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OF THE
REPUBLIC OF SOUTH AFRICA

**ANNOUNCEMENTS,
 TABLINGS AND
 COMMITTEE REPORTS**

TUESDAY, 19 MAY 2026

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ANNOUNCEMENTS

National Assembly

The Speaker

1. Introduction of Bills

(1) The Minister of Justice and Constitutional Development

- (a) **Extradition Bill** [B14–2026] (National Assembly – proposed sec 75) [Explanatory summary of Bill and prior notice of its introduction published in *Government Gazette* No. 55453 of 2 April 2026.]

Introduction and referral to the **Portfolio Committee on Justice and Constitutional Development** of the National Assembly, as well as referral to the Joint Tagging Mechanism (JTM) for classification in terms of Joint Rule 202.

In terms of Joint Rule 196 written views on the classification of the Bill may be submitted to the JTM. The Bill may only be classified after the expiry of at least seven parliamentary working days since introduction.

National Council of Provinces

The Chairperson

1. Membership of Committees

- (1) The following changes were made to the membership of Select Committees of the National Council of Provinces:

(a) **Select Committee on Economic Development and Trade**

(Economic Development, Trade, Industry and Competition, Communications and Digital Technologies, Small Business Development, Tourism, and Employment and Labour)

Appointed: Honourable Ms LP Mhlongo (KwaZulu-Natal – MKP)

(b) **Select Committee on Agriculture, Land Reform and Mineral Resources**

(Agriculture, Land Reform and Rural Development, Forestry, Fisheries and the Environment, Mineral and Petroleum Resources, and Electricity and Energy)

Appointed: Honourable Ms LP Mhlongo (KwaZulu-Natal – MKP)

(c) **Select Committee on Education, Sciences and Creative Industries**

(Basic Education, Higher Education, Science, Technology and Innovation, Sport, Arts and Culture)

Discharged: Honourable Ms LP Mhlongo (KwaZulu-Natal – MKP)

(d) **Select Committee on Social Services**

(Health, Social Development, Women, Youth Development and Persons with Disabilities)

Discharged: Honourable Ms LP Mhlongo (KwaZulu-Natal – MKP)

COMMITTEE REPORTS

National Assembly

1. Report of the Portfolio Committee on Trade, Industry and Competition on Budget Vote 39: Trade, Industry and Competition, dated 13 May 2026

The Portfolio Committee having considered Budget Vote 39: Trade, Industry and Competition, reports as follows:

1. Introduction

The Department of Trade, Industry and Competition's (DTIC) 2026/27 Annual Performance Plan (APP) outlines its performance targets for the financial year in line with the country's priorities as set out in the 2024-2029 Medium Term Development Plan (MTDP). The MTDP sets out three priority areas, namely: (i) driving inclusive growth and job creation, (ii) reducing poverty and tackling the high cost of living, and (iii) building a capable, ethical and developmental state¹. Through its performance indicators, the DTIC aims to deepen its focus on industrialisation, transformation, and trade to advance economic growth and job creation. Therefore, it remains focused on the three Ds, namely decarbonisation, digitisation and diversification, to facilitate the development of a competitive and sustainable manufacturing sector as well as to promote the diversification of South Africa's export basket, given the global trade relations and the impact of geopolitical tensions on the domestic economy.

There is a continued focus on the implementation of the African Continental Free Trade Agreement (AfCFTA), which offers opportunities to increase trade with other African countries and develop new sectors in the South African economy. In addition, the DTIC focuses on strengthening relations with South Africa's traditional trading partners, while continuing to explore new export market opportunities.

¹ Department of Planning, Monitoring and Evaluation (2024: 24)

The DTIC's nine programmes, together with its 18 entities, and the Broad-based Black Economic Empowerment (B-BBEE) Commission, a trading entity within the DTIC, are the vehicles through which it seeks to implement its mandate, thereby ensuring the achievement of government's key priorities.

The Committee recognises the challenges associated with the DTIC's allocated budget of R11,7 billion in the 2026/27 financial year, as it remains under pressure due to fiscal constraints. Furthermore, the slow economic growth, impacted by domestic and global geopolitical factors such as the volatile trading environment and conflicts emphasises the importance of its role in facilitating inclusive economic development. In its discussions on this budget vote, the Committee focused on the spending, and how the set performance targets could lead to the achievement of government's priorities, in particular inclusive economic growth and job creation. Furthermore, the Committee emphasised service delivery as a critical component of the DTIC and its entities' mandate. Therefore, issues of governance, vacancies especially in senior positions, and coordination within the DTIC Group and with other government departments and entities, should be addressed.

1.1. Constitutional Mandate of the Committee

Portfolio Committees exercise oversight over their respective departments and agencies in line with their Constitutional mandate set out in section 55(2) of the Constitution of the Republic of South Africa, 1996, and section 27(4) of the Public Finance Management Act (Act No. 1 of 1999). In addition, the Money Bills Amendment Procedure and Related Matters Act (Act No. 9 of 2009) also requires committees to consider and report on their department's strategic plan and APP. Portfolio committees may also recommend possible amendments, within a budget vote, for the Standing Committee on Appropriations', in the National Assembly, consideration.

1.2. Purpose

The purpose of this report is for the Committee to report on its deliberations and consideration of the DTIC's 2026/27 APP and budget vote. Furthermore, to make recommendations regarding the approval, amendment or rejection of Budget Vote 39, as well as any other recommendation(s) regarding the implementation of the APP of the DTIC.

1.3. Process

The Committee's consideration of Budget Vote 39 involved an engagement with Mr P Tau, the Minister of Trade, Industry and Competition, on 21 April 2026. Mr Tau and the DTIC had engaged the Committee on the 2026/27 Budget for the DTIC, and the DTIC's APP.

1.4. Outline of the contents of the report

Section 1 of the report introduces the report and sets out the constitutional mandate within which the Committee is considering the Budget Vote and the process it used to consider this. Section 2 describes the policy priorities which the DTIC is mandated to fulfil. Section 3 then provides an overview of the DTIC's purpose and impact goals, its output targets for its nine programmes, and its financial resources for the 2026/27 financial year. Section 4 summarises the key discussion points raised by the Committee and respond to by the DTIC on the Budget Vote and APP. This is followed by sections 5 to 7, which capture the Committee's conclusions, acknowledgements and recommendations.

2. Policy priorities for the 2026/27 financial year

The DTIC's APP for the 2026/27 financial year is informed by both the country's imperatives to address high unemployment, poverty and inequality; and the urgent need to improve economic performance, and achieve inclusive growth. The national, regional and international policy priorities that the DTIC contributes to are unpacked below.

2.1. State of the Nation Address (SONA)

The 2026 SONA focused on the implementation of interventions aimed at increasing economic growth and creating an inclusive economy. These are in line with the government's priority of driving inclusive economic growth and job creation.

Priorities relevant for the DTIC are²:

- (a) Increasing investment by improving investor confidence, lowering the cost of doing business, creating a clear and stable macroeconomic and industrial policy framework,

² Ramaphosa (2026)

- investing in infrastructure, and creating a conducive regulatory framework that supports growth and enables competition;
- (b) Investing in labour-intensive growth sectors that are capable of future growth, such as the digital and green economy.
 - (c) Increasing support for the green economy, particularly encouraging investment in New Energy Vehicles (NEVs) and supporting the production of batteries;
 - (d) Amending the National Credit Act regulations to make it easier to access credit at a lower cost for Small, Medium and Micro Enterprises (SMMEs);
 - (e) Improving access to new markets for South African exports and implementing support measures, such as tariffs, to protect domestic manufacturing sectors;
 - (f) Implementing the AfCFTA to expand trade between African countries, drive industrialisation and create jobs;
 - (g) Reviewing the B-BBEE framework to refine, realign and strengthen it to ensure that it supports greater transformation and inclusive growth, focusing on women- and youth-led businesses;
 - (h) Considering the introduction of measures to curb excessive alcohol abuse, including greater restrictions on alcohol advertising; and
 - (i) Curbing the proliferation of illicit and counterfeit goods.

These priorities are in the context of a modernised and comprehensive industrial policy that aims to drive economic growth, which is set to be finalised in the 2026/27 financial year.

2.2. Medium Term Development Plan³

The MTDP for 2024–2029 outlines three strategic priorities of government for the five-year term, namely: (i) driving inclusive growth and job creation, (ii) reducing poverty and tackling the high cost of living, and (iii) building a capable, ethical and developmental state⁴. The DTIC will play a very active role in the implementation of several interventions under Priority 1: “*Drive inclusive growth and job creation*”. Under this priority, it is the lead department in 18 interventions and will support a further 13 interventions. Under Priority 3: “*Build a capable, ethical and developmental state*”, the DTIC plays a supporting role in relation to 16 interventions. It is also contributing to Priority 2: “*Reduce poverty and tackle the high cost of living*” by supporting the establishment

³ Department of Planning, Monitoring and Evaluation (2024)

⁴ Department of Planning, Monitoring and Evaluation (2024: 24)

of job creating local economies in rural areas. The goals of the DTIC are aligned with government's priority areas as outlined above.

2.3. Sustainable Development Goals

The DTIC would be primarily responsible for the second target of Sustainable Development Goal (SDG) 9: “*Build resilient infrastructure, promote inclusive and sustainable industrialization and foster innovation*”, namely to “promote inclusive and sustainable industrialization and, by 2030, significantly raise industry’s share of employment and gross domestic product, in line with national circumstances, and double its share in least developed countries”⁵. In this regard, one of the DTIC’s core mandates is to facilitate structural transformation of the economy to promote dynamic industrial development, investment, competitiveness and job creation. It develops industrial strategies and provides incentives to improve the competitiveness of the manufacturing sector and increase market access and demand for locally manufactured goods.

Furthermore, in terms of SDG 8: “*Promote sustained, inclusive and sustainable economic growth, full and productive employment and decent work for all*”⁶, the DTIC supported the improved access of black women, youth and people with disabilities to employment and entrepreneurial opportunities. In addition, in terms of SDG 10: “*Reduce inequality within and among countries*”⁷, the DTIC through its trade negotiations, initiatives to promote and facilitate investment, and the role of the International Trade Administration Commission of South Africa’s (ITAC) tariff line investigations and determinations play a critical role in achieving this goal.

2.4. Agenda 2063

The work of the DTIC is aligned with aspiration 1 of the African Union’s (AU) Agenda 2063: “*A prosperous Africa based on inclusive growth and sustainable development*”⁸. In line with this aspiration, the African continent committed to “eradicating poverty in one generation and build shared prosperity through social and economic transformation...”⁹. One of the DTIC’s

⁵ United National Development Programme (n.d.)

⁶ Ibid

⁷ Ibid

⁸ AU Commission (2015)

⁹ Ibid

mandates is to facilitate structural transformation through broad-based black economic participation and spatial industrial development. It implements this mainly through Programme 3: Investment and Spatial Industrial Development, Programme 6: Incentives, and Programme 8: Transformation and Competition. These Programmes work collaboratively towards the development of Special Economic Zones (SEZs) and Industrial Parks, as well as to enhance black participation in the economy. Furthermore, the DTIC's incentives have transformation criteria, which further facilitates this at a broader level.

2.5. Re-imagined Industrial Strategy and the Southern African Development Community Industrialisation Strategy

The Southern African Development Community (SADC) Regional Infrastructure Development Master Plan (RIDMP) aims to “catalyze industrial development and reduce current high costs of doing business, including those related to Non-Tariff Barriers and local procurement of inputs for infrastructure development”¹⁰. As a Member of SADC, South Africa has to align its national policies and strategies to complement those of the regional community. The National Development Plan 2030 (NDP) and the Re-imagined Industrial Strategy (RIS) therefore are broadly complementary to the policies of the SADC industrialisation strategy. The RIS involved the development and implementation of Master Plans for 12 priority sectors. These set out commitments and actions by government, organised business and organised labour in these sectors. Similar to the SADC-RIDMP, the RIS aims to ensure industrialisation through its interventions, one of which is developmental tariff reform. In the current budget, the DTIC has a strong focus on industrialisation. In this regard, it provides for the development of a new National Industrial Policy and is broadening support to new sectors such as the digital and green economies.

3. Annual Performance Plan and Budget

In the 2026 Estimates of National Expenditure, the DTIC's purpose is outlined as follows:

(a) Leading economic development policy formulation and planning;

¹⁰ SADC (2015)

- (b) Facilitating access to sustainable economic activity and employment for all South Africans through an understanding of the economy, knowledge of economic opportunities and potential, and anticipation of future economic trends;
- (c) Catalysing economic transformation and development, and the provision of a predictable, competitive, equitable and socially responsible environment for investment, enterprise, and trade for economic citizens; and
- (d) Contributing to achieving government's vision of an adaptive and restructured economy characterised by accelerated economic growth, employment creation and greater equity.

For the period, the DTIC's mission is to achieve inclusive economic growth by coordinating and enabling government-wide interventions, by working with its entities to: (i) Promote structural transformation; (ii) Achieve stronger industrialisation; (iii) Promote transformation in terms of skills for the economy and enterprise development; (iv) Increase trade, investment and exports; and (v) Promote the ease of doing business. In light of this, its priorities are focused on the three Ds, namely: decarbonisation, digitisation and diversification.¹¹

The DTIC has identified the following impact goals over the 2025-2030 period, namely¹²:

- (a) ***Industrialisation and Economic Diversification***: This will focus on: (i) Boosting investment in greenfield and brownfield industrial sectors, leading to a more diversified, competitive economy; and (ii) Increasing export value and market share, especially in processed critical minerals and other high growth sectors.
- (b) ***Job Creation and Youth Employment***: This will focus on: (i) Creating 1 million new jobs across various industrial sectors, with a strong focus on youth, women, and historically disadvantaged groups; and (ii) Enhancing skills development and employability, including training at least 500 000 unemployed youth in high-demand sectors.
- (c) ***Inclusive Growth and Transformation***: This will focus on: (i) Ensuring equitable access to economic opportunities, with 30 per cent of industrial funding directed to businesses owned by women, youth, and people with disabilities; and (ii) Promoting employee ownership schemes, empowering workers with shares in companies, and increasing wealth creation at the grassroots level.

¹¹ DTIC (2025d: 5 and 7)

¹² DTIC (2025a: 24)

(d) ***Social Inclusion and Economic Empowerment***: This will focus on ensuring economic empowerment programmes benefit marginalised groups, reducing inequality and improving quality of life.¹³

The DTIC's nine programmes are collectively responsible for administering 45 pieces of legislation mainly in the areas of consumer protection, companies (corporate regulation), competition, industrial development, black economic empowerment, and international trade; and overseeing 18 entities, as well as the B-BBEE Commission, a trading entity within the DTIC. The DTIC, its 18 entities, and the B-BBEE Commission make up the DTIC Group.

