenges:

- Project managers did not adequately monitor and supervise implementing agents, contractors and professional service providers to address delays proactively and implement measures to fast-track completion of projects.
- Projects managers' failure to verify claims by contractors against actual works on site resulting in payments for poor quality of works.
- Inadequate monitoring and supervision of projects due to vacancies within the PMU in a prior years.

The impact of the above were as follows:

- Project completion delays result in significant cost overruns and compromise funding for future projects. Some facilities have remained incomplete for many years due to contractor failure and delays.
- The AO should enable and monitor all aspects of infrastructure projects, including progress, costs, quality and compliance with regulations.
- Delay in project delivery results in citizens not having easy access to health care. The PMU must enforce consequences against defaulting contractors for non-compliance with contractual terms, such as reporting non-performance to the Construction Industry Development Board (CIDB).

2.1.1 Mmabatho Nursing College

The following findings had resulted from the AGSA' s audit of the Mmabatho Nursing College infrastructure project:

- Delays on the project: The first contractor was appointed in November 2015 at a contract value of R241 million and was already paid R160 million when the contract was terminated in June 2020.
- Increase in the project costs: A replacement contractor was appointed for a contract valued at R139 million. As of 30 January 2025, the works were 91 percent complete. To date, the total payments made to the replacement contractor amount to R138.6 million.
- The extent of the remedial works on site was the main contributor to the delays, as the replacement contractor continuously had to rectify previous work done by the first contractor.
- The consultant and the Department's project manager did not adequately review the payment certificates, fee claims and extensions before approval.

The project's delay had a negative impact on the NWDH's capacity to train student nurses to achieve the proposed nursing staff to population ratios in the province. The aim of the project was to expand the Mmabatho Nurses' College to have a capacity to train 1 040 student nurses by 2026. As of 2025, the College could only accommodate 226 nurses.

The AGSA called on the executive authority to oversee the implementation of the maintenance plan and the infrastructure prioritisation plan, including a clear plan for delayed projects that

are either in the design phase or the construction phase. It further called on oversight structures to monitor progress in assessing the capacity of PMUs, ensuring their capacitation is done in a way that also reduces consultant costs. The AGSA further called on the executive authority to oversee the formulation and implementation of the financial plan or turnaround strategy, as well as the support provided by the Provincial Treasury to the NWDH in its implementation; and on oversight structures to regularly monitor progress made to address Material Irregularities (MIs). Of the 10 MIs identified in the NWDH in the year under review, some related to infrastructure projects and, most notably, overpayments of R9.3 million in the construction of the Mmabatho Nursing College has been recovered.

2.2 National Treasury

Of the main HFRG budget of R687.6 million, the North West Department of Health (NWDH) had spent R127 million or 18.47 percent by 30 June 2025, which is less than the expected threshold of 25 percent, as well as the projected expenditure of R234.8 million, or 34.15 percent. The expenditure recorded includes R23.5 million or 18.5 percent accruals. Treasury indicated that the revised projected expenditure or cash flow should be reviewed in line with spending trends. The NWDH prioritises infrastructure allocation towards existing facilities, which accounts for 61 percent, or R419.47 million, and registered expenditure of R94.04 million or 22.42 percent.

Out of a total of 123 projects, 49, or 40 percent, are at the planning stage (initiation, pre-feasibility, feasibility, design and tender), with R42.14 million or 19.28 percent, spent. 34 projects, or 28 percent, are at the construction stage (site–handover to contractor and construction between 1 and 99 percent), with R81.81 million or 21.25 percent spent. Two projects have reached practical completion, and 36 projects are recorded under “not applicable” in the Infrastructure Reporting Model (IRM) and include health technology equipment, planning, and preparation.

The HFRG framework allows provincial health departments to appoint a maximum of 54 persons, and any additional positions are to be funded using the equitable share, provided that such additional positions are part of the approved structure. For the 2025/2026 financial year, R 62.2 million has been allocated for human resource capacitation, including R5.6 million for recruitment and related costs. The NWDH mostly submits the HR Capacitation Report on time, but the reports are incomplete and do not contain all the information required, for example only

25 incumbents were appointed in terms of the Grant. The information is inadequate to do an in-depth analysis as per the HR Circular 2025, which was shared with departments. The only senior post that is vacant for the NWDH is Director: Planning. There have been challenges in the Department, and it seems there is an effort to close the gap by advertising posts to fill in the structure. The NWDH must then report on the correct numbers of incumbents as per the HR Circular.

2.2.1 Mmabatho Nursing College

National Treasury reported the data in the table below, as obtained from the Infrastructure Reporting Model (IRM):

	2021/22 to 2025/26				
	Project status	**Main budget R'000**	**Current budget R'000**	**Actual expenditure**	**% Spent**
2021/22	Construction 76% - 99%	10 586	15 740	11 947	75.90%
2022/23	Construction 76% - 99%	18 000	78 000	86 919	111.43%
2023/24	Construction 76% - 99%	25 000	32 000	45 226	141.33%
2024/25	Construction 76% - 99%	7 000	17 000	24 898	146.46%
2025/26	Construction 76% - 99%	10 000	10 000	3 115	31.15%

Challenges with this project included that the previous principal agent was terminated, and the current principal agent had to acclimatise to get up to speed with the project. There have been delays in receiving critical information from consultants which impede progress for the contractor. Approval of the wayleave for road reserve of the main entrance of the College with the municipality has not commenced. There have been challenges with the professional team

due to non-payment by the NWDH; and the long duration to complete the project and cost overrun affect other projects that still need to be rolled out.

2.2.2 Bophelong Psychiatric Hospital Phase 3

National Treasury reported the data in the table below, as obtained from the IRM:

	2021/22 to 2025/26				
	Project status	**Main budget R'000**	**Current budget R'000**	**Actual expenditure**	**% Spent**
2021/22	Construction 1% - 25%	13 418	9 418	25 377	269.45%
2022/23	Construction 1% - 25%	15 000	15 000	10 386	69.24%
2023/24	Construction 1% - 25%	58 500	107 500	90 051	83.77%
2024/25	Construction 26% - 50%	140 665	167 700	142 962	85.25%
2025/26	Construction 26% - 50%	149 527	149 527	15 591	10.43%

Challenges with this project included site closures by the community and business forums and inadequate social facilitation. There were also delays in payments to the contractor due to batch payment system errors; and quantity measuring disputes between the contractor and the Quantity Surveyor.

2.2.3 Marcus Zenzile Clinic upgrade

National Treasury reported the data in the table below, as obtained from the Infrastructure Reporting Model (IRM):

	2021/22 to 2025/26				
	Project status	**Main budget R'000**	**Current budget R'000**	**Actual expenditure**	**% Spent**
2021/22	Tender	9 850	13 350	7 22	5.41%
2022/23	Tender	6 850	16 850	8 511	50.51%
2023/24	Tender	9 000	13 400	9 460	70.60%
2024/25	Construction 51% - 75%	7 000	10 500	12 528	119.31%
2025/26	Construction 51% - 75%	9 000	9 000	2 240	24.89%

This project is behind schedule, as the initial handover date was 22 March 2022. Outstanding payments to the professional team hinder access to critical project information; while slow progress by the contractor contributes to extended project duration and increased costs. The contractor has committed to attain practical completion by the end of September 2025, but without a revised, realistic programme of works the project is at risk of not being completed. Community unrest and stoppages have repeatedly disrupted site activities, impacting timelines and increasing costs. Without proper tracking, it is unclear how many local community members benefited from the project. The fact that the project has been ongoing for more than three years since site handover, suggests poor performance monitoring and exposes the NWDH to excessive cost overruns.

2.2.4 Potchefstroom Hospital Casualty Ward

National Treasury reported the data in the table below, as obtained from the IRM:

	2021/22 to 2025/26				
	Project status	**Main budget R'000**	**Current budget R'000**	**Actual expenditure**	**% Spent**
2021/22	Site handed over to contractor	9 000	9 000	2 447	27.18%
2022/23	Site handed over to contractor	3 000	3 000	551	18.38%
2023/24	Site handed over to contractor	12 500	17 500	10 525	60.14%
2024/25	Construction 76% -99%	17 500	22 500	34 288	152.39%
2025/26	Construction 76% -99%	25 000	25 000	6 281	25.13%

The Department reached out to the engineer and architect for the external drawings, but unfortunately, the department only received the drawings for the drains and not paving drawings. This delay is making it difficult to move forward.

2.2.5 National Treasury recommendations

National Treasury made the following recommendations regarding HFRG projects in the North West:

- The NWDH should plan and spend the conditional grant allocation within the budget and avoid accruals.
- Infrastructure Delivery Management System (IDMS) processes must be institutionalised across all infrastructure projects to ensure consistency and compliance.
- Capacity in project planning, procurement, and asset management needs to be strengthened to support effective implementation.
- Governance and accountability must be enhanced by ensuring Accounting Officers exercise due diligence at every control point and stage gate.

- Operations and maintenance planning must be integrated early to optimise asset life-cycle costs and avoid premature deterioration.
- The Infrastructure Reporting Model (IRM) must be used as a performance tracking tool to reconcile budgets with delivery outcomes and ensure value for money.
- Project progress review sessions and site meetings must be intensified to monitor the quality of works and make interventions.
- Continuous compliance with the Public Finance Management Act (PFMA) and the Government Immovable Asset Management Act, 19 of 2007 (GIAMA) must be promoted to safeguard public funds and achieve intended service delivery outcomes.
- Community engagements, in coordination with other stakeholders in the construction value chain, must be improved.
- The national Department of Health should monitor the provincial sector departments and cost norms.

2.3 North West Provincial Treasury

The North West Provincial Treasury (NWPT) gave an overview of each of the projects under review and identified delayed procurement, contractor underperformance, and weak project management capacity as risk factors in all four. It was reported that the North West Department of Health (NWDH) was the implementing agent for all four projects.