Figure 1: List of entities reporting to the DTIC

Development Finance Institutions	Regulatory Entities	Technical Infrastructure Institutions
<ul style="list-style-type: none"> • Export Credit Insurance Corporation of South Africa • National Empowerment Fund • Industrial Development Corporation 	<ul style="list-style-type: none"> • Broad-based Black Economic Empowerment Commission • Company and Intellectual Property Commission • Companies Tribunal • Competition Commission • Competition Tribunal • International Trade Administration Commission of South Africa • National Consumer Commission • National Credit Regulator • National Consumer Tribunal • National Gambling Board of South Africa • National Lotteries Commission • Takeover Regulation Panel 	<ul style="list-style-type: none"> • National Metrology Institute of South Africa • National Regulator for Compulsory Specifications • South African Bureau of Standards • South African National Accreditation System

3.1. Key Performance Indicators for the 2026/27 financial year

The section below details the purpose of each programme and its planned outputs for the 2026/27 financial year as set out in the DTIC's APP. For the 2026/27 financial year, the DTIC set out 81 key performance indicators (KPIs) through which it aims to implement its mandate with the allocated budget of R11,7 billion. This section highlights the KPIs for each of the DTIC's programmes.

¹³ DTIC (2025a)

3.1.1. Programme 1: Administration¹⁴

The Administration Programme is responsible for the provision of strategic leadership, management, and support services to the DTIC and its entities. Ten KPIs have been set for the financial year, namely:

- (a) 40 per cent procurement towards women-owned businesses;
- (b) 30 per cent of procurement towards youth-owned businesses;
- (c) 3 per cent of procurement approved towards businesses owned by people with disabilities (PWD), a slight increase from the target of 2 per cent in the previous financial year;
- (d) B-BBEE Level 3 contributor status on the Specialised Scorecard;
- (e) Unqualified audit outcome for the 2025/26 financial year;
- (f) 100 per cent of creditors paid within 30 days;
- (g) 60 per cent of secured funding activated for implementation;
- (h) All (100 per cent) entities to achieve 80 per cent performance;
- (i) 2,5 per cent reduction in the vacancy rate to 12 per cent; and
- (j) 100 per cent of the incentives system digitalised.

3.1.2. Programme 2: Trade¹⁵

The purpose of the Programme is to “build an equitable global trading system that facilitates development by strengthening trade and investment links with key economies and fostering Africa’s development, including regional and continental integration and development cooperation in line with the AU Agenda 2063”¹⁶. The 15 planned targets for the financial year are as follows:

- a) Fourteen countries to start trading under the AfCFTA (excluding members of the SADC);
- b) Ensure that an additional 10 per cent of Southern African Customs Union (SACU) tariff lines are covered by preferential market access for AfCFTA implementing countries, subject to reciprocity;
- c) Ratify one AfCFTA Protocol, namely the Protocol on Digital Trade;
- d) Finalise five Economic Interest Strategies for key trading partners or regions;
- e) Implement 11 economic interest strategies for key trading partners or regions;

¹⁴ DTIC (2026: 67-74)

¹⁵ DTIC (2026: 80-85)

¹⁶ DTIC (2026: 80)

- f) Resolve ten trade barriers on priority products per trade agreement;
- g) Sign five Investment Framework Agreements with priority trading partners;
- h) Implement the cumulation agreed with the EU to increase market access for hybrids and electric vehicles (EVs);
- i) Sign the Early Harvest Agreement under the Economic Partnership for Shared Prosperity framework agreement with China;
- j) Resolve ten trade barriers for priority products under the Economic Partnership for Shared Prosperity framework agreement with China;
- k) Sign a Trade Agreement with the United States of America to preserve predictable market access for South African goods;
- l) Sign the Preferential Trade Agreement with India to expand market access for South African goods;
- m) Approve the regional value chain framework for the automotive sector; and
- n) Sign the SACU-Egypt-Algeria Automotive Industrial Partnership Agreement.

3.1.3. Programme 3: Investment and Spatial Industrial Development¹⁷

The purpose of the Programme is to promote and support foreign direct investment (FDI) flows and, promote domestic investment by providing a one-stop shop for investment promotion, investor facilitation, and aftercare support for investors, as well as to increase participation in industrialisation. In addition, it seeks to increase participation in industrialisation through the development of SEZs, Industrial Parks, and Township economic initiatives. The seven planned targets for the financial year are shown below:

- (a) Attract R750 billion of verified investments into the economy;
- (b) Designate one new SEZ to catalyse industrialisation, focusing on the New Industrial Policy Sectors;
- (c) Operationalise 10 of 12 SEZs;
- (d) Secure one strategic land parcel for a trade logistics hub;
- (e) Ensure that 300 learners are trained in various industry-related skills within industrial zones;
- (f) Revitalise 15 Industrial Parks into competitive infrastructure platforms to support sector diversification in marginalised areas; and

¹⁷ DTIC (2026: 94-97)

- (g) Facilitate the creation of 6 000 jobs through industrial development.

3.1.4. Programme 4: Sectors¹⁸

The Sectors Programme is the third largest of the DTIC's programmes in terms of budget allocation. It is responsible for the design and implementation of policies, strategies, and programmes to develop the manufacturing and related sectors of the economy, contributing to the creation of decent jobs, adding value to manufactured products, and enhancing competitiveness in the domestic and export markets.

The 13 planned targets for the financial year are shown below:

- (a) Increase domestic manufacturing growth by 0,6 per cent through the implementation of the National Industrial Policy;
- (b) Facilitate a 1 per cent global market share for processed critical minerals;
- (c) Facilitate an increase of R100 billion in the procurement value of locally manufactured goods and services;
- (d) Reduce the importation of rail transport equipment by 1,5 per cent;
- (e) Increase the growth of the Cannabis industry by 10 per cent per annum;
- (f) Facilitate a 2 per cent reduction in the cost of rail transport;
- (g) Implement two measures to support EV battery production;
- (h) Increase the manufacturing of renewable energy components by 10 per cent;
- (i) Implement two measures under the Decarbonisation Strategy;
- (j) Implement three measures in the green steel industry;
- (k) Implement two measures in the automotive industry masterplan;
- (l) Implement three measures to improve the performance of the cement industry; and
- (m) Implement three measures to improve the performance of the sugar industry.

3.1.5. Programme 5: Regulation¹⁹

The Regulation Programme is aimed at developing and implementing “coherent, predictable and transparent regulatory solutions that facilitate easy access to redress and efficient

¹⁸ DTIC (2026: 101-109)

¹⁹ DTIC (2026: 119-120)

regulation for economic citizens”²⁰. The seven planned targets for the financial year are shown below:

- (a) Gazette the amended National Gambling Regulations to address online gambling advertisements;
- (b) Gazette the amended National Credit Regulations to address the cost of credit;
- (c) Implement 2 per cent of improvements identified in the ease of doing business matrix of eight DTIC entities, namely the National Gambling Board (NGB), the National Lotteries Commission (NLC), the National Credit Regulator (NCR), the National Consumer Tribunal (NCT), the National Consumer Commission (NCC), the Takeover Regulation Panel (TRP), the Companies and Intellectual Property Commission (CIPC) and the Companies Tribunal;
- (d) Track regulations to curtail illicit trade;
- (e) Gazette amended Companies Regulations to improve the ease of doing business;
- (f) Submit three Bills for approval by Cabinet, namely the National Gambling Amendment Bill, the Liquor Amendment Bill and the National Credit Amendment Bill, to address various constraints relating to online gambling, e-commerce in the Liquor Act, and illicit trade, among others; and
- (g) Submit one Omnibus Bill focused on accelerating industrial development and investment by reducing red tape for approval by Cabinet.

3.1.6. Programme 6: Incentives²¹

The Incentives Programme is responsible for stimulating and facilitating “the development of sustainable and competitive enterprises, through the efficient provision of effective and accessible incentive measures that support national priorities”²². This Programme captures the core mandate of the DTIC and receives the largest budget allocation. The five planned targets for the financial year are shown below:

- (a) Facilitate R35 billion in investment through industrial financial programmes;
- (b) Disburse R4 billion to enterprises that comply with the latest B-BBEE Act;
- (c) Facilitate the creation of 7 000 new jobs by beneficiaries of disbursed funds;

²⁰ DTIC (2026: 119)

²¹ DTIC (2026: 125-128)

²² DTIC (2026: 125)

- (d) Facilitate the creation of 5 000 new jobs through the digital economy programme (Global Business Services (GBS)); and
- (e) Facilitate the generation of R5 billion in exports through the GBS.

3.1.7. Programme 7: Exports²³

The Exports Programme is aimed at increasing export capacity and supporting direct investment flows, through targeted strategies, and an effectively managed network of foreign trade and investment offices. The nine planned targets for the financial year are shown below:

- (a) Facilitate South African-manufactured exports to the value of R146 billion to targeted markets in priority industrial policy sectors linked to trade agreement utilisation;
- (b) Facilitate South African-manufactured exports to the value of R154 billion in priority industrial policy sectors linked to AfCFTA tariff utilisation;
- (c) Facilitate South African exports to the value of R700 million to targeted global markets by SMMEs funded by the DTIC's export support measures;
- (d) Facilitate South African exports to the value of R70 million to targeted African markets by Black-owned entities funded by DTIC export support measures;
- (e) Ensure five companies receive DTIC and/or development finance institution (DFI) support packages;
- (f) Facilitate the creation of 1 275 jobs in the economy linked to exports activated by the Export Marketing and Investment Assistance Scheme;
- (g) Capacitate 300 entities on exporting skills;
- (h) Ensure that 25 per cent of entities capacitated on exporting skills are women-owned; and
- (i) Ensure that 8 per cent of entities capacitated on exporting skills are youth-owned.

3.1.8. Programme 8: Transformation and Competition²⁴

The Programme focuses on developing and implementing policy interventions that promote transformation and competition. The eight planned targets for the financial year are shown below:

- (a) Finance 200 majority black-owned enterprises through the Transformation Fund;
- (b) Contract R20 billion of Transformation Funds to majority black-owned enterprises;
- (c) Facilitate the creation of 10 000 jobs through the Transformation Fund;

²³ DTIC (2026: 133-138)

²⁴ DTIC (2026: 144-147)

- (d) Increase ownership by black-owned enterprises in priority sectors by 20 per cent;
- (e) Publish the revised B-BBEE regulations for implementation;
- (f) Disburse R1,5 billion for the implementation of the Social Employment Fund (SEF);
- (g) Facilitate 10 000 additional workers with shares in their companies; and
- (h) Facilitate the training of 55 000 unemployed youth under the Youth Employment Service (YES) by 2029.

3.1.9. Programme 9: Research²⁵

The Research Programme aims to undertake economic research that contributes to the development of economic strategies and guides economic policy narratives. Under this Programme, all six performance targets are new, and are as follows:

- (a) Produce four Economic Sectors, Investment, Employment and Infrastructure Development (ESIEID) Cluster reports;
- (b) Produce four quarterly manufacturing sector pulse reports;
- (c) Produce four trade reports, including dashboards of critical trade information;
- (d) Produce one Economic Outlook report tracking gross domestic product performance;
- (e) Produce one evaluation report on the DTIC's interventions; and
- (f) Develop one DTIC research agenda.

3.2. Budget Vote 39: Analysis of the 2026/27 – 2028/29 financial period²⁶

The adjusted appropriation budget for the DTIC was R11,13 billion for the 2025/26 financial year, which has been increased to R11,7 billion for the 2026/27 financial year. The main contributor to the increase is the allocation of R1,5 billion to the SEF under the Transformation and Competition Programme²⁷. The figure below shows the DTIC's budget over the medium-term, both in nominal and real²⁸ (inflation-adjusted) terms.

Over the medium-term (2026/27 – 2028/29), the DTIC's budget is expected to decrease from a nominal amount of R11,13 billion in the 2025/26 financial year to R10,9 billion in the

²⁵ DTIC (2026: 155-157)

²⁶ National Treasury (2026b: 855-924) and Madalane (2026)

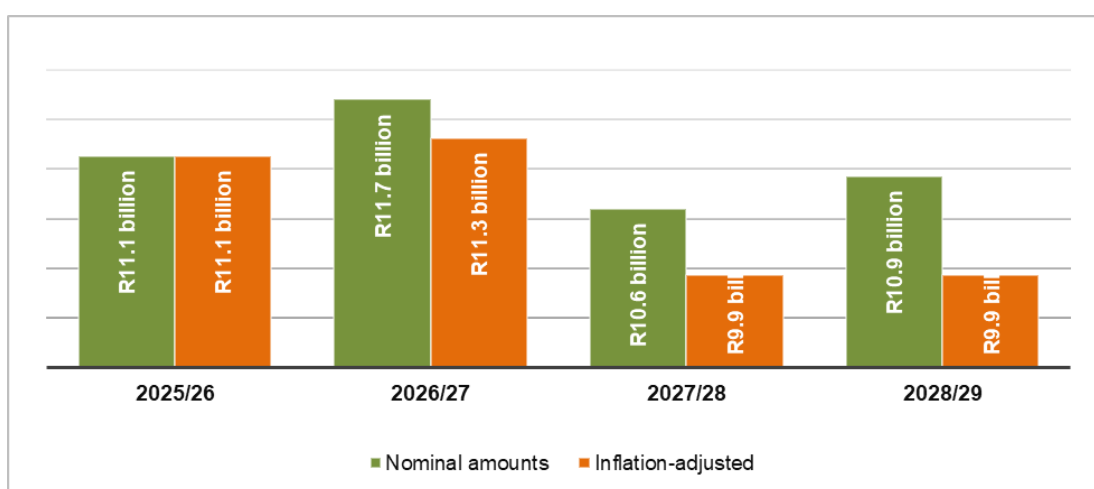
²⁷ DTIC (2026: 60)

²⁸ Real figures are based on the following Consumer Price Index inflation estimates of 3,4% in the 2026/27 financial year, 3,2% in the 2027/28 financial year and 3,1% in the 2028/29 financial year (National Treasury (2025a: 23)).

2028/29 financial year. In real terms, the budget allocation is projected to decrease by 3,7 per cent, with the allocation decreasing to R9,9 billion by the 2028/29 financial year.

Over the medium-term, the main decreases in programme allocations are observed in Programme 8: Transformation and Competition (27,8 per cent), and Programme 2: Trade (3,3 per cent). The Trade Programme's negative growth was due to the normalisation of the budget after a one-time provision for the G20 intervention in the 2025/26 financial year.

Figure 2: Medium-Term Budget Allocation: 2025/26 – 2028/29



Source: Madalane (2026) based on National Treasury (2026b: 857)

However, other programmes' allocations are expected to increase over the medium-term. In particular, Programme 3: Investment and Spatial Industrial Development (8,7 per cent); Programme 4: Sectors (5,7 per cent); Programme 7: Exports (6,2 per cent); Programme 9: Research (4,3 per cent); Programme 6 – Incentives (3,7 per cent), and Programme 1: Administration (1,5 per cent). The changes in programme allocations are shown in the table below.

Table 1: DTIC's Medium-Term Budget Allocation by Programme

Programme (R'million)	Adjusted appropriation (2025/26)	Medium-term expenditure estimate			Average growth rate (2025/26 - 2028/29)
		2026/27	2027/28	2028/29	
1. Administration	1 069,5	1 045,3	1 085,2	1 118,6	1,5%
2. Trade	315,7	266,4	276,9	285,3	-3,3%
3. Investment and Spatial Industrial Development	159,4	189,9	198,1	204,5	8,7%
4. Sectors	1 534,1	1 685,9	1 757,0	1 811,6	5,7%
5. Regulation	407,3	376,6	392,6	404,9	-0,2%
6. Incentives	5 230,2	5 437,5	5 655,4	5 831,6	3,7%

7. Export	385,3	430,0	447,9	461,4	6,2%
8. Transformation and Competition	1 962,6	2 198,6	717,4	739,7	-27,8%
9. Research	64,6	68,3	71,1	73,3	4,3%
Total	11 128,6	11 698,5	10 601,5	10 930,9	-0,6%

Source: National Treasury (2026b: 857)

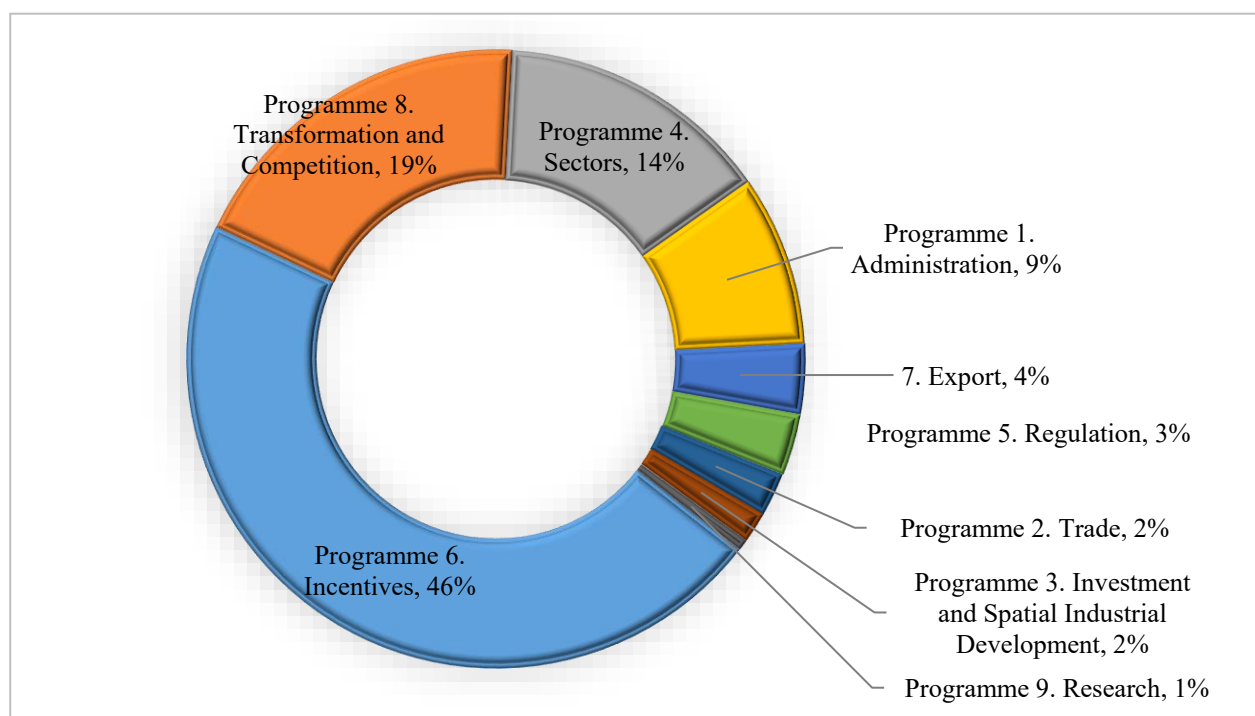
3.2.1. Programme Analysis²⁹

Over the strategic five-year period from 2025-2030 and for the 2026/27 financial year, the DTIC's budget is focused on the implementation of policies, strategies, and programmes, aimed at achieving its goals of re-industrialisation, job creation, transformation, and contributing to the creation of a capable state. In line with these goals, it will implement its initiatives through its nine programmes.

In terms of re-industrialisation, job creation, and transformation goals, the DTIC's initiatives that contribute to these goals are mainly implemented through the programmes that have been allocated a substantial share of the funding, namely the Incentives Programme, the Transformation and Competition Programme, and the Sectors Programme. These programmes account for the largest share of the DTIC's allocated budget, approximately 80 per cent of the total budget. The other six programmes collectively account for the remaining 20 per cent of the total budget.

Figure 3: DTIC's Budget Allocation by Programme

²⁹ Based on National Treasury (2026b)



Source: Madalane (2026) based on National Treasury (2026b: 857)

Table 2 below shows the adjusted appropriation for the 2025/26 financial year and the budget for the 2026/27 financial year per programme, as well as changes in each of the programmes' allocations in both nominal and real terms. The R569,9 million increase in the allocated budget in the 2026/27 financial year translates to a R185,2 million increase in real terms. Most of the programmes' budget allocations have increased with the exception of Programme 1: Administration (a 2,3 per cent decline), Programme 2: Trade (a 15,6 per cent decline) and Programme 5: Regulation (a 7,5 per cent decline). Furthermore, when inflation is factored in, Programme 6: Incentives and Programme 9: Research receive relatively small real budget increases of only 0,6 per cent and 2,2 per cent respectively.

Table 2: Budget Allocation by Programme

Programme (R'million)	Adjusted appropriation 2025/26	Budget 2026/27	Nominal Increase / Decrease in 2026/27	Real Increase / Decrease in 2026/27	Nominal Percentage change in 2026/27	Real Percentage change in 2026/27
1. Administration	1 069,5	1 045,3	-24,2	-58,6	-2,26%	-5,47%
2. Trade	315,7	266,4	-49,3	-58,0	-15,61%	-18,38%
3. Investment and Spatial Industrial Development	159,4	189,9	30,5	24,3	19,14%	15,22%
4. Sectors	1 534,1	1 685,9	151,8	96,3	9,89%	6,28%
5. Regulation	407,3	376,6	-30,6	-43,0	-7,53%	-10,57%
6. Incentives	5 230,2	5 437,5	207,3	28,5	3,96%	0,55%

7. Export	385,3	430,0	44,8	30,6	11,62%	7,95%
8. Transformation and Competition	1 962,6	2 198,6	236,0	163,7	12,02%	8,34%
9. Research	64,6	68,3	3,7	1,4	5,67%	2,20%
TOTAL	11 128,6	11 698,5	569,9	185,2	5,12%	1,66%

Source: Madalane (2026) based on National Treasury (2026b: 857)

3.2.2. Economic classification³⁰

Of the total budget of R11,7 billion allocated for the 2026/27 financial year, approximately R2,1 billion (17,9 per cent of the total budget) is for the operational budget of the DTIC (compensation of employees, and goods and services), while the bulk of the budget, approximately R9,6 billion (82 per cent of the total budget) is allocated to transfers and subsidies to departmental entities, private enterprises, non-profit institutions, households, and international organisations. The remaining R19,6 million (0,2 per cent of the total budget) is allocated to payments for capital assets including machinery and software.

Table 3 below depicts the DTIC's adjusted appropriation for the 2025/26 financial year and the allocated budget for the 2026/27 financial year by economic classification, as well as changes in the budgets for the two financial years.

Compensation of Employees: It is worth noting that the allocation for the compensation of employees' budget will increase by 7,3 per cent, or R81,5 million in real terms compared to the 2025/26 financial year. This can be attributed to the projected increase in the number of employees from 1 101 in the 2025/26 financial year to an estimated 1 177 employees in the 2026/27 financial year³¹.

Goods and Services: The goods and services' budget decreased by 15,5 per cent in real terms compared to the 2025/26 financial year, from R972 million to R849,4 million in the 2026/27 financial year. While there is a decrease in the budget for most goods and services, it is worth noting that there is a significant nominal increase in the budget allocated for communication (37,1 per cent/R4,3 million increase), and legal services (57,5 per cent/R12,2 million increase).

³⁰ National Treasury (2026b: 857-859)

³¹ National Treasury (2026b: 860)

Table 3: Budget Allocation by Economic Classification

Economic Classification (R'million)	Adjusted appropriation 2025/26	Allocated Budget 2026/27	Nominal Increase / Decrease in 2026/27	Nominal Percentage change in 2026/27	Share of the 2026/27 Allocated Budget
Current payments	2 090,3	2 090,0	-0,3	0,0%	17,9%
Compensation of employees	1 118,3	1 240,6	122,3	10,9%	10,6%
Goods and services	972,0	849,4	-122,6	-12,6%	7,3%
Transfers and subsidies	9 028,5	9 588,9	560,5	6,2%	82,0%
Departmental agencies and accounts	1 308,0	1 257,0	-51,0	-3,9%	10,7%
Foreign governments and international organisations	48,5	49,8	1,3	2,7%	0,4%
Public corporations and private enterprises	7 495,3	8 105,3	610,0	8,1%	69,3%
Non-profit institutions	170,7	175,7	5,0	2,9%	1,5%
Households	6,0	1,1	-4,9	-81,0%	0,0%
Payments for capital assets	9,9	19,6	9,7	98,7%	0,2%
Machinery and equipment	8,2	16,2	8,0	97,1%	0,1%
Software and other intangible assets	1,6	3,4	1,7	106,5%	0,0%
TOTAL	11 128,6	11 698,5	1 139,8	5,1%	100,0%

Source: Madalane (2026) based on National Treasury (2026b: 857)

Payments for capital assets: This budget item received the smallest budget allocation of R19,6 million in the current financial year. However, the budget has been increased in real terms by 92,1 per cent (R9,1 million) compared to the 2025/26 financial year.

3.2.2.1. DTIC Transfers³²

A significant share of the DTIC's allocated budget is transferred to its entities; public corporations and private enterprises; non-profit institutions; and foreign governments and international organisations. Of its R11,7 billion allocation for the financial year, approximately R9,6 billion will be transferred. This accounts for 82 per cent of the total budget.

- **Transfers to Entities**

The DTIC has 18 entities, and of these entities, five are self-funded while 13 receive annual transfers from the DTIC for their operations. The self-funded entities are (i) the CIPC, (ii) the Industrial Development Corporation (IDC), (iii) the National Empowerment Fund (NEF), (iv) the NLC and (v) the TRP.

Table 4: Transfers to entities

³² National Treasury (2025b: 845-6)

Entities (R'million)	Appropriation 2026/27	Budget 2026/27	2025/26 - 2026/27 Change	Entity Budget 2026/27	Transfer as a percentage of the Entity's Budget
1. Companies and Intellectual Property Commission	Self-Funded			787,1	0,0%
2. Companies Tribunal	37,8	33,1	-12,5%	37,4	88,5%
3. Competition Commission	440,3	453,0	2,9%	551,3	82,2%
4. Competition Tribunal	46,8	43,8	-6,4%	69,0	63,5%
5. Export Credit Insurance Corporation	167,9	172,7	2,9%	416,5	41,5%
6. Industrial Development Corporation	Self-Funded			17 518,7	0,0%
7. International Trade Administration Commission	146,9	122,9	-16,4%	127,2	96,6%
8. National Consumer Commission	73,4	73,4	0,1%	78,5	93,5%
9. National Consumer Tribunal	69,7	55,3	-20,7%	98,8	55,9%
10. National Credit Regulator	101,7	84,0	-17,4%	164,8	51,0%
11. National Empowerment Fund	Self-Funded			619,5	0,0%
12. National Gambling Board	35,8	37,0	3,4%	280,1	13,2%
13. National Lotteries Commission	Self-Funded			883,2	0,0%
14. National Metrology Institute of South Africa	175,1	169,8	-3,0%	207,9	81,7%
15. National Regulator for Compulsory Specifications	149,2	153,5	2,9%	553,4	27,7%
16. South African Bureau of Standards	364,5	375,0	2,9%	1 024,2	36,6%
17. South African National Accreditation System	29,9	29,7	0,5%	162,2	18,3%
18. Takeover Regulation Panel	Self-Funded			36,1	0,0%

Source: Madalane (2026) based on National Treasury (2026b: 857)

The remaining DTIC entities receive R1,8 billion of the allocated budget for the 2026/27 financial year compared to R1,84 billion allocated in the 2025/26 financial year. Transfers to the DTIC's entities are as shown in Table 4 below.

Most of the entities that receive transfers from Parliament through the DTIC, are heavily reliant on those transfers. The percentage of their transfers from the DTIC in relation to their total budget ranges between 51 per cent and 96,6 per cent of their budgets. These entities include the Companies Tribunal, Competition Commission, Competition Tribunal, the ITAC, the NCC, the NCT, the NCR, and the National Metrology Institute of South Africa.

However, entities such as the Export Credit Insurance Corporation (ECIC), the NGB, the National Regulator for Compulsory Specifications (NRCS), the South African Bureau of Standards (SABS) and the South African National Accreditation System, are less reliant on the transfers. Transfers to these entities account between 13,2 per cent and 41,5 per cent of each entity's annual budget.

Five of the entities' budgeted transfers increased in nominal terms, but the increases were just below the inflation rate. These were the Competition Commission, the ECIC, the NGB, the NRCS, and the SABS. Furthermore, the Companies Tribunal, the Competition Tribunal, the

ITAC, the NCT, and the NCR had significant budget cuts, with nominal decreases between 6,4 per cent and 20,7 per cent. The budget decrease for the Companies Tribunal could be concerning given that the scope of its mandate has expanded after the amendments to the Companies Act (Act No. 71 of 2008) in 2024.

- **Transfers to Public Corporations and Private Enterprises**

It should be noted that while the IDC is a self-funded entity of the DTIC, it receives transfers for programmes or funds that it administers on behalf of the DTIC. Transfers to the IDC over the four years are depicted in the table below.

In the 2026/27 financial year, budgeted transfers to the IDC are approximately R2,1 billion, an increase of R343,0 million from R1,8 billion in the 2025/26 financial year. This is attributed to the increase in the SEF which the IDC manages on behalf of the state. The SEF is part of the Presidential Employment Stimulus established in 2020. The Fund aims to support employment, thereby tackling unemployment.