2.3.1 Mmabatho Nursing College

The purpose of this project is to provide a high-quality healthcare training facility within the North West Province. The project cost was reported as R204.498 million, revised upwards by 15.53 percent from R177.005 million, due to Variation Orders (VOs); and the duration as 58 months (16 Aug 2021 to 1 Dec 2025). The project is 95 percent complete with 86 percent of the time lapsed. The project is on track to complete the 5 percent outstanding works by 1 December 2025. The expenditure to date was reported as R381.934 million, which was 186.77 percent of the revised project cost of R204.498 million, with 5 percent of work outstanding. The NWPT indicated that there was probably an understatement of project costs due to multiple terminations that occurred in the project; and that expenditure patterns did not align with Division of Revenue Act (DoRA) performance milestones. The NWPT made the following recommendations:

- Finalise all outstanding financial reconciliations, including VOs and Contract Price Adjustment Provisions (CPAP) adjustments, to confirm true final cost before close-out.
- Accelerate the final 5 percent scope (testing, commissioning, and snag rectification) to achieve early practical completion.
- Adopt real-time progress dashboards across all major projects to prevent future budget overspends.

2.3.2 Bophelong Psychiatric Hospital

The purpose of this project was to improve specialised mental health infrastructure and service capacity in the Province. The project cost was reported as R1.201 billion, revised upwards by 13.89 percent from R1.054 billion due to VOs, claims, and CPAP adjustments; and the construction duration was reported as 36 months (23 June 2023 to 24 June 2026). However, the project is 23 percent complete, with 77 percent of the time having lapsed, meaning that 77 percent of the work must be completed in only eight remaining months. The physical output lags behind the financial disbursement and expenditure patterns do not align with DoRA performance milestones. The NWPT made the following recommendations:

- Enforce corrective action plans through joint project review meetings with the North West Department of Health.
- Align the project's monitoring and reporting with GIAMA and IDMS standards to ensure compliance and improve planning-to-implementation continuity.
- Benchmark costs and strengthen procurement oversight.

2.3.3 Marcus Zenzile Clinic upgrade

The purpose of this project was to improve provision of primary health care. The project cost was R58.072 million, revised upwards by 30.78 percent from R44.404 million due to VOs, claims, and CPAP adjustments; and the construction duration was 39 months (22 March 2022 to 26 June 2025). The project is at 70 percent complete, with 109 percent (43 months) of the time having lapsed. The remaining 30 percent work will need to be completed with penalties being applied as a result of being four months behind schedule, which will put pressure on the cash-flow of the contractor. The progress of 70 percent aligns with the financial disbursement to date, of 67.83 percent, but the expenditure patterns do not align with DoRA performance milestones. The NWPT made the following recommendations:

- Implement a strict catch-up programme with milestone tracking and penalties for underperformance.
- Consider additional supervision or partial reallocation of work packages if performance remains low.
- Strengthen communication among professional service providers, implementing agent, and client department to expedite decision-making and technical clarifications.

2.3.4 Potchefstroom Hospital Casualty Ward upgrade

The purpose of this project was to improve the provision of health care in the Province. The cost was R78.596 million, revised upwards by 14.79 percent from R68.472 million, due to VOs, claims, and CPAP adjustments; and the duration was 20 months (13 April 2023 to 3 March 2025). The project is 78 percent complete and seven months overdue. The remaining 22 percent work will need to be completed with penalties being applied, which will put pressure on the cash-flow of the contractor. The slight efficiency of 78 percent of the work delivered for 57.69 percent of the revised budget spent, is overshadowed by time inefficiency; and expenditure patterns do not align with DoRA performance milestones. The NWPT made the following recommendations:

- Evaluate contractor capacity and resource allocation to accelerate works.
- Implement a revised completion plan with weekly progress tracking and milestone-based payments.
- Strengthen site supervision and technical reporting to ensure timely closure of the remaining works.

2.4 North West Department of Health

2.4.1 Mmabatho Nursing College

The North West Department of Health (NWDH) reported that additions and alterations to the existing Mmabatho Nursing College, including all related site works, was handed over to the contractor on 5 February 2016 for the contract sum of R241 058 335.20. The planned completion date of 17 April 2017 was revised to 31 March 2019. The NWDH issued a termination letter to the main contractor on 5 June 2020 due to failure to renew the construction guarantee and to bring the works to practical completion. The works certified before the termination was R167 178 223.10. The principal agent, in collaboration with the professional team, was assigned the task of preparing a Bill of Quantities for the remaining and remedial

works and submitting a new tender document to the Department for the appointment of a replacement contractor, and the contract was awarded to the new contractor on 19 May 2021.

The below table illustrates the project expenditure to date:

Financial year	**Budget**	**Construction expenditure**	**Professional fees expenditure**	**Total expenditure**	**Percentage expenditure**
2022/23	78 000,000.00	86 758,216.39	13 915,197.87	100 673,414.26	128%
2023/24	32 000,000.00	38 019,734.64	6 199,653.48	44 219,388.12	137%
2024/25	17 000,000.00	19 317,255.36	5 581,160.60	24 898,415.96	147%
2025/26	10 000,000.00	2 516,371.01	3 114,965.13	5 631,336.14	56%

The NWDH reported the following challenges with this project:

- Business forums and chambers were exerting pressure and disturbing the contractor's processes to recruit both local labours and sub-contractors.
- Cable theft of the incoming Eskom power supply cables occurred on 25 April 2023.
- Eskom delays to finalise the electrical upgrade: Payment was made on 21 June 2023, but Eskom started with the bulk electrical upgrade only in August 2024.
- Substantial damage has been incurred by various building blocks (mainly the second floor roof of the new classrooms) during a storm on 7 March 2024.
- Contractor's cash-flow challenges due to penalties.
- Delays experienced due to additional works and specification changes that included, among others, ICT upgrade to support new technologies, improve compatibility, and enhance cybersecurity measures, mechanical, building works and the remedial works that relates to the uncompleted work of the first contractor.
- The main contractor terminated the services of its ICT sub-contractor due to poor construction progress onsite.
- Delays incurred by the ICT engineer on finalisation of the Final Account of the terminated ICT sub-contractor and the adjudication report to appoint a new ICT sub-contractor for the remaining works.

- The NWDH terminated the services of the ICT and Fire Engineers on 4 September 2025 due to unsatisfactory performance.

The following remedial actions were reported:

- A Project Steering Committee (PSC), Community Liaison Officer (CLO) and Permanent Social Facilitator were appointed to deal with local labour involvement in the project.
- The security was enhanced and coordinated between the contractor and the College.
- The main contractor attended to the storm damage through work insurance.
- The NWDH approved Variation Orders to incorporate additional works and specification changes on ICT, mechanical and building works.
- The NWDH approved the amendment of the contract on 15 May 2025, to allow for Sectional Practical Completion and facilitated the use of the completed blocks by the end user.
- The contractor's cash-flow improved after the Department approved the Extension of Time claims and the Deed of Cession agreement for the electrical sub-contractor.
- The main contractor to finalise the appointment of the sub-contractor for the remaining ICT works.
- 10 percent was deducted for the electrical, mechanical and ICT engineers for Stage 4 Framework for Infrastructure Delivery and Procurement Management (FIDPM).
- The NWDH and the principal agent are finalising the appointment of a new ICT and fire engineer.

2.4.2 Bophelong Psychiatric Hospital Phase 3

The Bophelong Psychiatric Hospital Phase 3 project was handed over to the contractor on 23 June 2023 for a contract sum of R854 650 658.69. The planned completion date was 24 June 2026, and the anticipated completion date is 30 December 2026. At the end of September 2025, the project was at 38 percent progress and work in progress included brickwork, plumbing, electrical, mechanical, concrete works and plastering. The contractor is continuously doing remedial works on substandard work done by local subcontractors in various disciplines throughout the project.

The below table illustrates the project expenditure to date:

Financial year	Budget	Construction expenditure	Professional fees expenditure	Total expenditure	Percentage expenditure
2022/23	15 000 000.00	0	10 386 048.61	10 386 048.61	69%
2023/24	107 500 000.00	54 627 255.48	35 423 706.65	90 050 962.13	84%
2024/25	140 665 200.00	128 027 808.56	14 934 511.27	142 962 319.83	101%
2025/26	149 527 300.00	14 949 346.75	17 201 401.05	32 150 747.80	21%

The following challenges were reported:

- Continuous demolition and remedial works of work done by local SMMEs.
- Community interference, business forums and local SMMEs site stoppages requesting that certain trades on the project only be done by local SMMEs.
- Local SMMEs and business forums also closes the site accusing the contractor of using subcontractors outside Mafikeng.
- Rainy days experienced made the site inaccessible for long periods of time.
- Site closure by students on the incubation programme putting across demands to the contractor regarding delayed payments and methods of payments.
- Site closure by the local SMMEs over delayed submissions of payment certificates to the Department by the main contractor.
- New business forums continuously emanating from nowhere, closing the construction site as a way of negotiating for their demands to the contractor and giving ultimatums.

The following remedial actions were reported:

- Contractor using more supervisory teams to closely monitor the work done by local SMMEs to avoid continuous remedial works and delays on the project.
- The Social Facilitator, CLO and PSC members appointed manage site stoppages and project disruptions by the community, business forums and local SMMEs.
- The contractor to submit Extensions of Time for inclement weather.

- All students in the project to have contracts that prohibit strike action during construction to avoid disturbances on the project.
- The contractor and professional team to emphasise the importance of submission of payment certificates on time so that all subcontractors are paid on time.
- The main contractor is increasing resources on site through additional subcontractors.

2.4.3 Marcus Zenzile Clinic upgrade

The Marcus Zenzile Clinic upgrade project was handed over to the contractor on 22 March 2022 for a contract sum of R34 061 545.92. The planned completion date was 21 September 2023, and the revised approved completion date is 12 November 2025. At the end of September 2025, the project was at 78 percent completion, and work in progress included main building installation of air-conditioning; electrical wiring, ICT and fire detection installation; and steel work for burglar doors.

The below table illustrates the project expenditure to date:

Financial year	Budget	Construction expenditure	Professional fees expenditure	Total expenditure	Percentage expenditure
2022/23	16 850 000.00	10 867 819.59	1 483 869.40	12 351 688.99	73%
2023/24	13 400 000.00	5 457 326.54	3 841 879.80	9 299 206.34	69%
2024/25	10 500 000.00	9 312 316.86	3 406 139.85	12 718 456.71	121%
2025/26	9 000 000.00	2 240 137.90	0	2 240 137.90	25%

The following challenges were reported:

- Business forums were exerting pressure and disrupting the contractor's efforts to recruit local labour and subcontractors.
- The building works at the main clinic couldn't start before the completion of the temporary clinic to avoid stoppage of health services to the community.
- Delays were experienced due to additional works and specification changes that included, among others the electrical, mechanical and building works.
- Main contractor cash-flow challenges due to penalties imposed.
- Delays due to Eskom permanent connection from April 2025.

The following remedial actions were reported:

- The NWDH appointed a permanent Social Facilitator, a PSC and a CLO to deal with local labour and sub-contractor involvement in the project.
- The temporary clinic was completed on 10 August 2023, and staff were allowed to occupy the new temporary facility so that construction work on the main clinic could start.
- The Extension of Time Claim No.07 was submitted and approved, revising the date for Practical Completion to 12 November 2025.
- Cession for specialised works such as a water tank, ICT, solar and medical gas were approved as a relief to the main contractor's cash-flow.
- The electrical engineer is engaging with Eskom to fast-track the finalisation of the permanent electrical supply.

2.4.4 Potchefstroom Hospital Casualty Ward upgrade

The upgrade of the Potchefstroom Hospital Casualty Ward was handed over to the contractor on 13 April 2023 for a contract sum of R52 272 297.80. The original planned completion date was 13 October 2024, the revised approved completion date was 3 March 2025, but the anticipated completion date is 30 November 2025. The project is currently estimated at 87 percent overall physical progress, attributed to the completion of most of the internal electrical, mechanical and architectural finishes in the casualty ward. Outstanding works in progress include remedial works, perimeter fencing, guardroom, external works and final finishes, second fix for mechanical, electrical, and joinery works and painting.

The below table illustrates the project expenditure to date:

Financial year	**Budget**	**Construction expenditure**	**Professional fees expenditure**	**Total expenditure**	**Percentage expenditure**
2022/23	3 000 000.00	0	1 253 641.74	1 253 641.74	40%
2023/24	17 500 000.00	8 845 532.44	1 679 749.71	10 525 282.15	60%
2024/25	22 500 000.00	28 336 862.09	4 416 644.31	32 753 506.40	145%
2025/26	25 000 000.00	8 251 268.02	1 915 555.31	10 166 823.33	41%

The following challenges were reported:

- Poor quality work done by local SMMEs requiring remedial work delaying the project as most of the local SMMEs have a Construction Industry Development Board (CIDB) grading of 1 and 2.
- Site stoppages by the community, local SMMEs and business forums threatening the contractor with guns seeking more opportunities than the contractor had set aside for local subcontracting.
- Delays in getting suitable dates when the contractor could relocate and connect underground services, medical pipes, and internet fibre cables. The hospital had to switch off services such as medical gas, water, and fibre and electrical cables for the contractor to connect the new casualty with the existing hospital services. This has been a continuous huge challenge as the hospital is always busy.
- Unforeseen deep underground pipes under the new casualty footprint, coupled with the non-existence of as-built drawings for the facility.
- Challenges to get isolation valves for services such as domestic and fire water supply.
- Blocked stormwater drains connecting the ambulance parking to the new casualty unit causing flooding of the site during rainy season.

The following remedial actions were reported:

- The contractor to increase supervisory teams and implement a stricter selection criteria for local SMMEs.
- A Social Facilitator, CLO and PSC members appointed for the project, while the contractor has reported incidents of violence to SAPS despite slow responses.
- The contractor had to wait for a less busy day scheduled by the hospital to switch off water supply to the whole facility to connect, remove and re-route underground water pipes.
- A specialised underground scanning company had to be appointed.
- The local municipality has continuously been requested by the hospital to unblock the stormwater drains outside the new casualty parking without much success.

3. Site visits

3.1 Mmabatho Nursing College

The project had experienced progress delays, due to failure to renew the construction guarantee and bring the project to completion. As a result, the NWDH terminated the main contractor's contract on 05 June 2020. The completion contract was awarded to the new contractor on 19 May 2021. Key outstanding works in the new block were Information Communication Technology (ICT) infrastructure and window blinds. The Committee discovered that the ICT engineer's contract had also been terminated due to underperformance.

The Committee observed that, despite the project still being under construction, nursing students were attending lectures in the lecture rooms at the time of the oversight visit. This raised serious concerns regarding the occupation of the buildings without a valid occupation certificate and the potential legal and safety risks arising from the use of an incomplete facility.

3.1.1 Key issues from on-site engagements

The project was negatively affected by construction mafia or extortionists (pretending to be business forums) who demanded 30 percent of the total value of the contract. In some areas, the Committee noted uncovered ICT infrastructure (wires) and advised the NWDH and the contractor to cover them. The Committee visited the extended administration block (where the uncovered ICT infrastructure was observed), simulation wards, the library, classrooms, media centre, staff accommodation and tutor residences, parking and sick bays.

The project was also experiencing over-runs, and the deadline had been extended to December 2025. In terms of personnel, the Committee observed that there were only seven security personnel on site; and further discovered that the College was experiencing lecturer recruitment challenges due to factors such as low salaries and Occupation Specific Dispensation (OSD) policy requirements which were under review at national level.

The Committee discovered that consequence management had not been enforced timeously for the contractor delays, even though the first contract had been terminated.

3.2 Bophelong Psychiatric Hospital

The project was behind schedule, with progress being affected by a variety of factors, including community unrest with employment demands and business forums demanding to be subcontracted for work valued at 30 percent of the project cost.

3.2.1 Key issues from on-site engagements

The Committee noted, with concern, what appeared to be efforts by officials and other persons present on site to provide inaccurate or misleading information to the Committee regarding: (a) the number of construction workers on site; (b) the days on which workers were reportedly absent from the site due to attending 'meetings'; (c) the employment of subcontractors; and (d) the expected completion date of the project.

The Committee observed that this project was not progressing. Even though the project was still under construction, with walls being erected, there were extremely few labourers and no heavy machinery on site. The Committee observed labourers mixing mortar (sand and cement) manually. At the time of the visit (approximately 16h00), only a few rows of bricks had been laid in a small portion of the project for the day. The Committee also observed that some workers on site were wearing what appeared to be new protective clothing, including heavy-duty construction footwear, raising concerns that workers may recently have been brought onto the site ahead of the oversight visit.

When the Committee enquired about newly erected walls, it was informed that the main contractor was continuously rectifying or doing remedial work to fix substandard work of subcontractors. The Committee noted that the main contractor could be experiencing cash-flow challenges, as some labourers and subcontractors indicated that they had not been paid for more than eight months.

In this project, patients would be accommodated in the same building but demarcated by age group and gender. The overall project progress was estimated to be at 38 percent, and the original completion date of 24 June 2026 had been revised to 30 December 2026, which is arguably an opportunistic date under the circumstances (Mr Britz).

3.3 Marcus Zenzile Clinic

3.3.1 Key issues from on-site engagements

This project was behind schedule, with the original completion date being 21 September 2023. At the time of the visit, the project was 78 percent complete, with 12 November 2025 set as the new completion date. The Committee was not convinced that the contractor could complete the project by this date. The MEC for Health suggested February 2026 as a realistic completion date. The main contractor reported that construction mafia (under the banner of business

forums) and community members' demands and disruptions had contributed to delays in this project.

In order not to disrupt services, a temporary structure had been erected for the clinic to operate from before construction could commence. The Committee observed that this arrangement had its own challenges, like the waiting area being outside and exposed to the elements, and consultation rooms being small and not easily accessible by the elderly and inaccessible by people with disabilities as there were no wheelchair ramps and only high steps leading to consultation rooms. It was reported to the Committee that, due to the aforesaid conditions, patients often had to be consulted in the waiting area, where confidentiality and privacy is not guaranteed. This has been the situation since the temporary structure had been operative. The Committee suggested that the NWDH consider repurposing the temporary structure or donate it to the community, once the operations moved back to the clinic.

Despite the project delays, the Committee appreciated the quality of the physical structure as well as the high-end ICT infrastructure which was being installed. At the time of the visit, most of the work had been done, and the contractor was installing Closed-Circuit Television (CCTV) monitors, light bulbs, electrical fittings, and ICT infrastructure.

The Committee discovered that the clinic had been built on land underlain by dolomite rock. When the Committee expressed concern over the risk of sinkholes, the NWDH explained that specific risk management strategies had been undertaken, including geo-tech and hydro-tech studies, and the laying of specially designed foundation blocks underneath the regular foundation. The Committee also discovered that, due to dolomite rock underneath, the NWDH had been advised not to drill any borehole for water supply. To address the need for water reserves, a big water tank had been ordered and would be installed for emergency use and fire extinguishing purposes.

On the site, the Committee discovered a prefabricated building, which the NWDH explained had been part of the old clinic structure. As it was still in good condition, a decision had been taken to renovate and fit it with modern fittings like ICT infrastructure, lights, and CCTV equipment connected to the main building. This building would be used as consultation rooms for expecting mothers and children. The Committee noticed that this building had no gutters,

which would lead to flooding of the area in the rainy season. The principal agent reported that they were awaiting delivery of the gutters.

The Committee was informed that the primary power supply for the Clinic would be solar panels, with a diesel generator, and electricity supplied by Eskom as first and second backup options.

The Committee viewed the help desk window, main waiting area, resuscitating room, consultation rooms, pharmacy, storage room, kitchen, chronic treatment room, emergency arrival area for patient drop-off, guard gate-house, parking area, laundry room, generator room, separate entrance for returning patients, and a staff boardroom. The Committee observed a strong smell of fresh paint at the facility, which appeared to suggest that preparations had recently been undertaken ahead of the Committee's oversight visit, although no workers were observed on site during the visit.

3.4 Potchefstroom Hospital Casualty Unit

3.4.1 Key issues from on-site engagements

The Committee visited the newly constructed entrance canopy, X-Ray room, ablution facilities, seven consulting rooms, a boardroom for use by medical staff (as required by the Health Practitioners Council of South Africa), and a dedicated isolation room. During the walk-about, the Committee was informed that before the project could commence, it had been discovered that drawing plans of the old hospital could not be located in the municipality's files. The principal agent had subsequently drawn plans for the hospital which were now available. The medical gas pipes had been rerouted due to the construction of the new casualty ward and because of the new drawing plans, they could be easily traced.

4. Findings and Recommendations

During the oversight visit to Health Facility Revitalisation Grant projects in the North West Province, the Select Committee on Appropriations made the following findings and recommendations:

4.1 Mmabatho Nursing College infrastructure upgrade

4.1.1 Findings

(a) The Committee noted with concern that the Mmabatho Nursing College project was significantly behind schedule. The project was initially planned for completion in March 2023, but the deadline was revised to June 2026 due to poor planning, contractor terminations, underperformance, design changes, weak project management, and community disruptions. Despite the extended timeframe, the project remained incomplete during the Committee's oversight visit in October 2025, reflecting poor implementation control.