Table 5: Transfers to the IDC for sector programmes

Sector Programme (R'million)	Adjusted appropriation	Medium-term expenditure estimate		
	2025/26	2026/27	2027/28	2028/29
Regional industrial development	23,5	24,4	25,2	26,0
Sector programmes	387,1	507,8	531,2	549,8
Social Employment Fund	1 292,0	1 510,0	0,0	0,0
Tirisano Construction Fund Trust	56,2	58,4	60,8	62,6
Downstream Steel Industry Competitiveness Fund	38,8	39,9	41,5	42,8
TOTAL	1 797,5	2 140,5	658,7	681,3

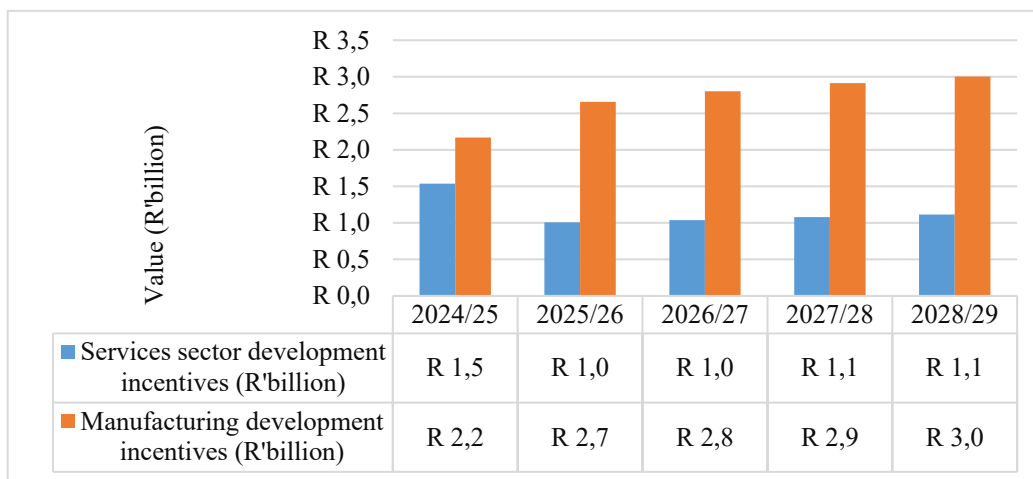
Source: National Treasury (2026b: 858)

The DTIC also provides several incentives to facilitate and stimulate “the development of sustainable and competitive enterprises, through the efficient provision of effective and accessible incentive measures that support national priorities”³³. To ensure this, approximately R3,8 billion has been budgeted for incentives for the financial year. This is approximately R175 million more than in the 2025/26 financial year. The incentives budget comprises two parts: (i) manufacturing development incentives, which accounts for 73 per cent of the total incentives budget and (ii)

³³ Department of Trade, Industry and Competition (2025b: 103)

services sector development incentives, which accounts for 27 per cent of the total budget. Budgeted transfers for incentives are as shown in Figure 4 below:

Figure 4: Budgeted Transfers for Incentives



Source: Madalane (2026) based on National Treasury (2026b: 857)

Other transfers to public corporations and private enterprises include transfers to the Council for Geoscience, the National Productivity Institute, Protechnik Laboratories, the Council for Scientific and Industrial Research, the Intsimbi Future Production Technologies Initiatives, the Automotive Supply Chain Competitiveness Initiative, Trade and Industrial Policy Strategies, the Centurion Aerospace Village, Proudly South African, and the Black Business Council.

- **Transfers to Foreign governments and international organisations**

For the financial year, approximately R49,8 million will be transferred to international organisations for the country's membership in these organisations. This includes the World Trade Organisation (WTO) (R20,5 million), the United Nations Industrial Development Organisation (R9,5 million), the World Intellectual Property Organisation (R7,3 million), the Organisation for the Prohibition of Chemical Weapons (R4,8 million), the International Financial Reporting Standards Foundation (R3,1 million), Treaty organisations for metrology (R2,5 million), and the United Nations: Treaty on the Prohibition of Nuclear Weapons (R1,8 million). A detailed breakdown of the transfers over the MTEF period is shown in the table below.

Table 6: Transfers to Foreign governments and international organisations

Organisation (R'million)	Adjusted appropriation	Medium-term expenditure estimate		
	2025/26	2026/27	2027/28	2028/29
World Trade Organisation	19,74	20,54	21,36	22,02
United Nations Industrial Development Organisation	9,21	9,58	9,97	10,28
World Intellectual Property Organisation	7,55	7,33	7,62	7,86
Organisation for the Prohibition of Chemical Weapons	4,64	4,83	5,02	5,17
International Financial Reporting Standards Foundation	3,09	3,14	3,14	3,24
Treaty organisations for metrology	2,45	2,55	2,65	2,73
United Nations: Treaty on the Prohibition of Nuclear Weapons	1,78	1,83	1,90	1,96
Total	48,45	49,78	51,64	53,25

Source: National Treasury (2026b: 859)

• Capital Transfers

Capital transfers for the 2026/27 financial year will be R1,2 billion. This is an increase of 3,8 per cent compared to the 2025/26 financial year. A detailed breakdown of the capital transfers is shown in Table 7 below.

Table 7: Capital Transfers

Organisation (R'million)	Adjusted appropriation	Medium-term expenditure estimate		
	2025/26	2026/27	2027/28	2028/29
Various institutions: Critical infrastructure programme: Bulk infrastructure	153,09	160,13	166,52	171,70
Protechnik Laboratories: Capital	1,88	1,96	2,41	2,10
Council for Scientific and Industrial Research: Aerospace industry	38,94	50,06	51,66	52,95
Various institutions: Critical infrastructure programme: Industrial parks	49,79	50,29	52,29	53,92
Various institutions: Special Economic Zones	926,47	952,49	990,50	1 021,29
Total	1 170,17	1 214,93	1 263,38	1 301,96

Source: National Treasury (2026b: 858-9)

The DTIC funds the development of SEZs and the construction of critical infrastructure to revitalise Industrial Parks, thereby driving industrialisation, job creation, and economic growth. Within its 2026/27 financial year budget, R952,5 million has been budgeted for SEZs, and R50,3 million has been budgeted for the Critical Infrastructure Programme within Industrial Parks. This is an increase of 3,3 per cent and 2,7 per cent from the 2025/26 financial year's appropriation for SEZs and Industrial Parks respectively. Over the medium-term to 2028/29, the allocation for SEZs is expected to increase by 11,1 per cent, while the Industrial Parks' allocation is expected to increase by only 0,6 per cent.

4. Key issues raised by the Committee during its deliberations

The Committee raised a number of concerns during its deliberations, including:

4.1 *Changes in the DTIC's strategic focus*: The Minister stated that the DTIC would be strategically realigning away from crisis management toward facilitating growth and emphasised the importance of implementing initiatives to drive demand within the economy, and ensuring that this transition translated into tangible, measurable interventions. The Committee therefore sought clarity on how this shift was reflected through the APP and requested examples of high-impact initiatives aimed at driving demand, supporting industrial development, and stimulating long-term economic growth. The DTIC clarified that its strategic shift was articulated in the APP through its prioritisation of targeted interventions, measurable outcomes, and alignment with its industrial policy framework anchored on decarbonisation, digitisation, and diversification. Firstly, the APP translated this shift into demand-driven industrial support measures. For example, it aimed to mobilise significant investment commitments to actively support exporters to access new and alternative markets, including through trade engagements linked to the AfCFTA. These initiatives were designed to increase market access, boost export volumes, and sustain demand for locally produced goods.

Secondly, the APP reflected a stronger focus on industrial development and productive capacity through the scaling up of SEZs and industrial parks. These initiatives were intended to attract investment into manufacturing, promote regional industrialisation, and strengthen value chains. In addition, sector-specific master plans and localisation strategies were being implemented to deepen domestic production, reduce import dependence, and support key industries such as automotive manufacturing, including the transition to new energy vehicles with an emphasis on local production.

Thirdly, the APP incorporated high-impact structural initiatives aimed at long-term economic growth. These included efforts to reposition South Africa within global value chains through beneficiation. The establishment of the Transformation Fund, with substantial financial

commitments, further supported inclusive growth by enabling greater participation of SMMEs, as well as women, youth, and black industrialists in the economy.

In addition, the interventions in distressed sectors such as steel and sugar demonstrated a complementary short-term approach to stabilising industries and preserving jobs, thereby maintaining productive capacity while longer-term reforms took effect; notwithstanding the response to geo-political impacts as they arise.

4.2 ***DTIC's policy paradigm:*** The DTIC's APP appeared to be orientated towards a heavy reliance on private sector-led industrialisation, rather than state-led industrialisation. Given this perception, the Committee enquired whether the private sector-driven approach sufficiently advances the objectives of building domestic productive capacity and direct job creation, specifically for the youth. The DTIC informed the Committee that a co-ordinated and collaborative approach by all stakeholders (government, business and labour) was required to effectively drive industrialisation. The Industrial Development Strategy (IDS) which was under development re-emphasised the role of the state in changing the growth trajectory of the domestic economy by supporting improved industrial performance, dynamism, competitiveness and job creation.

It further indicated that the private sector required government to create policies/programmes/interventions that would make it more conducive for business to be globally competitive in their respective industries. It viewed leveraging public-private partnerships and building strong compacts critical to develop productive capacity and direct job creation.

For instance, government was assisting the private sector to build domestic productive capacity through:

- Masterplans with a focus on investing in productive assets, creating and retaining jobs, improving efficiency, promoting transformation, encouraging localisation, and developing SMEs;
- Public procurement which had been identified as a strategic lever to support domestic production, local technologies and early-stage commercialisation; and

- Public finance was central to advancing industrial policy by strategically directing resources toward priority sectors, infrastructure, and capability development. Through targeted funding instruments and effective collaboration with financial institutions, the State could mobilise both public and private capital, de-risk investment, and support new and expanding enterprises in delivering innovative products and services at a competitive cost.

4.3 ***Incorporation of Committee inputs***: It appeared that the inputs and recommendations arising from parliamentary oversight did not explicitly appear to have been incorporated in the 2026/27 APP. The Committee therefore sought to establish to what extent the inputs from stakeholders and Parliament have been incorporated into the DTIC's planning processes, and whether mechanisms exist to ensure that oversight issues were reflected in its policy direction and performance targets. The DTIC informed the Committee that the indicators were aligned to Government's Strategic Priorities, including:

- The MTDP 2024–2029 (including Results Frameworks);
- Priorities relating to women, youth, and persons with disabilities;
- Initiatives contributing to gender equality, climate change, science, technology and innovation, and the National Strategic Plan on Gender-Based Violence and Femicide;
- SONA Commitments made in 2025 and 2026;
- Alignment with audited performance (2025/26 Annual Report);
- Initiatives to expand employment, particularly youth employment;
- Just Transition Framework for South Africa;
- National Infrastructure Plan 2050 priorities;
- Spatial Transformation priorities outlined in the National Spatial Development Framework and the MTDP Strategic Priority 3;
- The District Development Model One Plans (geo-spatial referencing included);
- Science, Technology & Innovation (STI) priorities outlined in the STI Decadal Plan (2022–2032);
- Digitalisation considerations outlined in Public Service Regulation 25(1)(e) and the Department of Public Service and Administration ICT Governance Framework;
- The Implementation Plan for Growth and Inclusion (GAIN) Priorities; and

- Parliamentary feedback and recommendations.

In terms of the steel industry, it informed the Committee that the industry served as the backbone of the South African manufacturing and fabrication sectors. It played a pivotal role in the country's overall industrial capacity, and it was a driver of economic growth, investment, and job creation. ArcelorMittal South Africa (AMSA) held an important position within the nation's industrial landscape, serving as a dominant steel producer with a history deeply intertwined with South Africa's economic development.

The DTIC further indicated that the steel value chain in South Africa was facing a difficult market environment characterised by low prices, surplus capacity both domestic and in the global market, weak domestic demand and high operational costs. Through the implementation of the Steel and Metal Fabrication Masterplan, the DTIC had been working with business and labour in supporting the steel industry, particularly protecting and improving the installed industrial capacity across the value chain. It emphasised that the Masterplan focused on making interventions and improving efficiencies in the strategic, regulatory, technological, operational elements of the industry. The DTIC, through the IDC, had been working on measures to resolve challenges faced by AMSA and the South Africa steel industry, broadly. This included the review of additional trade measures, public procurement to scale up demand and addressing the cost of electricity supply and logistics.

- 4.4 ***Interventions to accelerate economic growth:*** The MTDP has set an economic growth target of 3 per cent by 2029; however, recent economic growth statistics have been much lower. Given the prevailing structural constraints, including trade uncertainty and infrastructure challenges, the Committee enquired about the specific, measurable interventions that the DTIC would consider and/or implement over the next 12 months to accelerate economic growth and ultimately contribute meaningfully towards achieve the targeted trajectory. The DTIC responded that its plans for the 2026/27 financial year included the continuation of advancing mutually beneficial and deepening trade relations with South Africa's traditional trading partners including the EU, the United Kingdom (UK), and the US with a focus on strengthening market access, supporting export growth and enhancing participation in regional and global value chains.

This included leveraging existing agreements such as the SADC-EU Economic Partnership Agreement (EPA) and the SACUM-UK EPA, particularly for high value agro-processing and industrial products, as well as preserving predictable trade conditions under the trade arrangements with the US. It would also pursue new and evolving trade frameworks to unlock additional market opportunities including the implementation of the Early Harvest agreement under the China-Africa EPA (CAEPA), promoting preferential trade agreements with key partners within BRICS+³⁴. Simultaneously, it would intensify efforts to identify and develop new and alternative markets to diversify exports and enhance resilience while actively supporting regional integration and market expansion through the AfCFTA. In addition, it would intensify targeted interventions to strengthen industrial capacity through the revitalisation of 15 industrial parks into competitive, well-serviced infrastructure platforms and the operationalisation of ten SEZs to catalyse industrialisation in line with the new industrial policy sectors. On investment, it aimed to attract R750 billion in investment into the economy through various investment promotions.

Other measurable interventions included increasing South Africa's share of the global market for value-added mineral products to strengthen the country's position in critical minerals while also driving localisation through increased procurement of locally manufactured goods and services and targeted import replacement. In particular, it would introduce localisation support measures for the manufacturing of renewable energy components, implement a decarbonisation strategy to inform South Africa's position on carbon taxation, and advance EV battery policy as part of its green industrialisation efforts. One of the new growth industries to be targeted was the Hemp and Cannabis industry to unlock new industrial value chains. Targeted measures would also be rolled out to support sectors in distress including automotive, green steel, sugar, and cement to reverse the industrial decline and enhance competitiveness, deepen industrial capacity and contribute meaningfully towards achieving the targeted Gross Domestic Product (GDP) growth.

Furthermore, the DTIC indicated that it had identified key areas to improve regulatory efficiencies and investment facilitation to support government efforts to accelerate economic growth. Chief among these was the development of legislative processes for priority Bills

³⁴ Members include Brazil, Russia, India, China, South Africa, Egypt, Ethiopia, Iran, and the United Arab Emirates.

designed to respond to the current economic trends, specifically, the integration of e-commerce provisions within the Liquor Act and establishing robust frameworks to combat illicit trade.

In complementing these legislative shifts, it would drive internal operational reforms across its entities to tangibly improve the ease of doing business targeting the administrative bottleneck for local enterprises. Moreover, it would prioritise the introduction of the Omnibus Industrial Development and Investment Acceleration Bill, which sought to create a highly enabling environment for large-scale capital projects. This includes streamlining industrial development approvals and aggressively reducing the regulatory burden. These combined interventions for the 2026/27 financial year were designed to catalyse private sector investment, foster industrial modernisation, and provide the necessary structural support towards improved economic performance.