(b) The Committee noted that substantial portions of the work, including Information and Communication Technology (ICT) installations, remained incomplete despite several revised completion dates. This reflects weak monitoring and accountability within the North West Department of Health (NWDH).

(c) The Committee observed with concern the presence of uncovered electrical wires within the premises, posing a serious safety hazard to workers and potential users of the facility. This reflects weak site supervision, poor adherence to occupational safety standards, and inadequate quality assurance measures by the implementing agent, the NWDH.

(d) The Committee observed poor financial discipline, with increasing cost overruns arising from variation orders, excessive reappointments of consultants, and over-expenditure. It further noted reporting discrepancies between the NWDH and the Provincial Treasury, which hindered proper reconciliation of project expenditure and compromised fiscal transparency, accountability, and effective oversight.

(e) The Committee found that the NWDH's Project Management Unit (PMU) lacked sufficient engineering, planning, and monitoring capacity, resulting in excessive reliance on consultants. This dependency weakened institutional memory, delayed technical decision-making, and contributed to overall project underperformance.

(f) The Committee's site inspection revealed substandard workmanship in several areas of the project, including mechanical and electrical installations. Inadequate supervision and weak quality assurance mechanisms allowed recurring defects to persist without proper remedial action.

(g) The Committee noted that, despite evidence of project delays and financial inefficiencies, no disciplinary or contractual action was taken against underperforming contractors or responsible officials. The Committee is of the view that this absence of consequence management undermines accountability and promotes a culture of tolerance for poor performance.

(h) The Committee observed weak coordination between the NWDH, Provincial Treasury, and other implementing agents, leading to information discrepancies, fragmented reporting, delayed decision-making, and limited information-sharing on project progress and expenditure.

(i) The Committee remained concerned about the size and design of accommodation units for support staff such as tutors and administrative personnel. The current layout, designed for single occupancy, is not suitable for family living arrangements. This could negatively affect staff morale, retention, and the long-term functionality of the College as a residential training institution.

(j) The Committee noted with concern that procurement delays resulted in shortages of essential teaching and learning equipment at Mmabatho Nursing College. This constrains the quality of training and may delay accreditation and the intake of new nursing students, despite the infrastructure being completed.

(k) The Committee remained concerned about the poor remuneration structure and the implementation of the Occupation Specific Dispensation (OSD) at Mmabatho Nursing College, which has led to the loss of skilled personnel and instability in leadership and management. Several key positions were occupied in an acting capacity at the time of the visit. The Committee noted that such instability undermines the effective administration of the College and may adversely affect the quality of nursing education and training.

(l) The Committee expressed concern that no clear operational plan was in place to ensure the readiness of the College for full functionality, including staffing, curriculum implementation, and student enrolment. Several critical academic and administrative posts remained vacant or filled in an acting capacity, raising doubts about the College's capacity to commence operations effectively.

4.1.2 Recommendations

(a) The North West Department of Health should, within 60 days of the adoption of this Report by the House, submit to the National Council of Provinces (NCOP) a revised recovery plan detailing how the project will be completed by June 2026, including the finalisation of the ICT component, with updated milestones and accountability measures. The Department should also institute corrective action against officials or contractors responsible for persistent delays.

(b) The North West Department of Health, in collaboration with the Provincial Treasury, should, within 60 days of the adoption of this Report by the House, conduct a joint financial reconciliation of the project to verify expenditure against approved allocations and variation orders. The Department should strengthen internal cost-control measures to prevent unjustified cost overruns and ensure transparent financial reporting.

(c) The North West Department of Health, as the implementing agent, should, within 30 days of the adoption of this Report by the House, conduct a full safety and compliance inspection of the Mmabatho Nursing College, rectify all uncovered electrical wiring and related hazards, and submit a report to the NCOP through the Provincial Treasury. The Department should further strengthen internal project management and supervision capacity to ensure that all construction works comply with the Occupational Health and Safety Act and relevant building regulations.

(d) The North West Department of Health should, within 60 days of the adoption of this Report by the House, fill all critical technical posts in the Project Management Unit and implement capacity-building initiatives to enhance project planning, monitoring, and internal oversight, thereby reducing reliance on external consultants.

(e) The North West Department of Health should, within 30 days of the adoption of this Report by the House, appoint an independent engineering assessor to verify the structural integrity and quality of work performed, and to recommend corrective measures for all identified defects before final completion. A report should be submitted to the NCOP upon conclusion of this process.

(f) The North West Department of Health should, within 90 days of the adoption of this Report by the House, report to the NCOP on disciplinary or contractual actions taken against officials and service providers responsible for delays, cost escalations, and substandard workmanship.

(g) The North West Department of Health and the Provincial Treasury should, within 60 days of the adoption of this Report by the House, establish a joint coordination structure to harmonise project progress reporting, financial monitoring, and accountability across all stakeholders to address information discrepancies between the two departments.

(h) The North West Department of Health, in consultation with the National Department of Health, should, within 90 days of the adoption of this Report by the House, review the design norms and standards applied to nursing college staff accommodation. While the Committee acknowledges that current layouts are based on national guidelines, a policy intervention is required to provide for family-oriented units where feasible, to promote staff wellbeing and retention.

(i) The North West Department of Health, in collaboration with the Provincial Treasury and the Department of Higher Education and Training (DHET), should fast-track the procurement of learning equipment to ensure the College's readiness for accreditation and student intake, and submit a progress report to the NCOP within 60 days of the adoption of this Report by the House.

(j) The North West Department of Health, in consultation with the Provincial Treasury and the Department of Public Service and Administration (DPSA), should review and align the remuneration structure of Mmabatho Nursing College and the OSD implementation with comparable institutions to improve staff retention and leadership stability.

(k) The North West Department of Health should develop and table a comprehensive operational readiness plan for Mmabatho Nursing College, outlining staffing, curriculum, and accreditation timelines. This plan should be submitted to the NCOP within 60 days of the adoption of this Report by the House.

4.2 Bophelong Psychiatric Hospital (Phase 3)

4.2.1 Findings

(a) The Committee remained concerned that the Bophelong Psychiatric Hospital (Phase 3) project is behind schedule, with completion revised from June 2026 to December 2026, a delay of approximately six months. Based on the current progress and ongoing challenges, the Committee does not believe the project will be completed by the revised date. The delay stems from weak contractor management, prolonged inactivity, and slow corrective action, further constraining the much-needed psychiatric healthcare capacity in the Province.

(b) The Committee noted that the project was repeatedly disrupted by community protests and local business forums demanding subcontracting opportunities. The absence of proactive social facilitation and formal stakeholder engagement mechanisms compromised site stability, safety, and contractor productivity.

(c) The Committee's oversight revealed poor workmanship and repeated rework across several components of the project. These deficiencies resulted from inadequate on-site supervision, weak enforcement of quality control standards, and limited technical oversight by the NWDH. The Committee believes that such lapses compromise the structural integrity and safety of the facility, lead to cost escalations and delays, and result in wastage of public funds, undermining value for money and accountability.

(d) The Committee noted with concern that delays in payments to subcontractors were prevalent in health infrastructure projects. These were attributed to weak contract management, inadequate verification processes, and poor cash-flow planning by implementing agents. Such practices place significant financial strain on emerging contractors, undermine local economic development, and discourage small business participation in public infrastructure delivery.

(e) The Committee found that coordination among the NWDH and the Provincial Treasury was weak and fragmented, resulting in inconsistent reporting and delayed decision-making. The absence of a unified oversight mechanism limited the ability to identify implementation risks early, compromised accountability, and contributed to prolonged project delays and cost escalations.

(f) The Committee observed that, despite consistent underperformance by contractors, the NWDH failed to take adequate corrective measures. Although the Department indicated that some contractors were already placed under penalty, the Committee felt that these actions were insufficient, given the extent of delays and poor performance. This reflects systemic weaknesses in project oversight, financial management, and consequence management across infrastructure projects.

(g) The Committee was concerned that the contractor and workers present on site appeared to have been called in only for the day of the oversight visit, seemingly to create an impression of active work. The Committee further noted contradictory information and a lack of transparency from the contractor, raising doubts about the credibility of reported progress and accountability for project implementation.

(h) The Committee remained concerned that the repeated extension of project deadlines has significant financial and economic implications, often leading to cost overruns and delayed delivery of essential services. The Committee was further concerned that, since part of the country's infrastructure spending is financed through borrowed funds, such delays impose unnecessary additional cost to the fiscus.

(i) The Committee remained concerned about the safety and appropriateness of housing both male and female psychiatric patients within the same accommodation block. Given the vulnerability and varying mental health conditions of patients, the Committee questioned whether such arrangements comply with clinical safety standards and patient care protocols.

(j) The Committee noted that there appeared to be no clear operational plan outlining how the Bophelong Psychiatric Hospital would be staffed, equipped, and maintained once completed, raising doubts about the facility's readiness for service delivery upon completion. The Committee was further alarmed that professional fees and engineering design costs reportedly exceeded the value of actual construction works, raising questions about cost efficiency, procurement justification, and value for money.

(k) The Committee noted with concern that the grant-funded project faced financial challenges, with several variation orders, including those for security upgrades, contributing to cost

escalations and delays. The Committee was concerned whether the NWDH had a clear guideline for approving such variations under the conditional grant framework.

(l) The Committee observed a misalignment between budget expenditure and project performance at Bophelong Psychiatric Hospital. Significant portions of the allocated funds had been spent without corresponding progress on-site, reflecting weak financial planning, poor cash-flow management, and inadequate linkage between expenditure and implementation milestones. This undermines value for money and delays project completion.

(m) The Committee noted that the NWDH had installed a bulk sewer line for the Bophelong Psychiatric Hospital and handed it over to the local municipality, which had indicated that it had no budget to assume responsibility for the service. This reflects weak coordination and poor integrated planning between spheres of government, contrary to the objectives of the District Development Model (DDM).

4.2.2 Recommendations

(a) The North West Department of Health should, within 60 days of the adoption of this Report by the House, table a comprehensive and independently verified recovery plan detailing revised timelines, completion targets, and accountability measures to address contractor performance failures and bring the project back on track. The Committee further urges the Department to strengthen on-site oversight to prevent further delays and cost escalations.