4.5 ***Measures to arrest de-industrialisation:*** In its presentation, the DTIC highlighted the sharp regression in South Africa's industrialisation, as reflected in a decline in the manufacturing sector's contribution to GDP from 22 per cent to between 10 and 12 per cent over the past three decades. This trend raised significant concerns for the Committee; therefore, it enquired how the government intends to reverse de-industrialisation within a realistic framework, given the extent of the challenge. Furthermore, notwithstanding the range of policy frameworks and strategies in place, such as the export-led growth initiatives, regional integration processes under the AfCFTA, and policies directed towards beneficiation, the effective implementation thereof remains a critical constraint. The DTIC informed the Committee that the Industrial Development Strategy sought to arrest industrial decline or de-industrialisation, by stabilising value addition, growing exports, and deepening technological capability. It emphasised that the manufacturing and mining-linked industries remained essential anchors of productivity and foreign exchange. It has further elevated the services sector from a supporting role to a central pillar of industrial strategy due to its employment creation potential. In addition, the Industrial Strategy identified Decarbonisation, Digitalisation, and Diversification, referred to as the '3Ds' as three thrusts critical for driving South Africa's industrial growth and transformation.

It informed the Committee that decarbonising South Africa's economy involved lowering emissions, diversifying industries, reducing energy intensity, and adding value to critical minerals. Economic diversification focused on building new sectors and reducing dependence on traditional industries through targeted industrial policy. For example, it aimed to protect and strengthen existing industries like steel, automotive, and mining while building future growth in agro-processing, the digital, and green economies. It also targeted sectors that support economic sovereignty, such as health and aerospace, and job creation, especially for youth, such as tourism and global business services. Furthermore, digitalisation supported this transition by advancing infrastructure and technologies such as Artificial Intelligence (AI), the Internet of Things (IoT), cloud services, and data centres.

However, for re-industrialisation efforts to succeed, investment in affordable and secure energy, logistics, water, and digital networks was identified as critical. In addition, leveraging public finance to support industrial development, innovation, and skills development were also essential. Lastly, public-private partnerships and localisation strategies were identified as critical in efforts to arrest the decline in manufacturing and support the priority sectors.

- 4.6 ***The need for coordination to effectively implement industrial policy:*** While there have been improvements in certain macroeconomic indicators, such as advancing debt stabilisation and lowering inflation, as well as the continued implementation of major reforms through Operation Vulindlela, these improvements have not translated into recovery at the microeconomic level for firms and productive sectors. In this regard, the sustained challenges experienced by key sectors, especially manufacturing and mining, remain key impediments to growth and employment creation. Based on the Committee's oversight activities, firms continued to face challenges from increased import penetration, energy uncertainty and inefficiencies in ports and logistics systems. While many of these constraints fall outside the scope of the DTIC's mandate, improved coordination within the economic cluster was essential to expedite reforms to facilitate a more conducive business operating environment. Therefore, the Committee sought clarity on how the DTIC planned to better facilitate growth at the firm level, improve competitiveness, and accelerate job creation, specifically in sectors where recovery had not been sustained.

The DTIC informed the Committee that it had developed an Industrial Policy which was at an advanced stage of government approval processes. The rationale was to arrest deindustrialisation and improve competitiveness in the manufacturing sector. However, for re-industrialisation efforts to succeed, investment in affordable and secure energy, logistics, water, and digital networks was critical. In addition, leveraging on public finance to support industrial development, innovation, and skills development was important. Lastly, leveraging of public-private partnerships and localisation strategies was seen as essential in efforts to arrest the decline in manufacturing in support of priority sectors.

It further indicated that industrial policy implementation required a whole-of-government approach with strong coordination and institutional capacity. In this regard, a Ministerial Council, led by the DTIC and supported by a dedicated secretariat, was proposed to facilitate cross-government alignment, expedite key interventions, and reduce regulatory bottlenecks. In addition, an Industrial Council comprising major manufacturers and organised labour is proposed to strengthen engagement, anticipate industry risks, and improve the responsiveness of policy measures.

Furthermore, the DTIC co-chaired the ESIEID Cluster together with the Department of Transport in coordinating Government's priorities for the Seventh Administration and guiding the oversight and implementation across the State as outlined in the MTDP 2024-2029. The Cluster engagements facilitated interdepartmental coordination, policy coherence and collective accountability and ensured a thorough interrogation and alignment of key initiatives before reaching the Cabinet decision-making stage. The DTIC noted that one of the critical workstreams undertaken by the ESIEID Cluster was the development of the Growth and Inclusive Strategy adopted by Cabinet in 2025 which focused on economic reforms including Operation Vulindlela, industrial policy reforms including new areas of growth, and public sector reforms to build a capable state. As the co-chair of the Cluster, the DTIC coordinated the implementation of the Growth and Inclusive Strategy to ensure coherence and consistency in implementation.

- 4.7 ***Designations of local content requirements:*** In respect of the implementation of the Public Procurement Act (Act No. 28 of 2004), the DTIC plays a role in designations and localisation requirements. In this regard, the Committee enquired about the anticipated

timeline for the finalisation and publication of these designations, especially in light of the National Treasury's recent publication of draft regulations for public comment. It further requested a progress report on how the DTIC intends to harmonise localisation objectives with the broader public procurement framework. The DTIC informed the Committee that the first set of designation proposals was at an advanced stage of finalisation. Consultations with key stakeholders, including industry, Original Equipment Manufacturers (OEMs), organised labour, National Treasury, the SABS and Proudly South African, were ongoing to refine existing designations in line with the requirements of the Public Procurement Act. The review process was expected to be completed by the end of May 2026. The gazetting and publication of the updated designation proposals would be aligned with the effective date of the Act and was anticipated to occur shortly thereafter, likely within the second quarter of the financial year.

It further indicated that it had made measurable progress in aligning localisation objectives with the broader public procurement framework. The Public Procurement Act provided a strengthened legislative basis to position localisation as a strategic instrument to support industrial development. In this regard, it was working closely with National Treasury and other relevant stakeholders to ensure that localisation measures, including designated sectors and minimum local content thresholds, were effectively incorporated into the evolving procurement regulatory framework.

This work included contributions to the development of regulations, practice notes, instructions and guidelines to ensure that localisation requirements were appropriately integrated across the procurement value chain, including procurement planning, tender specifications, bid evaluation and contract management. In addition, the DTIC continued to refine and expand designation frameworks in line with industrial policy objectives, while strengthening monitoring, compliance and reporting mechanisms to improve the tracking of localisation outcomes across organs of state. It was also implementing capacity-building initiatives to support procuring institutions in the application of localisation requirements, ensuring alignment with the principles of fairness, transparency, competitiveness and cost-effectiveness. These combined interventions were aimed at ensuring that localisation was effectively harmonised with the new public procurement regime in a manner that supports

inclusive economic growth, industrialisation and job creation, while safeguarding the integrity and efficiency of the public procurement system.

4.8 ***Import and other risks affecting domestic automotive manufacturing and component localisation:*** Arising from the Committee's recent oversight engagements with stakeholders in the automotive and broader manufacturing industry, the Committee raised concerns about the rising importation of completely built-up units (CBUs), largely from China. Such trends were perceived to disrupt domestic manufacturing value chains, weaken localisation efforts, and place pressure on current levels of industrial capacity and employment. Furthermore, stakeholders raised concerns about the long-term business case for investment in South Africa's automotive manufacturing, as domestic demand and production volumes were being negatively affected by rising cheap imports of CBUs and changing global trends. This concern was exacerbated by competition within OEMs for the retention or expansion of domestic capital investment. In addition, while references were made to further amendments to the Automotive Production and Development Programme (APDP), including the ad valorem duty adjustment, there was no indication of comprehensive reforms. The Committee therefore enquired about the DTIC's intentions to comprehensively review the APDP to ensure a more effective response to challenges such as import competition, localisation constraints, and changing global market conditions, and how it intended to incorporate industry views as part of any policy proposals to ensure the viability and competitiveness of the sector and minimise job losses. Furthermore, the Committee questioned whether there was any specific policy response to managing CBUs, and what these would entail. The DTIC informed the Committee that it was reviewing the automotive policy framework comprehensively, which included the South African Automotive Masterplan (SAAM 2035) and the APDP. As part of this process, and informed by engagements with industry stakeholders, an APDP modelling study had been undertaken to review the Programme and identify possible short-term interventions to enhance the competitiveness of domestic vehicle manufacturers in relation to importers of fully CBUs.

The proposed interventions included the following:

- A review of the ad valorem tax structure to create clearer differentiation between locally produced and imported vehicles. This might involve adjustments to the tax

base and the local adjustment factor to support domestic production competitiveness.

- Measures to address structural imbalances within the APDP, particularly regarding the operation and accumulation of Production Rebate Certificates (PRCs), to strengthen localisation incentives.
- Consideration of revisions to the Volume Assembly Local Allowance (VALA) parameters to better align incentives with broader industrial policy objectives.
- Regulatory refinements related to Semi Knocked Down (SKD) operations, including the introduction of potential time-bound provisions to encourage a transition towards higher-value Complete Knocked Down (CKD) production.

It further noted that these proposals were being discussed and refined through consultations with key industry stakeholders, including OEMs, labour representatives, National Treasury, the South African Revenue Service (SARS), and the ITAC. The review of the comprehensive automotive policy was expected to be completed by September 2026.

It recognised that imports from China and India presented competitiveness and import-penetration risks to the domestic market, particularly in entry-level segments. Its approach was to address this through evidence-based interventions such as the recent APDP modelling by the Trade and Industrial Policy Strategies and WTO-compliant measures. This included engagements, informed by the ITAC to assess appropriate trade remedies where justified, as well as to strengthen localisation incentives under APDP 2 and discourage long-term SKD operations in favour of CKD manufacturing. The DTIC stated that these measures were complemented by market development and investment attraction efforts to expand local production capacity rather than relying on blanket import restrictions.

- 4.9 ***Clarity regarding policy in relation to the transition to NEVs:*** There was a need to not only attract new investment, but also to preserve existing investments and employment within the manufacturing base. In light of this, the Committee enquired about the specific steps being considered to provide greater policy certainty and strengthen the domestic value chain, while also considering how the transition to NEVs, as well as global trade and supply dynamics, impact these objectives. The DTIC informed the Committee that the comprehensive automotive policy review that was currently underway, recognised the impact of the current

global trade and supply dynamics in the automotive sector as well as the substantial global shifts particularly towards EVs and other sustainable technologies. As a result, the interventions and targets outlined in the SAAM 2035 and the APDP 2 were being reviewed to respond to the global dynamics and to support the transition to an increasingly electric and technologically advanced automotive sector.

- 4.10 ***Balancing support for recyclers and downstream producers in the metal industry:*** The Price Preference System (PPS) and the export tax continue to co-exist within the metals and recycling sector, which might create unintended market distortions by transferring economic value away from recyclers to mini-mill producers. The Committee therefore sought clarity on whether there were any ongoing engagements between the DTIC and National Treasury with respect to a review and rationalisation of these policy instruments. It further enquired whether consideration had been given for a more balanced and integrated framework for the recycling sector and downstream producers, while ensuring that the broader objectives related to localisation, inclusive industrial development, and fair market functioning are not compromised. The DTIC noted the Committee's concern regarding the simultaneous application of the PPS and export tax within the metals and recycling sector, as well as the potential for unintended distortions along the value chain.

However, it was of the view that the underlying policy rationale for both instruments remained sound. The PPS had been introduced to ensure that domestic scrap metal was accessible to local processors at prices that enhanced downstream manufacturing competitiveness, while the export tax served to further deter the export of unprocessed scrap and promote local beneficiation. Collectively, these measures had supported the sustainability of mini mill production capacity, safeguarded employment in downstream steel production, and advanced localisation objectives.

However, it acknowledged that the combined application of these instruments might, under certain market conditions, lead to a redistribution of economic value away from recyclers, with potential consequences for scrap collection incentives, sector sustainability and upstream participation particularly among small and emerging enterprises. To this end, it was in the final stages of two key policy reviews, namely:

- PPS and the recalibration of the PPS discount to reduce market distortions and support industrialisation; and
- Evaluation of the impact of the ferrous scrap export tax on the steel value chain since its inception.

These interventions and their subsequent implementation would better align incentives, support inclusive participation and maintain fair market functioning while safeguarding localisation and industrial development objectives. It further indicated that it would report back to the Committee once this process had been concluded.

4.11 ***Development of a Beneficiation Index:*** Notwithstanding commitments to address structural challenges for beneficiation, South Africa continues to primarily export raw materials with low levels of domestic value addition, thus missing a key industrial opportunity. The Committee therefore sought an update on the plans to develop and implement a beneficiation index to monitor changes in value addition within key sectors such as EV battery manufacturing, and on the timeline for the launch of such an index. The DTIC responded that it recognised the Committee’s concern and concurred that South Africa’s ongoing dependence on the export of predominantly unprocessed minerals reflected a lost opportunity for industrial development. Tackling this structural challenge remained a key priority within Government’s wider industrial strategy.

It further indicated that it had commenced the development of a Mineral Beneficiation Index as a central instrument for monitoring and informing policy. The index was intended to establish a consistent, evidence-driven measure of South Africa’s progression along the value chain, from primary extraction through to intermediate and advanced processing across priority sectors, including emerging industries such as EV battery materials and components.

It informed the Committee that the development of the Mineral Beneficiation Index has been incorporated into its priorities for the 2026/27 APP. Progress to date included the formulation of a conceptual framework and an initial methodological approach which aimed to:

- Differentiate between primary, semi-processed, and fully beneficiated products;
- Monitor shifts over time in the composition of exports and domestic production;

- Integrate indicators of local value addition, including depth of processing, localisation of inputs, and participation in higher-value segments of global value chains; and
- Ensure alignment with international statistical classifications while incorporating South Africa's specific industrial policy priorities.

It emphasised that the Beneficiation Index was not designed to operate in isolation, but rather as one component within a broader set of policy instruments to guide targeted interventions, assess the impact of current measures, and shape future policy aimed at strengthening domestic value addition. It further undertook to furnish the Committee with a comprehensive update once the methodology has been finalised and the initial baseline results have been established.

4.12 ***Resilience of Services Sector to the impact of Artificial Intelligence (AI)***: The Department of Communications and Digital Technologies has recently released its AI policy document. The Committee enquired whether the DTIC has conducted a deeper assessment of the impact of AI on business process outsourcing (BPO), the broader services sector and the work of the DTIC Group, especially where AI could displace labour. In addition, it enquired whether the DTIC has considered the need to develop a more proactive and forward-looking policy response to the anticipated disruptions posed by AI technologies, especially in sectors where employment would be vulnerable to automation. It further sought clarity on how the DTIC seeks to support local service-based industries, such as the BPO sector, to remain competitive and whether any measures had been considered to mitigate possible job losses, while positioning the economy to deploy new technologies. The DTIC informed the Committee that the GBS Sector Masterplan had identified risks from emerging technologies and was driving a shift from basic to more complex and highly complex work, supported by incentives, collaboration, training, education, and infrastructure. It further noted that the current GBS incentive framework already rewarded complex and highly complex jobs.