(b) The North West Department of Health, in partnership with local municipalities and the Provincial Department of Community Safety, should, within 60 days of the adoption of this Report by the House, establish a structured social facilitation framework to prevent site disruptions and ensure community and business forum participation occurs in an orderly and transparent manner with attainment of value for money.

(c) The North West Department of Health should strengthen on-site supervision and quality control systems for all health infrastructure projects. This should include the appointment of qualified resident engineers or clerks of works, stricter enforcement of performance penalties, and regular joint inspections with implementing agents to ensure compliance with construction standards. The Department should, within 90 days of the adoption of this

Report by the House, submit a report to the NCOP detailing remedial actions taken to address defects, prevent rework, and improve accountability in project delivery.

(d) The North West Provincial Treasury should, within 60 days of the adoption of this Report by the House, audit subcontractor payment practices in health infrastructure projects to ensure compliance with the Public Finance Management Act (PFMA) and protect emerging contractors from cash-flow constraints. The Committee emphasises that small businesses are key drivers of local job creation and economic growth, and their timely payment is therefore critical.

(e) The North West Department of Health, in collaboration with the Provincial Treasury, should, within 60 days of the adoption of this Report by the House, establish a Project Steering Committee to provide coordinated oversight, joint decision-making, and monthly progress reviews on all major health infrastructure projects. This structure should enhance interdepartmental accountability, improve information sharing and early risk detection, and ensure that implementation challenges are addressed promptly to prevent delays and cost overruns.

(f) The North West Department of Health should, within 60 days of the adoption this Report by the House, submit to the NCOP a report detailing actions and penalties imposed on officials and contractors responsible for underperformance and irregular expenditure. The Department should also strengthen project management and internal control systems to ensure consistent enforcement of penalties and the recovery of irregular spending in line with the PFMA and Treasury Regulations.

(g) The North West Department of Health should, within 30 days of the adoption of this Report by the House, submit a verified progress report confirming actual daily on-site activity before and after the Committee's oversight visit. The Department should also strengthen project verification systems and take disciplinary or contractual action where any service provider is found to have misrepresented project performance.

(h) The Committee recommends that the House refer this Report to the Auditor-General for consideration of further investigation into the circumstances surrounding the Bophelong Psychiatric Hospital project, including whether the matter warrants referral to the Special

Investigating Unit (SIU) or the Directorate for Priority Crime Investigation (DPCI) for further investigation.

(i) The Committee recommends that the House refer this Report to the Member of the Executive Council (MEC) for Health in the North West Province to submit a report to the House within 30 days of the adoption of the Report, detailing the circumstances surrounding the Committee's oversight visit to the Bophelong Psychiatric Hospital project, including the extent to which the Committee may have been misled regarding the status of work on site, as well as the circumstances surrounding the presence of workers on site during the oversight visit and the contractual arrangements relating to the project.

(j) The Committee recommends that the House refer this Report to the following institutions to facilitate coordinated oversight and appropriate follow-up on the Committee's findings arising from the oversight visit to the Bophelong Psychiatric Hospital project; to alert these structures to the Committee's findings and concerns arising from the oversight visit, and to encourage continued oversight and monitoring of the project:

a) The North West Provincial Legislature.
b) The national Department of Health, as the department responsible for the policy framework and conditional grant oversight.
c) The Provincial Whip of the North West delegation in the National Council of Provinces.
d) The Select Committee on Social Services.

(k) The North West Department of Health, in collaboration with the Provincial Treasury, should, within 60 days of the adoption of this Report by the House, submit a financial impact analysis outlining the cost implications of all project extensions and measures to prevent further cost overruns. The Committee further recommends that the Department improve project scheduling and contractor performance management, while ensuring consistent participation of local subcontractors and suppliers to maximise socio-economic benefits during implementation.

(l) The North West Department of Health, in consultation with the National Department of Health, should, within 30 days of the adoption of this Report by the House, conduct a compliance and safety assessment of patient accommodation design at Bophelong

Psychiatric Hospital. The Department should implement corrective design measures where necessary to ensure that male and female patients are safely and appropriately accommodated, in line with national mental healthcare norms and standards.

(m) The North West Department of Health (NWDH) should, within 60 days of the adoption of this Report by the House, submit a comprehensive operationalisation plan for Bophelong Psychiatric Hospital, detailing staffing, equipment, and maintenance arrangements to ensure readiness upon completion. The Committee further recommends that the Provincial Treasury, together with the NWDH, review and rationalise professional and design fees to ensure that such costs remain proportionate to construction works and aligned with public infrastructure cost norms.

(n) The North West Department of Health, in consultation with the Provincial Treasury and the national Department of Health, should review and standardise approval processes for variation orders under grant-funded projects. This should include a guideline for approving security-related changes, ensuring compliance with the provisions of the Division of Revenue Act and the Public Finance Management Act.

(o) The North West Department of Health, in collaboration with the Provincial Treasury, should align expenditure planning with project implementation timelines by developing a time-based cash-flow projection and performance tracking system. This should ensure that payments are linked to verified progress, eliminate inefficiencies, and enhance fiscal accountability. A report on these corrective measures should be submitted to the NCOP within 60 days of the adoption of this Report by the House.

(p) The North West Department of Health, in collaboration with the Department of Cooperative Governance, Human Settlements and Traditional Affairs, the Provincial Treasury, and the local municipality, should, within 60 days of the adoption of this Report by the House, develop a joint plan outlining roles, funding responsibilities, and timelines for the operationalisation of the bulk sewer line in Bophelong. The Provincial District Development Model Hub should also strengthen coordination and joint planning mechanisms to prevent similar challenges in future infrastructure projects.

4.3 Marcus Zenzile Clinic infrastructure upgrade

4.3.1 Findings

(a) The Committee remained concerned that the Marcus Zenzile Clinic project faced repeated delays and cost overruns due to contractor inefficiency, weak project management, and slow departmental response. These setbacks disrupted access to healthcare services and infringed on the constitutional right to health, as provided for in Section 27 of the Constitution.

(b) The Committee noted persistent poor coordination between the NWDH and other implementing agencies, with irregular meetings and weak communication between technical teams resulting in delayed approvals and reporting gaps for the project.

(c) The Committee remained concerned about escalating project costs and frequent variation orders approved without proper justification or financial reconciliation. This reflects weak fiscal oversight and poor budget control, increasing the project's financial exposure and undermining value for money. The Committee further noted that, given the slow progress, the project is unlikely to be completed within the revised timelines.

(d) The Committee noted that community protests, project closures and local business disputes disrupted project progress, highlighting the absence of a sustainable social-facilitation mechanism and limited engagement with key community stakeholders before implementation.

(e) The Committee's inspection revealed workmanship defects, including poor electrical and plumbing finishes, some of which were certified without proper inspection or independent verification. The Committee was concerned that such practices compromise quality assurance and accountability in project delivery. However, the contractor undertook to conduct full verifications and remedial work before the facility is handed over to the NWDH.

(f) The Committee remained concerned that, due to prolonged project delays, surrounding communities continue to rely on temporary mobile facilities that are overcrowded and poorly equipped to meet local healthcare demands. The Committee further noted that weather conditions severely affect patients, as the temporary structures lack adequate shelter, leaving people exposed to rain, wind, and extreme temperatures. This undermines

dignified access to healthcare services and highlights the urgency for timely completion of the permanent clinic.

(g) While the Committee acknowledges that the Klerksdorp area is naturally dolomitic, it remained concerned that the Marcus Zenzile Clinic was built on a dolomitic site, posing potential long-term structural risks if not properly managed. The Committee requested a geotechnical report to confirm the site's suitability and mitigation measures; and this report was received on 4 November 2025.

(h) The Committee noted with concern that the roof design around the mother-and-child section appeared disjointed and poorly integrated, creating a risk of leakage and flooding during heavy rains. Such design flaws compromise patient safety, structural durability, and the functionality of critical service areas.

(i) The Committee was concerned that the waiting area at the new clinic is too small to accommodate future patient demand, especially from growing nearby communities, raising risks of overcrowding and reduced service efficiency once operational.

(j) The Committee noted that the clinic would not operate 24 hours, limiting access to emergency services for surrounding communities; and asked whether the facility could be upgraded for round-the-clock operations and whether its patient-record system could be converted to a digital or paperless format to enhance efficiency.

(k) The Committee noted with concern that electrical wiring in parts of the clinic was exposed, posing a potential fire and safety risk and reflecting poor supervision and non-compliance with safety standards. The Committee further noted that the temporary prefab structure remains in good condition and could be retained for future use if patient demand increases.

(l) The Committee noted that most construction work at the clinic was completed, with only snag and specialised finishing work outstanding. This progress was welcomed, and the contractor undertook to continue work during the December festive season, as had been done previously, to ensure timely completion and avoid further delays.

4.3.2 Recommendations

(a) The North West Department of Health should fast-track completion of the project and address all causes of delay, including contractor inefficiency and weak project management. The Department should prioritise timely delivery of healthcare infrastructure to uphold the constitutional right of citizens to access healthcare services.

(b) The North West Department of Health, in collaboration with the Provincial Treasury and National Treasury, should, within 60 days of the adoption of this Report by the House, establish a joint coordination mechanism, including regular meetings, to improve communication and reporting between technical teams, expedite decision-making, and close information gaps.

(c) The North West Department of Health, in collaboration with the Provincial Treasury and National Treasury, should, within 60 days of the adoption of this Report by the House, reconcile all variation orders and expenditures to ensure proper justification and accountability. The Department should also tighten budget controls and accelerate implementation.

(d) The North West Department of Health, in collaboration with the provincial Department of Community Safety and the Department of Cooperative Governance, Human Settlements and Traditional Affairs, should develop a social-facilitation plan to improve engagement with local business forums and community leaders. This should prevent project disruptions and closures and promote inclusive participation, with a progress report submitted to the NCOP within 60 days of the adoption of this Report by the House.

(e) The North West Department of Health should ensure that all workmanship defects are verified and rectified before handover. The Department should also strengthen quality-assurance and inspection controls, ensuring that no work is certified or paid without proper independent verification.

(f) The North West Department of Health should, within 30 days of the adoption of this Report by the House, improve conditions at the temporary mobile facilities, including adequate shelter, waiting areas, and essential equipment to ensure patient safety and dignity. The Department should also ensure full accessibility for persons with disabilities and accelerate completion of the permanent clinic.