In the third quarter of the 2024/25 financial, the DTIC had completed an Incentive Review Study which had made recommendations on how it could improve its support package, which also focused on AI. One of the recommendations in relation to AI was to include secondary objectives, one of them being “Enabling a more complex GBS offering” which was aligned

to the GBS Masterplan's goal of supporting the creation of more complex jobs. According to the DTIC, such jobs were less susceptible to possible risks associated with AI. This revised incentive had not been launched due to limited funding.

In addition, through the Memorandum of Agreement between the DTIC, Business Process Enabling South Africa (BPESA) and Harambee, a study titled "*A Whitepaper on AI's Impact on GBS*" had been published this year. This document was aimed at providing knowledge and tools to the sector, to better understand and respond to the threats posed by AI and to also take advantage of the opportunities it brings. The DTIC highlighted that AI was also expected to augment rather than only displace jobs with one of the findings indicating that 170 million new jobs would be created globally by 2030, with technology skills in AI, big data and cybersecurity experiencing rapid growth and presenting areas of opportunity for South Africa.

The DTIC further indicated that the current GBS incentive focused on offshore service delivery, enabling both international firms and domestic operators to expand into offshore markets while growing their local capabilities. Its primary objectives were to create youth employment and attract foreign revenue into the economy.

4.13 ***Socio-economic benefits of the SEZ Programme and the revitalisation of Industrial Parks:***

In respect of the performance and impact of the SEZ and Industrial Park programmes, these programmes have had persistent challenges, including delays in the completion of projects, underutilisation of infrastructure, and limited evidence of sustainable economic activity at some sites. During the Committee's oversight visits, it had highlighted instances where significant public funds were spent without the equivalent returns. It therefore sought clarity on the actual socio-economic and development benefits arising from continued investment in SEZs and Industrial Parks, particularly in terms of employment creation, investment attraction, and operational stability. It further requested that the DTIC outlined corrective measures being taken to address underperformance and ensure an improved return on public investment. The DTIC noted that in a recent review conducted by the World Bank on the impact of the SEZ Programme, the draft report had indicated that despite the challenges experienced, the financial performance of SEZs was exceeding government expenditure in the Programme. The draft report had also highlighted that since the inception of the Tax incentives in 2017 to 2024, government expenditure on the Corporate Income Tax incentive was

estimated at R278 million, and on the Employment Tax Benefit it was estimated at R15,8 million. In contrast the revenue that was generated for the same period, through Corporate Income Tax from companies in SEZs was estimated at R4,5 billion, while revenue generated from personal income tax from employees in these SEZs stood at R7,1 billion. It was also reported that the SEZs had contributed R 3,1 billion towards Municipal Rates Revenue.

The DTIC indicated that, at the end of the fourth quarter of the 2025/26 financial year there were nine operational SEZs with functional boards. These SEZs had 224 operational investors, with a cumulative investment value of R32 billion and 28 821 permanent jobs. In its APP, it had prioritised the operationalisation of all SEZs over the MTEF, and had already deployed the Industrial Zone Programme to assist with SEZs such as Nkomazi, Musina-Makhado, Saldanha and Namakwa SEZs. It further noted the Committee's request for a full impact assessment of the SEZ Programme and would work closely with the World Bank to finalise the current draft report on the impact of the SEZ Programme.

- 4.14 ***Viability of the Musina-Makhado SEZ (MMSEZ)***: Given the recent reported decision by the Department of Forestry, Fisheries and the Environment (DFFE) to decline an application related to electricity transmission infrastructure for the MMSEZ, the viability of the MMSEZ could be at risk as it is reliant on energy-dependent industrial activity. In this regard, the Committee sought clarity on whether the DTIC had been engaging with the DFFE to reassess or reconfigure the development model for the MMSEZ. It further enquired whether consideration had been given to align the project with more environmentally sustainable industrial approaches, in line with the evolving policy landscape and the DTIC's broader inclusivity and sustainability objectives for industrial development. The DTIC informed the Committee that the MMSEZ was an entity of the Limpopo Provincial Government and was established in terms of the SEZ Act (Act No. 16 of 2014). The role of the DTIC was therefore to monitor the implementation of the SEZ against the objectives of the Act. Under sections 29 and 30 of the Act, the Minister is allowed to place a SEZ under administration or withdraw its designation if it was found to be non-compliant with the Act or other legislated processes.

To ensure that the implementation of the MMSEZ was aligned with legislated processes, the DTIC had assigned the Industrial Zones Programme. This enabled it to become more actively involved in the planning of the SEZ and to ensure that it aligned to more environmentally sustainable industrial processes.

The DTIC further indicated that it was actively participating in a provincial steering committee, which was chaired by the Head of Department for the Limpopo Department of Economic Development, Environment and Tourism. Various government institutions such as the DFFE, the Department of Water and Sanitation and Eskom participated in this platform, which enabled the DTIC to engage with these stakeholders and ensure alignment.

4.15 ***Leveraging the IDC to shape industrial development:*** The IDC should be a key driver of industrial and economic development in South Africa, as it was well positioned to play a key role in supporting productive investment, industrial expansion, and advancing job creation. However, its current strategic framework did not align it as a mechanism for achieving these objectives. The Committee therefore sought clarity on how the DTIC would ensure that it leverages the IDC more effectively in shaping industrial development, and how it intends to enhance its strategic role in support of coordinated and meaningful industrialisation agenda. The DTIC informed the Committee, that for decades, the IDC had helped build industrial firms and sectors, had supported transformation transactions, expanded black participation, enabled employee and community ownership, and had acted counter cyclically during periods of crisis. It had done so while maintaining a sustainable, largely self-funded model, thereby preserving its balance sheet to enable continued financing of development over time. Its strategy and capital allocation were aligned to government policy and shareholder oversight, including the NDP, the MTDP, the Seventh Administration priorities and the GAIN. It also highlighted key targets aligned to these priorities, namely:

- R38,5 billion total funds to be invested in the economy in the 2026/27 financial year;
- R5 billion increase in exports to be generated through IDC funding activities in the 2026/27 financial year.
- 16 000 jobs were expected to be created or saved plus 45 673 work opportunities through the SEF and other funders in the 2026/27 financial year; and

- Planned allocations to the manufacturing sector (R17,4 billion) and infrastructure/energy (R11,7 billion), alongside mining/metals (R5,8 billion), agro-processing/agriculture (R4,5 billion) and tourism/services (R2 billion) from the 2026/27 to 2028/29 financial years.

4.16 ***Alignment of skills development with emerging sectors:*** Given the strategic focus of the DTIC in respect of emerging and priority sectors, the alignment of industrial policy and skills development initiatives was critical. The DTIC highlighted particular sectors, such as green industries, digital services, and opportunities related to the AfCFTA. The Committee therefore enquired how the DTIC was coordinating the relevant stakeholders to ensure that skills development initiatives were adequately aligned with industrial competitiveness to enable participation in the emerging economic opportunities. The DTIC informed the Committee that in 2025, during an Interministerial meeting of with the Department of Higher Education and Training, a Joint Working Group (JWG) on Skills had been constituted. The purpose had been to seek greater alignment between industrial policy and skills development and develop collaborative interventions to address the transition of young graduates into work experience opportunities. Also, the JWG works collaboratively on joint skills training initiatives that were more responsive to technological changes in the manufacturing sector and emerging opportunities in the green economy, including the NEV sector.

4.17 ***Promotion of private fixed investment:*** Recent trends regarding gross fixed capital formation, especially from the private sector, remained subdued, despite concerted efforts by government to crowd in investment through incentives and partnerships. The Committee enquired whether existing policy instruments and incentive measures were effectively being converted into productive investment that drives economic growth and employment creation. Furthermore, it sought clarity on whether there were emerging signs of recovery. In addition, it enquired what steps were being considered to promote greater private sector confidence and fixed investment. The Department informed the Committee that in the 2025/26 financial year, incentives administered through the Incentive Branch approved projects with a projected investment value of over R31 billion that would be generated over the next two to five years. These investments were largely from manufacturers in the automotive industry and included the first-ever production plant for a Plug-in-Hybrid Vehicle on the continent (in support of

diversification and the decarbonisation drive). This investment will ensure local manufacturing and the sourcing of local components, as well as increase high value-added exports.

It further indicated that projects approved for critical infrastructure also contributed significantly to the projected investment of R31 billion. These investments were expected to be generated for the construction of bulk infrastructure such as roads, water, energy, and sewage which would benefit not only the projects but also the surrounding communities at large, thereby contributing towards economic development.

Projects that have received disbursements in the manufacturing sector and those funded for critical infrastructure in the 2025/26 financial year have reported the creation of over 6 000 new jobs.

Regarding industrial strategy and investment trends, the DTIC informed the Committee that gross fixed capital formation had remained constrained; however, there were emerging signs of recovery, particularly in energy, infrastructure, and mining-linked investments supported through recent policy reforms and improved project pipelines. The Government was strengthening the conversion of incentives into bankable projects through InvestSA facilitation, SEZs, and blended finance with DFIs. Measures to boost private sector confidence included regulatory reforms, policy certainty (including in terms of B-BBEE), and accelerated infrastructure programmes. These interventions are aimed at crowding in private investment, unlocking fixed capital formation, and driving inclusive growth and job creation.

- 4.18 ***Investment drive to stimulate inclusive growth:*** In terms of investment flows to meet South Africa's industrial policy priorities on re-industrialisation, transformation, and decarbonisation, government not only had the responsibility of creating an enabling environment, but should also be clear about its strategic goals, such as economic transformation, and its prioritisation of specific productive sectors. The Committee therefore sought clarity on how the DTIC plans to ensure that investment strategies are aligned with transformation objectives, while also ensuring that mechanisms are strengthened to direct capital to sectors of the economy that would be catalysts for inclusive growth, industrial development, and job creation. The DTIC informed the Committee that Government was

undertaking a drive to raise investment from local and international investors. The investment drive aimed to support economic growth, while at the same time ensuring that there was inclusive participation. It further indicated ongoing advocacy engagements were being held with investors on economic policies including on how B-BBEE and transformation policies could be utilised to create inclusive growth. As part of the review, it would strengthen the linkages between B-BBEE, the industrial policy and investment strategies.

4.19 ***Impact of perceived policy uncertainty on investment:*** Policy and political uncertainty, such as policies related to B-BBEE compliance and land reform without compensation, could create an impediment to investment. The Committee enquired how government sought to address these concerns while balancing its transformation objectives with the need to create a stable, predictable, and investment-conducive environment that would attract private sector capital. The DTIC informed the Committee that the B-BBEE policy was anchored in South Africa's Constitution which calls for redress of the economic injustice suffered by black people during Apartheid. The policy had been legislated since 2003 in line with South Africa being a country governed by the rule of law, and as such there could be a basis for B-BBEE to be associated with "policy and political uncertainty".

Since its establishment ten years ago, the B-BBEE Commission has been monitoring the implementation of the policy. In this regard, there has been increased levels of compliance with B-BBEE legislation by domestic and foreign companies, with increased numbers presenting themselves to be measured for a B-BBEE rating. Although more effort was required to sustain and improve compliance levels.

The DTIC noted that B-BBEE legislation had built-in flexibilities, such as certain exemptions for micro-enterprises and multinationals, the latter who complied via the equity-equivalent programme when they are unable to dilute shareholding. Investors recognised the benefits of an inclusive economy, and there was no researched empirical evidence establishing a causal link between B-BBEE and deterrence of investment.

On the contrary, it highlighted that a recent paper by German researchers identified positive economic effects of B-BBEE, in terms of turnover, profits, and productivity, especially for

large Johannesburg Stock Exchange-listed firms³⁵. To increase the benefits of B-BBEE, the authors proposed that the policy should be further adapted to reduce the costs of compliance and focus on areas that enhance structural change in South African companies, like skills development.

4.20 ***Feasibility of investment pledges emanating from the Sixth South African Investment Conference:***

In March 2026, the Sixth South African Investment Conference was held in Sandton. The Conference had secured R415 billion in investment pledges from 81 private sector investors. The Committee questioned the validity, credibility, and feasibility of some investment pledges, with specific reference to a large-scale call centre development planned in Umhlanga. In this regard, it sought clarity on the due diligence processes that the government undertakes to assess such investment commitments, particularly where the intended investing entity has a limited operational history. In addition, it requested further information on the background of the company in question, the nature and scale of the proposed investment, and the safeguards in place to ensure that such pledges are credible, deliverable, and in line with national investment priorities. The DTIC indicated that the project referred to is known as Umhlanga Hills Tech. The project was more than a call centre but a hub for Information Technology and Artificial Intelligence (AI)-driven industries and logistics. The DTIC further indicated that the development had been officially launched on 30 March 2026 in partnership with the KwaZulu-Natal Government and identified partners, including international technology firms and financial institutions. It stated that the project promoters had completed the required announcement templates and had provided the requisite supporting information, including a signed declaration.

4.21 ***Outstanding claims against the Film and Television Production Incentive:***

In February 2026, the Committee had engaged the film and television industry regarding delays and lack of progress in processing outstanding claims from the film and television production incentives. This implementation failure created a potential risk to investment opportunities. The Committee therefore sought clarity on the immediate practical measures being considered by the DTIC to honour these unpaid commitments under the incentive, and when it intended to reconstitute the adjudication committee. In addition,

³⁵ Busse, Kupzig, Vogel (2025)

it requested a progress report on engagements with National Treasury on other or complementary mechanisms, including the potential use of tax-based incentives to support growth and sustainability in the sector. The DTIC informed the Committee that it continued to honour the payment of outstanding claims, supported by ongoing and direct communication with claimants to facilitate the submission of any outstanding documentation and to ensure more seamless processing of claims. In addition, it had ring-fenced funding within its existing allocations to progressively settle all approved claims. A structured payment schedule was being finalised, with the aim of providing greater certainty and predictability for industry stakeholders.

The adjudication committee was expected to resume its functions in the third quarter of the 2026/27 financial year. In preparation for this, the DTIC was compiling a comprehensive database of projects that had commenced and were fully funded in line with programme guidelines. This exercise was intended to determine the scale of additional funding requirements and to support informed planning and resource allocation.

Furthermore, the Office of the Acting Deputy Director-General remained in continuous engagement with National Treasury regarding the potential introduction of a tax-based incentive mechanism. At the same time, the IDC was finalising a cost-benefit analysis model focused on supporting local productions.

The DTIC indicated that both approaches had been presented to industry stakeholders for input. A follow-up engagement had been agreed upon, during which the industry would present its own proposed model to the DTIC for consideration as part of a collaborative effort to strengthen support for the sector.

The DTIC further remained committed to maintaining transparent communication and to implementing measures that would enhance the effectiveness, sustainability, and competitiveness of the film and television industry.

- 4.22 ***Efforts to stimulate private sector research and development (R&D) investment:*** The levels of R&D investment in South Africa remain low compared to global standards. The Committee therefore enquired about the specific incentives and policy measures being considered and/or

implemented to stimulate greater private sector investment in R&D, as well as timelines for achieving targeted increases in R&D as a percentage of GDP. The DTIC informed the Committee that the Technology and Human Resource for Industry Programme aimed to improve knowledge exchange and technology transfer, as well as product or process improvement through applied research in collaboration with Higher Education Institutions, Science, Engineering and Technology Institutions and enterprises. From the 2021/22 to 2025/26 financial years, R260,7 million had been paid to 56 projects, of which 14 had completed their research. Seven of these completed projects had developed prototypes. Four had developed prototypes in the health economy such as improving devices used against asthma and allergies, improving cancer treatments, supporting natural bone regrowth and low-cost rapid testing for tuberculosis. Two projects had developed prototypes to improve quality of Extra Virgin Olive Oils produced in South Africa and the use of sorghum instead of maize as an alternative low-cost and sustainable feed for cattle farmers. A prototype was also developed to recover drinkable water from mine-water. In addition, the Support Programme for Industrial Innovation aimed to promote technology development through funding the development of prototypes. From the 2021/22 to the 2025/26 financial years, R90,5 million had been disbursed to 64 projects, of which 27 had developed prototypes. Of these 27 projects, eight reported that their prototypes had been commercialised, including a customisable software to provide business insights to improve small business performance, automation of recruitment processes, automation of the automotive assembly process and identifying maintenance needs in real-time, energy storage systems, hybrid power invertors and on-site production of construction blocks used for low-cost, durable housing.

Furthermore, this area of work was primarily covered by the Department of Science, Technology and Innovation (DSTI), and the DTIC was working closely with the DSTI on multiple programmes.

The DTIC further reported that according to the Human Science Research Council and the DSTI National R&D Surveys:

- Domestic R&D investment was lagging behind GDP growth;
- Gross Expenditure on R&D/GDP ratio had declined from 0,76 per cent in the 2017/18 financial year to 0,61 per cent in the 2022/23 financial year;

- Government funding was the primary driver of R&D, with additional measures encouraging multinational companies to locate R&D facilities in South Africa;
- R&D cooperation was used as an instrument to develop new markets; and
- In collaboration with the DTIC, these efforts promoted market access for National System of Innovation developed products and services by leveraging opportunities presented by the AfCFTA.

4.23 ***Strengthening the economic transformation framework:*** With respect to the DTIC's two-pronged approach to improving economic transformation, namely ensuring compliance and reviewing the B-BBEE regulatory framework, the Committee expressed concerns regarding the DTIC's approach. In addition, a view was expressed that a review of transformation policies should be undertaken before the implementation of new interventions such as the proposed Transformation Fund, to ensure that such interventions would be evidence-based and appropriately targeted. In this regard, it questioned the rationale for focussing on compliance measures ahead of a comprehensive review of the existing transformation framework, as there would be a risk of reinforcing ineffective interventions where the impact thereof was uncertain. It further sought clarity on when the review process would be initiated, what its scope was, and the composition of those that would undertake it. In addition, it enquired what the impact of B-BBEE had been and to what degree tangible economic inclusion in terms of ownership, access to, and participation in enterprise value-chains, and broad-based economic inclusion beyond compliance targets had been achieved. With regard to the review of the B-BBEE policy, the DTIC indicated that the review process would be conducted in phases. Initially, the focus was to strengthen implementation of the policy and address gaps that had been identified through the monitoring processes by the B-BBEE Commission. One such identified gap was non-compliance with regard to the implementation of the Enterprise and Supplier Development (ESD) element, whose aim was for established entities to assist and grow black enterprises and SMMEs. Information from the Commission's reports and other available sources had been sufficient for the establishment of the Transformation Fund and the amendment of the ESD element to ensure inclusive participation, enterprise development, and long-term economic sustainability.

It further stated that the review process had already commenced with the amendment of the ESD element and the establishment of the Transformation Fund. In addition, the DTIC had put together a team of technical experts constituted by technocrats, academics, B-BBEE professionals, and practitioners from across the B-BBEE ecosystem.

4.24 ***Alignment of requirements for black-owned businesses to access policy instruments:*** There appeared to be a contradiction in the requirements for a company to qualify under the revised B-BBEE Codes, with references to 100 per cent black-owned enterprises within the procurement and supply chain, while other policy instruments, like the Transformation Fund, referred to majority black ownership. Therefore, the Committee sought clarity on how these two different thresholds were to be reconciled in practice, and whether government planned to prioritise wholly black-owned businesses or take a more expansive approach of majority black ownership. In addition, it requested clarity on how this delineation would be operationalised to maintain policy coherence, provide certainty for industry and ensure alignment with the overarching transformation goals. Regarding the definition and application of B-BBEE ownership thresholds, the DTIC stated that in terms of the B-BBEE policy and the Transformation Fund thereof, a black owned entity was an entity that was at least 51 per cent black-owned using a flow-through principle. It further emphasised that the B-BBEE Codes, through the balanced scorecard and allocation of points, differentiated between those that were 51 per cent black-owned and those that were 100 per cent black-owned. It noted that there were different targets and weighting points for 51 per cent black-owned entities and 100 per cent black-owned entities.

4.25 ***Public comment process on the amended B-BBEE Codes:*** As the public comment period for the amended B-BBEE Codes had closed, the Committee requested an update on the next steps in the process, as well as more information on civil society organisations intended to partner with the DTIC in relation to the Transformation Fund, especially in light of reported concerns and resistance by segments of the business community to existing transformation initiatives and processes. The DTIC informed the Committee that over 500 comments had been received on the amended Codes, which were being analysed. It further indicated that the next step after the analysis was to draft the final Codes considering the inputs from the public. Thereafter, the final Codes would be gazetted in quarter one of the 2026/27 financial year.

- 4.26 ***Equity Equivalent Investment Programme (EEIP) for multinationals:*** The EEIP for multinational companies allowed multinationals to achieve B-BBEE points for ownership by investing in local, black-owned businesses, skills development and research. The Committee sought clarity on whether there were any plans for the expansion of the equity equivalent provisions to all sectors, and if so, the projected timeline for such an expansion. It further enquired about the necessity for multinational firms to undergo a case-by-case application process, proposing that, where the relevant criteria were met, consideration should be given to a more streamlined or automated qualification framework. It also sought clarity on the rationale for the current management approach, and whether any reforms were being considered to improve efficiency, reduce administrative burden, and improve the attractiveness of South Africa as a competitive investment destination. The DTIC informed the Committee that the EEIP was open to all qualifying multinationals across all sectors. There was a standard criterion that the multinational must adhere to, however each case was assessed on its own merit. It further indicated, as part of the review, it would consider how to improve and strengthen the application process, implementation and monitoring of EEIPs.
- 4.27 ***Role of the state versus the private sector in driving economic transformation:*** In addition, the APP did not clearly indicate the DTIC's role in establishing or supporting state-led industrial initiatives or elaborate on how economic transformation objectives would translate into measurable outcomes. Consequently, the Committee enquired how the DTIC would balance the private sector's role with a more proactive state involvement in industrial development, and whether there were plans to reinforce direct interventions against targeted job creation and the expansion of industrial capacity. Furthermore, the APP did not explicitly define disbursement targets for the Transformation Fund despite significant allocations being referenced. The Committee sought clarity on specific disbursement targets, timelines, and accountability mechanisms that would be applied under the Transformation Fund to ensure that resources earmarked towards economic transformation would yield the desired measurable and transparent outcomes. The DTIC informed the Committee that the target for disbursement from the Transformation Fund was R20 billion of these funds contracted to majority black-owned enterprises. This would be disbursed in productive sectors of the economy as guided by the industrial policy.

4.28 ***Delays in launching the Transformation Fund:*** As the launch of the Transformation Fund had been delayed, the Committee sought clarity about the updated timeframe for launching the Fund, including the status and anticipated conclusion of the process to appoint its Board. Furthermore, it questioned the criteria for determining what constitutes a “high impact” business in terms of those that are intended to benefit from the Fund and how these would align with the Fund’s central transformation goals, as well as how this would be measured. The DTIC reported that the appointment of the Board and the launch of the Fund were expected to be concluded during the first quarter of the 2026/27 financial year. It further indicated that businesses that showed potential for high impact in terms of job creation, gender empowerment, profitability and financial sustainability, spatial development, new technological innovation, and revenue growth would be prioritised.

4.29 ***African Export-Import Bank (AFREXIMBANK) Transformation Facility:*** In terms of the proposed US\$3 billion AFREXIMBANK transformation facility, the DTIC has reported that this funding would not be underwritten by a state guarantee, and instead funds would be disbursed to companies directly. The Committee questioned whether these funds would reach their intended targets, particularly given that DFIs were already constrained by existing limitations on impairments, as well as limited lending capacity. The Committee therefore questioned whether an assessment had been conducted on the absorptive capacity of the market, as well as institutional readiness to effectively intermediate and deploy such a facility. It further enquired what proportion of the facility would be disbursed as loans to qualifying enterprises, especially when benchmarked against smaller loan books at existing DFIs such as the IDC and the NEF. The DTIC informed the Committee that the structure of the facility had been deliberately designed to address many of the constraints typically faced by domestic DFIs, including balance sheet limitations, impairment thresholds, and lending capacity constraints. The facility would not rely on a sovereign guarantee and would not be intermediated solely through existing DFIs. The model allowed for direct deployment into qualifying enterprises, alongside co-funding and risk-sharing arrangements with local DFIs. This blended approach was intended to augment, rather than constrain, the current DFI ecosystem, enabling greater capital flow without placing additional pressure on existing balance sheets. According to the DTIC, a preliminary assessment indicated that there was

significant unmet demand for industrial and trade finance, particularly among black industrialists, exporters, and firms participating in localisation value chains.

The facility was being coupled with:

- Structured pipeline development initiatives (including programme-based origination rather than transaction-led funding),
- Technical assistance and project preparation support, and
- Strategic partnerships with corporates and State-Owned Entities to secure market access and anchor demand.

The implementation model leveraged a multi-channel deployment framework, including:

- Direct lending by the AFREXIMBANK into large-scale and trade-enabling transactions,
- Co-lending with DFIs and commercial banks to crowd in additional capital, and
- Use of specialised vehicles and programmes (such as the Transformation Fund) to reach SMEs and emerging industrialists.

This approach reduced reliance on any single institution's lending capacity and enabled scalable deployment across different segments of the market.

The DTIC stated that the facility was primarily structured as a debt instrument, and the majority of the US\$3 billion was therefore expected to be deployed as loans or trade finance instruments. However, it was important to note that a portion of the facility could be complemented by concessional or catalytic capital layers, such as first-loss or grant components through local programmes, to de-risk investments. Therefore, effective deployment should be measured not only against the nominal size of existing DFI loan books, but against the combined and leveraged impact of co-financing arrangements. Thus, the DTIC did not envisage material impairments arising from this facility. Accordingly, the Transformation Fund would use a blended finance approach to reduce credit reliance; and to minimise over-reliance on debt for black-owned SMMEs. There would also be active portfolio management, including a sector-focused approach with real-time monitoring via telemetry and active portfolio management.

- 4.30 ***Reduction in the budget for the Transformation and Competition Programme:*** The budget allocation for the Transformation and Competition Programme, which is the key programme for driving economic transformation, would be reducing by 27,8 per cent over the medium-term. The Committee requested that the DTIC should inform it on the rationale behind the budget adjustments and indicate how it plans to ensure that it continues to implement its transformation and competition mandate despite fiscal constraints. It further enquired whether this reduction reflected a strategic policy shift and sought clarity on how transformation objectives would continue to be pursued with the reducing resources. The DTIC informed the Committee that a one-time allocation of R1,5 billion to the Transformation and Competition programme for the extension of the SEF to the 2026/27 financial year to continue supporting jobs, had resulted in the Programme's 27,8 per cent negative growth over the medium-term. Future funding from the 2027/28 financial year and beyond had not been allocated by National Treasury. In this regard, it would continue to engage National Treasury as part of the budget processes.
- 4.31 ***Materialising the benefits of the AfCFTA:*** One of the DTIC's strategic focuses is on prioritising trade to Africa and other global markets through its "butterfly strategy". Given the importance of South Africa deriving tangible benefits through the AfCFTA, the Committee sought clarity on the instruments and safeguards established to mitigate risks and ensure that South Africa derives benefits from the AfCFTA, given the volatile global trading environment and unilateral action by major economic powers. It further requested specific details on key milestones and timelines associated with enhancing exports from Africa, including progress on targeted increases in intra-African trade. The DTIC informed the Committee that while the Trade Branch engaged the AfCFTA processes and negotiated the instruments and safeguards established to mitigate risks and ensure that South Africa derives benefits from the AfCFTA, the Exports Branch continued to advance exports to the rest of Africa, through export measures, and promotion initiatives. In this regard, clear Rand value export targets to the rest of Africa had been set over the medium-term, for South African manufactured exports in priority industrial policy sectors linked to AfCFTA tariff utilisation. These targets included: R154 billion, R163 billion and R173 billion for the 2026/27, the 2027/28 and the 2028/29 financial years respectively.

4.32 ***Efforts to combat illicit trade and unfair market practices:*** Given the scale of illicit trade in South Africa and its impact on the economy, the Committee enquired what targets and resources were being directed towards combatting illicit trade and unfair market practices by the DTIC and its relevant entities. In addition, whether these targets and resources were proportionate to the scale of the challenge. The DTIC informed the Committee that it had established an Illicit Trade Task Team consisting of its Branches and regulators such as the ITAC, the NRCS, and the SABS. Illicit trade was coordinated in government through entities that are leading in this work that include the SARS, the Border Management Agency and the South African Police Service.

It further stated that the Government had established a National Illicit Economy Disruption Programme, bringing together key state agencies and other stakeholders, including the private sector. Through the effective use of data analytics and AI, the government would target high-risk sectors such as tobacco, fuel, alcohol and other counterfeit products. It further noted that the President had announced the launch of Operation Ukubusa, the National Illicit Economy Disruption Programme, from 1 April 2026. Operation Ukubusa was part of the government's broader strategy to combat organised crime, illicit trade, and economic crimes that threaten the stability and integrity of the country's economy.

The DTIC further informed the Committee that it would be developing the Tracking and Tracing Regulations to address illicit trade for consumer protection.

4.33 ***Implementation of beneficial ownership:*** In light of South Africa's international obligations to combat money laundering and illicit flows, strengthened transparency and regulatory compliance within the corporate environment was important. One of South Africa's commitments to address its grey listing by the Financial Action Task Force (FATF) related to beneficial ownership transparency. In this regard, the Committee sought an update on progress made by the CIPC in implementing beneficial ownership registration systems, given the importance of addressing grey listing by the FATF. It further sought confirmation whether all milestones relevant to the framework were on track and requested the timeframes for the full operationalisation of beneficial ownership registration systems. The DTIC informed the Committee that the CIPC was responsible for two areas in the FATF report on grey listing, namely:

- Immediate outcome 5(1) – The creation of a Beneficial Ownership register; and
- Immediate outcome 5(2) – Ensuring that the Beneficial Ownership register had been made available to Law Enforcement Agencies.

Both of these measures had been implemented, which had assisted South Africa exiting the FATF grey list in October 2025. Therefore, all timelines had been met accordingly.