(g) The North West Department of Health, in collaboration with Department of Public Works and Infrastructure, should, within 30 days of the adoption of this Report by the House, submit to the NCOP a geotechnical report confirming the site's suitability and mitigation measures for the dolomitic conditions. The Department should also implement a monitoring plan to manage subsidence risks and ensure the structural integrity and safety of the facility.

(h) The North West Department of Health should, within 60 days of the adoption of this Report by the House, assess the clinic's spatial and service capacity to ensure that the design meets current and projected patient volumes. Where necessary, the Department should revise the layout or plan for phased expansion.

(i) The North West Department of Health should, within 60 days of the adoption of this Report by the House, assess the feasibility of converting the clinic into a 24-hour service facility, including emergency care capacity. The Department should also develop a plan to implement a digital health-record system to improve operational efficiency.

(j) The North West Department of Health should, within 30 days of the adoption of this Report by the House, rectify all exposed electrical wiring to eliminate fire and safety risks and ensure compliance with electrical safety standards. The Department should also retain the existing prefab structure for potential future service expansion.

(k) The North West Department of Health should, within 30 days of the adoption of this Report by the House, finalise all remaining snag and specialised works at the Clinic, including those scheduled for the December period. The Department should monitor progress closely to ensure timely completion and quality compliance and submit a final completion report to the NCOP.

4.4 Potchefstroom Hospital Casualty Ward upgrade

4.4.1 Findings

(a) The Committee remained concerned that the Potchefstroom Hospital project is behind schedule by at least one year, despite visible physical progress on site. Delays were linked to procurement bottlenecks, poor supervision, and weak project coordination, while the

absence of effective enforcement mechanisms has allowed milestones to slip repeatedly, reflecting weak accountability and contract management within the NWDH.

(b) The Committee noted that the contractor's weak site management, shortage of resources, and poor supervision contributed to cost overruns and reduced productivity at the project. Oversight observations further revealed insufficient monitoring and oversight by departmental officials, resulting in delayed detection of performance challenges and limited accountability on site.

(c) The Committee noted that delays in the procurement and installation of essential medical equipment and ventilation systems hindered progress at the project. These delays reflect systemic inefficiencies in supply-chain management and poor project planning, which continue to affect readiness for service delivery and timely commissioning of the facility.

(d) The Committee remained concerned that operational readiness planning, including staffing, patient flow, and equipment integration, was incomplete and poorly aligned with construction progress. This misalignment risks delayed commissioning and efficient service start-up once construction is completed, undermining the timely delivery of healthcare services to the community.

(e) The Committee noted that the absence of original built in drawings for the old Potchefstroom Hospital, dating back to the apartheid era, created major challenges in integrating the new structure with the existing facility. As a result, the design process had to be reconstructed gradually, leading to coordination delays, rework, and increased costs, and raising concerns about compliance with building standards.

(f) The Committee noted that maintenance and post-completion planning were not integrated during the implementation of the project, raising concerns about the sustainability, upkeep, and long-term functionality of the upgraded facility.

(g) The Committee expressed concern that the new structure might have been built over existing underground water pipes and electrical cables. However, the Committee noted assurances from the NWDH that specialist assessments had been conducted prior to implementation to verify and mitigate such risks.

4.4.2 Recommendations

(a) The North West Department of Health should implement corrective measures to recover the one-year project delay and ensure that revised timelines are strictly enforced.

(b) The North West Department of Health should strengthen on-site supervision and contractor performance management at the Potchefstroom Hospital project. The Department should ensure that contractors maintain adequate resources and effective site management, supported by regular monitoring visits from departmental officials.

(c) The North West Department of Health should resolve all procurement delays related to the installation of medical equipment and ventilation systems at the Potchefstroom Hospital project. The Department should also strengthen supply-chain and project planning processes to ensure timely delivery of critical equipment.

(d) The North West Department of Health should, within 60 days of the adoption of this Report by the House, finalise and align the operational readiness plan for the Potchefstroom Hospital project with construction progress. This plan should clearly outline staffing, patient flow, and equipment integration timelines to ensure timely commissioning and seamless service activation upon completion.

(e) The North West Department of Health, in collaboration with the implementing agency, should fast-track the reconstruction and finalisation of the complete built in drawing for the Potchefstroom Hospital. The Department should ensure that the new and existing structures are fully integrated and compliant with engineering and safety standards and submit a progress report to the NCOP within 60 days of the adoption of this Report by the House.

(f) The North West Department of Health should, within 60 days of the adoption of this Report by the House, develop and integrate a comprehensive maintenance and post-completion plan for the Potchefstroom Hospital. The plan should include lifecycle costing, routine maintenance schedules, and budget provisions to ensure the long-term functionality and sustainability of the facility.

(g) The North West Department of Health, in collaboration with the implementing agency, should, within 60 days of the adoption of this Report by the House, submit to the NCOP a verification report confirming that there are no underground utilities, such as water pipes or electrical cables, beneath the new Potchefstroom Hospital structure, which could pose any risk in the long term. The Department should also implement ongoing monitoring measures to ensure the structural safety and integrity of the facility.

4.5 Cross-cutting issues

The Committee observed a culture of complacency in the North West Province and identified several cross-cutting issues affecting the overall implementation and performance of health infrastructure projects. These systemic and governmental issues extend beyond individual project sites and reflect broader weaknesses to the extent of failures in governance, planning, and accountability across departments. The following findings and recommendations aim to elevate institutional accountability, deepen inter-departmental coordination, and strengthen intergovernmental relations to ensure that infrastructure investments deliver sustainable value, improved service delivery, and equitable health outcomes for all communities.

4.5.1 Findings

(a) The Committee observed weak project planning, inadequate feasibility studies, recurring work corrections, and systemic and governmental failures across oversight sites, which contributed to cost overruns, implementation delays, and frequent scope changes. These shortcomings reflect insufficient technical assessment and risk analysis prior to project initiation, thereby undermining budget credibility, value for money, and timely service delivery.

(b) The Committee noted that inter-departmental coordination between the North West Department of Health (NWDH), the Provincial Treasury and other important role players remained fragmented, resulting in delayed decision-making, inconsistent reporting, and weak accountability. This lack of alignment has undermined effective project oversight, resource optimisation, and timely implementation across the provincial health infrastructure programme.

(c) The Committee noted that the NWDH's Project Management Unit (PMU) lacks critical technical and professional capacity, leading to excessive dependence on external

consultants for project planning, design, monitoring, and evaluation. This over-reliance has weakened internal oversight, delayed decision-making, and contributed to cost inefficiencies across all health infrastructure projects.

(d) The Committee observed that consequence management across all projects was inadequate, with limited disciplinary or contractual action taken against officials and service providers despite evidence of underperformance, inefficiency, and cost overruns. This reflects a culture of weak accountability and poor enforcement of compliance measures, which continues to undermine project performance and fiscal discipline across the provincial health infrastructure portfolio.

(e) The Committee further noted that social facilitation and stakeholder engagement processes were weak across multiple project sites, allowing local business disputes, disruptions and community grievances to escalate into site invasions, intimidation, and project stoppages. The absence of structured engagement mechanisms before and during implementation has compromised stability, delayed progress, and increased project costs.

(f) The Committee noted recurring poor workmanship by some local small, medium and micro enterprises (SMMEs), resulting in repeated rework, cost overruns, and project delays. While supporting local empowerment, the Committee remains concerned that limited technical capacity and weak supervision continue to compromise quality and value for money.

4.5.2 Recommendations

(a) The North West Department of Health, in collaboration with the Provincial Treasury, should strengthen project planning and feasibility assessment processes to ensure that all projects are based on sound technical studies, risk analyses, and realistic cost estimates. The Departments should also standardise project appraisal and approval mechanisms to improve budget accuracy, planning coherence, and timely delivery, and submit a consolidated progress report to the NCOP within 90 days of the adoption of this Report by the House.

(b) The Premier of the North West Province, through the MECs for Health, Finance, and Public Works and Infrastructure, should establish a Provincial Infrastructure Coordination Forum

to harmonise planning, reporting, and performance monitoring across departments. This structure should include joint progress reviews, integrated reporting systems, and clear lines of accountability to strengthen decision-making, coordination, and oversight of all provincial infrastructure projects. A progress report on implementation should be submitted to the NCOP within 90 days of the adoption of this Report by the House.

(c) The North West Department of Health, in collaboration with the Provincial Treasury and the Office of the Premier, should, within 90 days of the adoption of this Report by the House, strengthen the capacity of its Project Management Unit (PMU) by filling critical technical and engineering posts and reducing reliance on external consultants. The Office of the Premier should further enhance provincial monitoring and evaluation systems to ensure consistent oversight, performance tracking, and early intervention across all infrastructure projects.

(d) The North West Department of Health, in collaboration with the Provincial Treasury, and the Office of the Premier should strengthen consequence management systems across all infrastructure projects. This should include the consistent enforcement of disciplinary processes against officials and the implementation of contractual penalty clauses against underperforming contractors. The Office of the Premier should ensure that departments report quarterly on consequence management actions as part of the provincial monitoring and evaluation framework.

(e) The North West Department of Health, in collaboration with the Department of Cooperative Governance, Human Settlements and Traditional Affairs and the Office of the Premier, should develop a structured social facilitation and stakeholder engagement framework to prevent project disruptions and strengthen relations with local business forums and communities. The framework should include early conflict-resolution mechanisms and regular community briefings. The Provincial Legislature Committees and ward councillors should also assist and monitor these engagements to promote cooperative governance and project stability, while law enforcement is used only as a last resort. A progress report should be submitted to the NCOP within 90 days of the adoption of this Report by the House.

(f) The North West Department of Health, as the implementing agent, together with the Provincial Treasury, should strengthen quality assurance and contractor performance oversight. They should also, within 90 days of the adoption of this Report by the House, implement a targeted capacity-building and mentorship plan to improve the technical skills, supervision, and accountability of local small, medium and micro enterprises (SMMEs) and business forums involved in infrastructure delivery to achieve value for money.

(g) The North West Premier should review the obvious shortcomings in the procurement system in order to ensure that the ability to deliver a finished project becomes a key criterion when bids are being adjudicated. Contractors who abandon incomplete projects should be blacklisted and prevented from tendering for future jobs (from Mr Ryder).

(h) The following recommendations of National Treasury regarding Health Facility Revitalisation Grant projects should be implemented without further delay:

- The North West Department of Health should plan and spend the conditional grant allocation within the budget and avoid accruals.
- Infrastructure Delivery Management System (IDMS) processes should be institutionalised across all infrastructure projects to ensure consistency and compliance.
- Capacity in project planning, procurement, and asset management needs to be strengthened to support effective implementation.
- Governance and accountability should be enhanced by ensuring Accounting Officers exercise due diligence at every control point and stage gate.
- Operations and maintenance planning should be integrated early to optimise asset life-cycle costs and avoid premature deterioration.
- The Infrastructure Reporting Model (IRM) should be used as a performance tracking tool to reconcile budgets with delivery outcomes and ensure value for money.
- Project progress review sessions and site meetings should be intensified to monitor the quality of works and make interventions.
- Continuous compliance with the Public Finance Management Act (PFMA) and the Government Immovable Asset Management Act, 19 of 2007 (GIAMA) should be promoted to safeguard public funds and achieve intended service delivery outcomes.

- Community engagements, in coordination with other stakeholders in the construction value chain, should be improved.
- The national Department of Health should monitor the provincial sector departments and cost norms.

(i) The North West Premier and MEC for Health should, within 90 days of the adoption of this Report by the House, submit a detailed report to this Committee on interventions taken to address delays, leadership failures and poor project management.

(j) The following recommendations of the Auditor-General of South Africa (AGSA) should be implemented by the North West Province without further delay:

- The executive authority should oversee the implementation of the maintenance plan and the infrastructure prioritisation plan, including a clear plan for delayed projects that are either in the design phase or the construction phase.
- Oversight structures should be implemented to monitor progress in assessing the capacity of PMUs, ensuring their capacitation is done in a way that also reduces consultant costs.
- The executive authority should oversee the formulation and implementation of a financial plan or turnaround strategy.
- Oversight structures should regularly monitor progress made to address Material Irregularities (MIs) (from Mr Britz).

(k) The Auditor-General, National Treasury, and the Special Investigation Unit (SIU) should conduct a full forensic review of all Health Facility Revitalisation Grant-funded projects in the North West Province from 2020 to 2025.

(l) The North West Department of Health should immediately suspend or discipline officials and contractors responsible for delays, falsified reporting or non-performance.

(m) There should be stronger, monthly, milestone-based reporting to the NCOP to prevent oversight from becoming a reporting ritual without consequence.

(n) National Treasury should review patterns of fiscal dumping and propose enforcement mechanisms.

(o) The failures identified in this Report demand urgent corrective action, measurable accountability, and decisive intervention from both the administrative and political leadership of the Noth West Province (from Mr Swart).

5. Conclusion

The Committee acknowledges the vital role of the Health Facility Revitalisation Grant (HFRG) in strengthening healthcare infrastructure and improving access to quality health services in the North West Province. However, the Committee expresses its disappointment with the display of persistent weaknesses in governmental and departmental leadership and oversight, project planning, contract management, stakeholder coordination. The overall ineffective oversight continues to undermine the timely and effective delivery of infrastructure projects. These challenges, coupled with poor accountability and frequent project disruptions, have constrained the achievement of the Grant's intended outcomes.

The Committee urges the North West Department of Health, together with the Provincial Treasury and other key stakeholders across the Province, to implement the above recommendations decisively and within the timeframes set. Stronger coordination, technical capacity, and consequence management are essential to ensure that these projects deliver sustainable health infrastructure for both urban and rural communities.

The Committee further emphasises that promoting access to quality healthcare is not only a developmental priority but also a fundamental human right enshrined in the Constitution of the Republic of South Africa, which must guide all efforts to revitalise and maintain public health facilities. The Committee and the North West Provincial Legislature Portfolio Committee on Health should monitor implementation through quarterly reports and follow-up oversight visits to ensure sustained progress and accountability.

Report to be considered.

3. REPORT OF THE SELECT COMMITTEE ON PUBLIC INFRASTRUCTURE AND MINISTER IN THE PRESIDENCY ON BUDGET VOTE 9: PLANNING, MONITORING AND EVALUATION, AND THE 2026/27 ANNUAL PERFORMANCE PLAN OF THE DEPARTMENT OF PLANNING, MONITORING AND EVALUATION, DATED 20 MAY 2026

The Select Committee on Public Infrastructure and Minister in the Presidency ("the Select Committee"), having considered the 2026/27 Annual Performance Plan and Estimates of National Expenditure of the Department of Planning, Monitoring and Evaluation (Vote 9), reports as follows:

1. INTRODUCTION

1.1. The Department of Planning, Monitoring and Evaluation ("the Department") on 20 May 2026, briefed the Select Committee on its 2026/27 Annual Performance Plan (APP) and 2026/27 Estimates of National Expenditure.

1.2. The core functions of the DPME are as follows:

i. Institutionalisation of planning: Long-term planning through the National Development Plan (NDP); Medium and short-term planning by coordinating the 5-yearly strategic plan and annual institutional plans of government.
ii. Monitoring: Ongoing monitoring of implementation of the Medium Term Development Plan (MTDP) and the NDP.
iii. Evaluation: Evaluating critical government programmes with the intention of informing planning, monitoring, government interventions as well as budget prioritisation.
iv. Strategic Interventions: Including intervening on behalf of Cabinet and the President in respect of remedial actions.

1.3. The National Planning Commission (NPC) falls within the DPME and is an independent advisory body and think tank comprising of experts in various fields and sectors. The Commission is the custodian of the NDP and advises governments and stakeholders on the implementation of the NDP.

1.4. The Chairperson opened the meeting and emphasised that the mandate of the DPME places it as a focal point for accountability and monitoring the implementation of the NDP and MTDP. These functions directly affect whether citizens experience better services, functioning infrastructure, safer communities, economic opportunity, and a capable state. The Chairperson welcomed the Department's commitments to strengthened monitoring systems however stressed that the litmus test is whether monitoring leads to consequence management and corrective action when implementation fails.

1.5. In his opening address, the Deputy Minister highlighted the Department's central mandate in driving effective planning, ensuring robust monitoring and evaluation, and strengthening evidence-based decision-making so that government programmes are more effectively aligned, overseen and managed. The Deputy Minister also encouraged the Committee to continue inviting departments responsible for evaluated programmes to account for the implementation of evaluation recommendations.

2. ALIGNMENT BETWEEN BUDGET ALLOCATIONS AND STRATEGIC PLANNING

2.1. The Department is allocated R533 million in the 2026/27 financial year, increasing to R567.7 million in the 2028/29 financial year. The Department remains labour-intensive, with R1.2 billion (73.5%) of the medium-term budget allocated to compensation of employees. This reflects the analytical, evaluative and coordination-heavy nature of its mandate.

2.2. Programme 1 remains the institutional backbone of the Department, responsible for governance, finance, ICT, human resources, legal services, internal audit, and corporate support. In the 2026/27 APP, its strategic importance is heightened by two major developments namely organisational restructuring and the absorption

of the State-Owned Enterprises (SOE) reform function following the dissolution of the Department of Public Enterprises. The new SOE reform function will receive R36.1 million over the MTEF to establish a centralised holding company.

2.3. Programme 2 supports the NPC which issues planning circulars, convenes planning forums, and leads spatial transformation through the National Spatial Development Framework (NSDF) and the Geospatial Information Management Strategy (GIMS). The budget reflects renewed investment in planning coherence. Programme 2 grows from R72.3 million (2025/26) to R82.3 million (2026/27) and R88.6 million (2028/29) a notable 7% annual growth rate. The NPC Secretariat alone receives R129.7 million over the MTEF, accounting for half the programme's budget.

2.4. Programme 3 is the Department's primary instrument for tracking government performance against the MTDP and NDP. It produces the biannual MTDP Integrated Monitoring Reports, conducts verification visits, and supports targeted interventions in underperforming sectors. The budget for Programme 3 is R73.2 million in the 2026/27 financial year, rising modestly to R78.8 million in the 2028/29 financial year. Notably, the programme's budget declines slightly in real terms over the MTEF (-3.7%), after a large increase in the 2025/26 financial year.

2.5. Programme 4 focuses on frontline service delivery monitoring, the Presidential Hotline, and strengthening public sector capabilities. It is the programme most directly connected to citizens' lived experience of government. The APP commits to 400 frontline site visits, including rural bridges, farmer support units and Gender Based Violence shelters. The budget increases from R78.2 million (2025/26) to R88.6 million (2026/27) and R95.4 million (2028/29), an above inflation 6.8% annual growth rate. This reflects the programme's operational intensity and the revival of the Management Performance Assessment Tool (MPAT), which receives R76.6 million over the MTEF.

2.6. Programme 5 is the intellectual and analytical core of DPME. It produces evaluations, research, the Development Indicators Report, and manages the MTDP Integrated Reporting System. The APP commits to two evaluations, two

research projects, and the Development Indicators Report in 2026/27. It also prioritises the rollout of the MTDP Integrated Reporting System, which is intended to standardise performance reporting across government. The programme receives R42.0 million in 2026/27, rising modestly to R45.2 million in 2028/29. This 2.4% annual growth rate is low relative to the programme's strategic importance. The APP emphasises partnerships with universities and research institutions.

3. DELIBERATIONS

3.1. Committee deliberations focused not only on the technical content of the APP and budget but on the broader question of whether DPME is positioned to meaningfully influence strategic planning and budgeting decisions across Government.

3.1.1. It was noted that 73.5% of the medium-term budget is allocated to compensation of employees and that the APP itself acknowledges that the department has insufficient funding to support the organisational structure. The Department was asked how it intends to deliver on its broad mandate under such constraints and whether there are plans to reprioritise spending or secure additional funding. Further, is DPME able to provide timely oversight and proactive intervention.

3.1.2. The Department acknowledged the severity of the capacity challenges. The Department has fewer staff than four years ago due to budget cuts and has therefore had to redistribute responsibilities internally. Whilst the Organisational Restructuring process it underway there is also a moratorium on filling vacancies. It was conceded that the Department cannot intervene at the scale required and must rely heavily on partnerships with universities, research institutions, other departments and state entities.

3.1.3. Members asked what proportion of the compensation budget is utilised on consultancy services and whether this aligns with the constitutional requirement for a development-oriented public administration. The Department clarified that consultants are paid under Goods and Services, not Compensation of Employees,

and that a significant portion of this category is committed to commissions and boards rather than external consultants.

3.2. The Committee requested details on irregular, fruitless and wasteful expenditure over the past three years and received the explanation that irregular expenditure did not stem from unlawful actions by officials. Instead, it stemmed from the misinterpretation of Supply Chain Management (SCM) prescripts and officials acting outside their SCM delegations of authority.

3.3. The Committee expressed concern on whether the Department's monitoring outputs, being two MTDP Monitoring Reports per year, are adequate in a context of government underperformance, rapid climate-related disasters, infrastructure failures and local government instability. The Department responded that it prioritises its monitoring work based on urgency and impact. It was emphasised that every evaluation or monitoring report is followed by an improvement plan developed with the custodial department, and that recommendations are escalated to Cabinet clusters and parliamentary committees.

3.4. Members noted that the Presidential Hotline consumes a large share of the Goods and Services budget and asked whether this expenditure is justified given the Department's broader mandate to build institutional capacity and strengthen public sector monitoring. The Department responded that the Hotline has fixed operational costs that must be funded, resolution data is tracked and that the Hotline plays a critical role in identifying systemic service delivery failures.

3.5. The Department was asked how it supports the three spheres of government to improve planning coherence. Intergovernmental coordination instruments, include engagements with provinces during MTDP development, the use of Premiers' Coordinating Forums and the National Steering Committee on Integrated Planning. The Department noted that while it does not have direct oversight of municipal planning, which falls under the Department of Co-Operative Governance (DCOG), it works closely with DCOG to ensure national priorities are integrated into IDPs and the District Development Model.

3.6. Given the known and persistence challenges at State Owned Entities, the Committee ask what reforms are necessary to address the current status. The Department introduced the National State Enterprise Bill as a key reform in this regard. It seeks to overhaul how South Africa oversees its major state-owned companies by introducing a more coherent, professional and accountable system of ownership and reporting. The Bill is designed end the fragmented model in which different ministries exercised inconsistent oversight, often leading to blurred accountability and unstable leadership. The Bill introduces strict governance standards for SOEs, including transparent, merit-based appointments of boards and executives, clear separation between policy-making and shareholder functions, and a uniform framework for board responsibilities, fiduciary duties and performance expectations.

4. RECOMMENDATIONS

4.1. That the Minister in the Presidency ensure that the Department of Planning, Monitoring and Evaluation by 31 July 2026 –

i. Provide a cost breakdown for the production of the White Paper on Planning, Monitoring and Evaluation and the Planning, Monitoring and Evaluation Bill.
ii. Provide a list of evaluation reports and corresponding improvement plans completed for the Departments within the Select Committee's portfolio.

4.2. That the Minister in the Presidency ensure that the Department of Planning, Monitoring submit completed MTDP Monitoring Reports within one month of its submission to Cabinet.

Report to be considered

4. Report of the Select Committee on Agriculture, Land Reform and Mineral Resources on the Budget Vote and Annual Performance Plan 2026/27 of the Department of Electricity and Energy (DEE) - Budget Vote No 10 dated 19 May 2026

The Select Committee on Agriculture, Land Reform and Mineral Resources having considered Budget Vote: 10 and Annual Performance Plan 2025/2026 of the Department of Electricity and Energy (DEE) reports that the committee met with the department on 5 May 2026, where the department briefed the committee on the matter of its APP and Budget. Key issues raised during the meeting include:

ESKOM debt owed by municipalities: The committee and Deputy Minister (DM) interacted on this important challenge. When asked whether there are any indications that the debt relief programmes or Distribution Agent Agreements (DAA) are having an impact on municipal debt, the DM responded that the underlying cause of municipal debt to the utility is not being addressed. The fact that municipal debt to ESKOM is escalating was caused by the fact that municipalities are being underfunded by National Treasury, resulting in shortfalls in local government expenditure capacity. Not only can the municipalities not afford the Section 78 process, which they have to fund, but maladministration within Municipalities results in money paid towards ESKOM bills by consumers not being ringfenced for payment to ESKOM but used in the administration of the municipality. To assist municipalities, both SALGA and NERSA have become involved. SALGA experts are setting up a panel that can assist municipalities with the Section 78 process to make it more affordable, while NERSA is assisting municipalities with mandatory Cost of Supply (CoS) studies that municipalities are obliged to submit to NERSA in order to justify tariffs charged to consumers. SALGA is also assisting with a toolkit designed to make municipalities more profitable after Section 78 interventions. Each municipality's challenges are unique and a global approach to resolve non-payment challenges will not work. Municipalities need specific support and capacity building.

The DM further stated the department together with SALGA is utilizing Section 78 of the Municipal Systems Act (MSA) (Act 32 of 2000) to formalize Distribution Agency Agreements (DAAs) with ESKOM to manage ballooning electricity debt, which has surpassed R111 billion nationally. This process involves a rigorous feasibility study and public participation to allow the DEE / ESKOM to

manage electricity infrastructure, billing, and collections directly. She added that the partnership with SALGA on the matter has yielded good results thus far as well as involving the Youth Development Agency (YDA) to assist with collating data. The DM stated that the approach of the department is to look at individual municipalities and their specific problems and not one plan for all.

Load Reduction strategy: Members expressed their concern that load reduction is not being finalised, and many consumers in specific communities are facing daily load reduction disruptions that are more severe than past load shedding. The DM informed the committee that load reduction occurs in areas where a threat to the grid is occurring due to electricity theft through illegal connections, which overloads a local network and destabilizes the grid. She highlighted that the Department was targeting March 2027 for the end of load reduction. Load reduction was not a punitive measure due to non-payment of services, as the Section 78 process explained earlier applies to ESKOM debt. Eskom aims to remove 211 feeders from load reduction by May 2026, representing about 78% of the initial removal phase. The goal is to eliminate load reduction in seven provinces by October 2026, and in Gauteng and KwaZulu-Natal by 2027.

ESKOM unbundling: The DM stated that the unbundling of ESKOM was not a departmental decision but was in line with legislation passed by Parliament and that it will result in entities that are still 100% state owned.

Filling vacancies: Replying to questions about the high vacancy rate in the Department, and particularly senior positions such as the acting DG and CFO, the DM stated that the department is following transparent procurement processes where all applicants must apply for available posts to ensure a fair appointment process. Even when individuals are performing the job well in an acting capacity, these processes have to be followed to ensure fairness and to comply with recruitment policy. With regards to funded vacancies the DG stated that the department is busy finalising adverts as it must comply with new guidelines and processes of the Department of Public Service and Administration (DPSA) when advertising to fill vacancies.

INEP implementation: The Dm informed the committee that the Department remains committed to the objectives of the Integrated National Electrification Programme (INEP), but that there are many challenges to the programme. As a result, the South African government is repurposing the Integrated

National Electrification Programme (INEP) in partnership with the Development Bank of Southern Africa (DBSA) to address a R75 billion backlog and achieve universal electricity access by 2030. This initiative aims to electrify approximately 1.6 million households. The DBSA is to assist municipalities with INEP. The funds made available annually to municipality comes in the form of DORA grants and allocated but unspent funds must be returned to Treasury. The DBSA will assist municipalities with optimisation to ensure that grants are used efficiently. The Department has found it difficult to provide meaningful and impactful support to local government. Applications related to INEP, mostly in the form of infrastructure maintenance and expansion, amount to R30 to R50 billion per year, but the Department has a R4 billion annual allocation to disburse.

IRP and Renewable Energy projects: The DM informed the committee that the demand for high-cost projects such as the Green Hydrogen Project has decreased but that there are several green hydrogen projects in various stages of development. The Boegoebaai proposal is current the least developed of these. the department is still implementing certain projects where there is still demand. Overall, grid capacity needs to be developed for large renewable energy proposals, while the companies pursuing these were also aware of the need to become more cost competitive. In terms of gas to power opportunities, the Department stated that it has amended the Request for Proposals (RFP) for the inaugural 2 000 MW Gas-to-Power Procurement Programme (GASIPPPP BW1), setting a final bid submission deadline of 29 May 2026. This program aims to procure 2 000 MW of new generation capacity from land-based, site-agnostic gas-fired power technologies as part of the IRP (Integrated Resource Plan) framework. The DEE responded to questions pertaining to the status of the Solar Heating Programme and why uninstalled units are still in a warehouse, stating that the programme is being finalized and that the remaining functional units (500) will soon be installed. The units in storage being referred to by the member of the committee are a result of litigation with a service provider. The stored units are defective and cannot be installed.

The department informed the committee that work on the Grand Inga scheme is ongoing but that it is a complex process to manage when generation is in one country and power has to be transmitted across several other countries to reach South Africa. The Department will share updates on progress with the committee. It was further stated that the Independent Transmission Projects (ITP) of the department did not purposefully lock out local firms from the grid infrastructure upgrade. The requirements / conditions of the upgrade are such that nobody other than ESKOM currently has the expertise in the country, which

is why outside expertise is being sought. It was mentioned that this current upgrade was only phase one and that with time local companies learn and adapt, enabling them to later compete for further projects. Adding to the DM comments on load reduction, the DG stated that the department would like an opportunity to make presentations to the committee on its load reduction strategy.

New Nuclear Build: The Department informed the committee that South Africa is advancing a bid for a 20-30 MW Multi-Purpose Research Reactor (MPR) to replace the 60-year-old SAFARI-1 at Pelindaba by 2032/33. NECSA recently launched the next phase of this project, targeting a turnkey or EPC contract from international vendors to sustain its role as a top global exporter of medical radioisotopes. This new facility is vital for medical research, specifically the industrial-scale production of molybdenum-99 (Mo-99) and palladium-103, which are essential for diagnostic imaging and targeted cancer therapies like those being co-developed in a new partnership with Sibanye-Stillwater. Beyond medical isotopes, the R80-billion infrastructure push includes an Expression of Interest for Small Modular Reactors (SMRs) to modernize the country's nuclear science and training capabilities. At the same time, NECSA is actively working to re-establish a full "front-end" nuclear fuel supply chain to ensure long-term energy and research security. Its strategy focuses on transitioning from a historical importer to a local manufacturer and global partner. Lastly, the committee was informed that the National Radioactive Waste Disposal Institute (NRWDI) is leading the development of a Centralised Interim Storage Facility (CISF) to manage South Africa's high-level nuclear waste, specifically spent fuel from the Koeberg Nuclear Power Station and the SAFARI-1 research reactor.

The Select Committee on Agriculture, Land Reform and Mineral Resources having considered Budget Vote: 10 and Annual Performance Plan 2025/2026 of the Department of Electricity and Energy (DEE), reports that the Committee has concluded its deliberations thereon.

Report to be considered