4.34 ***Red tape reduction study:*** One of the DTIC’s focus areas has been the reduction of red tape to improve the cost and ease of doing business and support enterprise development. In light of this, the DTIC had indicated that it would conduct a red tape reduction study to inform policy interventions and the streamlining of regulatory and business processes. The Committee therefore sought clarity on whether the DTIC would submit the study to Parliament and its understanding of the measures required to improve the business environment. The DTIC informed the Committee that discussions had been raised in relation to its previous announcement of a study on red tape reduction. It further indicated that this was cross-cutting across its various Branches. It stated that work would address eight regulatory entities to measure improvements in their processes and possibly turnaround times against a matrix that would be developed. Its approach to red tape reduction was through practical, implementation-led interventions, principally via the Energy One Stop Shop (EOSS) and the Fusion Centre. These mechanisms provided real time identification and resolution of regulatory bottlenecks faced by businesses and investors, particularly around licensing, permitting, and inter-governmental approvals. It was of the view that rather than relying solely on a once-off study, the EOSS and the Fusion Centre generated continuous, evidence-based insights from actual business cases. These insights were used to streamline processes, improve turnaround times, enhance coordination across government, and inform policy and regulatory reform. The outcomes and systemic issues identified through these interventions were reported through the DTIC’s annual reporting and at the National Energy Crisis Committee structures. The DTIC indicated that it could provide a consolidated submission based on the operational evidence gathered, if required.

Overall, its experience confirmed that improving the business environment requires simplified regulations, clear service standards, better coordination across spheres of

government, and expanded digitalisation, all of which were being actively addressed through the EOSS and the Fusion Centre.

4.35 **Regulatory challenges facing SMMEs:** SMMEs faced several ongoing structural constraints, including regulatory challenges, the cost of energy, and inefficiencies within the logistics framework, as well as the high cost of credit and limited access to finance, which inhibit and contribute to slow enterprise growth, lack of business development and reduced probability of sustainability. The Committee therefore enquired about the substantive, targeted, and time-bound interventions being considered and/or implemented to address these key constraints, and to ensure a more conducive environment for enterprise development and job creation. It also enquired about the DTIC's role in facilitating more affordable financing options and sought clarity on the interventions being considered regarding improving access to credit and reducing the cost of finance to assist SMMEs in supporting enterprise growth and job creation. The DTIC informed the Committee that the Regulation Branch had included the regulations to address the cost of credit in the APP. It further indicated that the regulations would also address issues impacting on SMMEs. In addition, the regulations addressed commitments made in the SONA on the cost of credit.

4.36 **Monitoring of transfers:** Around 80 per cent of the DTIC's budget would be transferred to its entities, incentives and external programmes, with limited data on the direct impact of such funds. The Committee therefore sought clarity on how the DTIC would ensure accountability and measurable outcomes, and whether there were adequate monitoring and evaluation mechanisms to track the impact of these expenditures on industrialisation and job creation. In addition, it enquired how the DTIC intended to enhance the linkages between its funding tools and measurable economic outputs to ensure that its role extends beyond that of a transferring agent, to that of a catalyst for industrial development. The DTIC informed the Committee that most of the budget was allocated to programmes that drive economic development and were aligned with government priorities, accordingly, advancing its mandate. It further informed the Committee that entities and programmes' work plans played a crucial role in delivering on this mandate. As a result, entities and programmes would receive through transfer payments, an estimated 80 per cent of the budget over the medium-term.

It indicated that a Logic Model alignment was embedded in the planning phase to ensure that the resources, activities, and outputs were directly related to its short-, medium-, and long-term outcomes/impact. The DTIC's and its entities' APPs provided the specifics of this alignment.

In addition, quarterly performance reporting by entities to the DTIC was integrated into the oversight/monitoring processes, and programmes' performance was a component of quarterly performance reporting by the corresponding branches. Additionally, mandatory annual audits offered external confirmation on the reported performance (both financial and non-financial).

Amongst other interventions towards industrialisation and job creation were the following:

- Activities in the Incentives Programme would continue to support initiatives that enhance competition, infrastructure development and job creation. This would be done by growing sustainable, competitive enterprises through direct and indirect industrial financing in the form of incentives. Of the R16,9 billion allocated to Incentives Programme over the period ahead, those related to manufacturing development accounted for 51,5 per cent (R9,1 billion), followed by infrastructure investment support at 21,4 per cent (R3,6 billion) and services sector development at 19,1 per cent (R3,2 billion). New jobs and digital jobs were expected to be created through these incentives over the period ahead, as outlined in the APP.
- It would continue to provide financial support for factories in SEZs and to roll out infrastructure to revitalise ten targeted industrial parks. This would be provided through infrastructure investment incentives, which was set to receive R3,6 billion over the medium-term, with allocations increasing at an average annual rate of 3,4 per cent, from R1,1 billion in the 2025/26 financial year to R1,3 billion in the 2028/29 financial year. Of this, R3 billion was allocated for SEZs, R156,5 million for industrial parks, and R498 million for critical bulk infrastructure such as water, electricity and sewerage in industrial parks.
- Over the medium-term, the DTIC would focus on implementing the national industrial policy, using sector masterplans to drive industrialisation, localisation and transformation. Spending over the period ahead would enable the development of policies and programmes that strengthen manufacturing and related sectors to

support decent employment, value addition and improved competitiveness in domestic and export markets.

The DTIC indicated that these resources would also bolster the technical infrastructure system through the setting of standards, quality assurance, accreditation and improving metrology. This would be done to protect the domestic market from unsafe imports and to facilitate access to high-value export markets.

Furthermore, spending would also be focused on promoting green industries and resource efficiency in response to climate-related economic opportunities and leveraging public procurement through the National Industrial Participation Programme to advance industrial development.

It further indicated that an annual incentive report was compiled, which reported on the performance of incentives based on the annual monitoring data. In addition to this, an incentive review would commence in the 2026/27 financial year on the suite of incentives administered by the Incentives Branch and would determine the impact of the funding over the last five financial years. The Branch, through the Office of the Chief Information Officer, was also currently rolling out the Online Incentive System which was being designed to provide timeous monitoring data on key performance indicators such as new jobs created and other outcomes resulting from the funding provided.

4.37 ***Mechanisms to enhance coordination:*** The efficacy of intergovernmental coordination for implementing the DTIC's programme, specifically where joint action with other departments was required to ensure progress, has been a constraining factor to industrial development, trade and transformation. The Committee therefore sought clarity on whether there were structured, institutionalised mechanisms in place for a coordinated, government-wide approach that would ensure that economic development initiatives were coherent and aligned. The Department informed the Committee that the DTIC co-chaired the ESIEID Cluster together with Department of Transport in coordinating Government's priorities for the 7th Administration and guiding the oversight and implementation across the State as outlined in the MTDP 2024-2029. The DTIC was also one of the core members of International Cooperation, Trade and Security (ICTS) cluster supporting the advancement of the country's

trade, industrial and geopolitical strategic oversight within a coordinated government framework.

It indicated that one of the objectives of the ESIEID and ICTS clusters was to provide a strategic foresight or ‘early warning’ capability to identify emerging economic threats, challenges, risks and opportunities that may impact Government’s ability to achieve the NDP/MTDP goals. This included monitoring global and domestic economic trends, assessing potential policy and regulatory implications, and enabling coordinated government responses to mitigate risk and leverage opportunities.

The cluster system operated through structured engagements at both technical (Director-General) and Ministerial levels which met monthly to consider and process draft legislation, policies and key issues of strategic importance before submission and discussions at Cabinet. The cluster engagements facilitated interdepartmental coordination, policy coherence and collective accountability and ensured a thorough interrogation and alignment of key initiatives before reaching Cabinet decision-making stage.

The DTIC indicated that one of the critical works undertaken by the ESIEID Cluster was the development of the Growth and Inclusive Strategy adopted by Cabinet in 2025, focusing on economic reforms including Operation Vulindlela, industrial policy reforms including new areas of growth, and public sector reforms to build a capable state. To improve a government-wide approach that ensures economic development initiatives were coherent and aligned, the DTIC would leverage the joint MinMEC structure comprising the Departments of Small Business Development; of Tourism; and of Employment and Labour together with departments responsible for economic development at provincial level. The structure served as a coordinating platform to strengthen intergovernmental collaboration, align priorities and programmes across spheres of government, and facilitate the implementation of integrated, cross-cutting interventions. The key focus of the MinMEC would be on identifying and advancing measures that support inclusive growth, industrialisation and job creation. Furthermore, the MinMEC played an oversight role and facilitative role by monitoring the implementation of agreed programmes, addressing bottlenecks and tracking progress.

Specifically in terms of small business development, coordination would be critical to unlock economic growth and job creation. The Committee therefore enquired how the DTIC engages with relevant stakeholders across government to support small businesses, and whether existing coordination mechanisms were adequate to ensure that programmes can be implemented in a focused, coherent manner. The DTIC reiterated, that within its mandate, the Incentives Branch engaged a range of stakeholders across government to ensure that incentive programmes were implemented in a focused and coherent manner. These stakeholders included relevant national departments, Provincial Trade and Investment Promotion Agencies, Development Finance Institutions, SMME forums, Municipalities and universities.

It further indicated that coordination was undertaken through established intergovernmental and institutional mechanisms, including joint programme planning sessions, technical working groups, and regular stakeholder engagements. These platforms facilitated alignment on programme objectives, improved referral systems, minimised duplication of support, and enhanced the overall impact of incentive interventions. While these mechanisms had proven effective in strengthening alignment and delivery, the Branch continued to refine its coordination approach to improve responsiveness, deepen integration across support instruments, and ensure that small businesses received streamlined and accessible support.

The Incentives Branch remained committed to working closely with its partners to optimise programme implementation and contribute meaningfully to inclusive economic growth and job creation.

It engaged with relevant stakeholders across government to support SMMEs. In advancing exports, these included funding the participation of SMMEs in export promotion initiatives, with clear export targets set to measure the impact of focused and coherent programme implementation related to small businesses. In this regard, the DTIC set a target value of R700 million worth of South African exports by SMMEs to targeted global markets funded by the DTIC's export support measures for the 2026/27 financial year. The DTIC informed the Committee that it coordinated all its township, rural and SMME interventions in collaboration with a range of national and provincial departments and agencies, as well as the relevant supporting institutions, including research institutions, the United Nations Industrial

Development Organization, and the Deutsche Gesellschaft für Internationale Zusammenarbeit (GIZ).

In addition, programmes under the District Development Model framework and those focussing on targeted sectors, had been widely deployed to support and coordinate interventions specific to the following areas: incentives for Industrial Parks infrastructure, digital hubs, agro-processing, Spaza Shop Support, Township Enterprise Zones/Nodes development strategies in partnership with Provinces, Metros and Local Municipalities. The DTIC also emphasised that it actively participated in policy formulation, strategic implementation platforms and local investment attraction drive missions aimed at creating conducive trade and business platforms for SMMEs.

4.38 ***Improving institutional mechanisms to address governance and performance issues:*** Issues related to governance, performance, and accountability within the DTIC and its entities have been consistently highlighted by the Committee throughout the Seventh Administration. The Committee sought clarity on the institutional mechanisms being implemented to ensure continued improvement, prevent regression, and ensure effective monitoring and accountability among entities and departmental branches. The DTIC informed the Committee that it and its entities operated within established performance planning and reporting frameworks prescribed by the Department of Planning, Monitoring and Evaluation and the National Treasury. Therefore, the Strategic Plans and the APPs were developed and governed in line with these prescripts. Furthermore, it had internal governance and oversight structures in place, including Executive Committee and Operational Committee structures, as well as Risk and Audit Committees and Ministerial oversight. These structures provided continuous oversight of performance planning, implementation, and reporting. In addition, its reported performance information was subject to quarterly internal audit processes, which assessed the reliability, accuracy, and completeness of performance reporting. This provided an additional layer of assurance on the credibility of the information submitted.

With regards to the entities, their performance was reviewed by the DTIC's Entity Oversight Unit and the relevant Branches prior to tabling at Operational, Executive Committee and Ministerial structures. Performance outcomes were monitored and reported on a monthly and quarterly basis, and detailed explanations for underperformance were provided in these

reports. These included specific reasons for variances at programme and sub-programme level, as well as corrective actions to address identified challenges. The reasons for underperformance varied across branches, programmes and entities and were not systemic in nature. These included factors such as capacity constraints, procurement delays, dependencies on external stakeholders, and budget-related pressures. These were addressed through targeted, programme-specific interventions, which were monitored through the DTIC's governance structures.

Regarding alignment between planning, implementation, and reporting, the DTIC continued to strengthen internal coordination within the existing planning and budgeting prescripts, including improving the linkage between approved plans, available resources, and implementation schedules. It remained committed to ensuring that its performance management and accountability processes are effectively implemented, and that performance information presented to Parliament is credible, transparent, and supported by clear remedial actions where required.

4.39 ***Performance of the entities***: The DTIC had set a target that all its entities should achieve at least 80 per cent performance against their set KPIs. However, certain entities had not achieved clean audits and had incurred irregular expenditure. The Committee therefore requested that the DTIC indicate which entities were currently underperforming, as well as details on consequent management interventions undertaken to address governance and underperformance. The DTIC reported that for the third quarter of the 2025/26 financial year, the following entities' performance were below the 80 per cent target: (i) the B-BBEE Commission (75 per cent); (ii) the ECIC (50 per cent); (iii) the IDC (43 per cent); (iv) the ITAC (63 per cent); (v) the NCR (75 per cent); (vi) the NEF (71 per cent); and (vii) the NRCS (63 per cent). The performance of the entities for the fourth quarter, as well as the year under review, was being assessed, and an update would be provided in this regard. The overall performance would be discussed between the Boards, the Chief Executive Officers (CEOs) and the Minister with appropriate measures to be identified and implemented to address any areas of under-performance.

The DTIC further indicated that processes were underway to appoint the Board of the National Gambling Board, as well as the CEOs for the ECIC; the NCR; the NGB; the NRCS; and the SABS.

4.40 ***Concerns regarding governance and operational integrity at the IDC:*** Furthermore, several allegations in terms of its governance, accountability, and operational integrity have been raised. If these allegations are true, these issues may undermine its capacity to fulfil its developmental mandate. In this regard, the Committee enquired whether arrangements for oversight by the Minister, the DTIC and the IDC board, as well as the IDC's internal review, were sufficiently independent and credible, particularly where concerns were raised about the role of current Board members in the process designed to address these issues. It also sought clarity on the steps being considered to address governance concerns within the IDC including whether consideration had been given to an independent or ad hoc mechanism to consider these matters. The DTIC informed the Committee that the IDC's role in supporting the mandate of democratic South Africa remained significant. This role and responsibility were critical as challenges, which included, slow growth, declining industrial capacity, dwindling investments in the economy's productive sectors, backlogs in infrastructure, and a persistent concentration of economic power that stifled competitiveness, are addressed. The concerns raised by the Committee and the public had been duly noted and were receiving focused attention from the Ministry, the DTIC, the Board and the management of the IDC. In terms of governance, the IDC was governed by a capable Board comprised of experienced professionals with expertise in law, finance, energy, mining and engineering. The Board was supported by formal committees responsible for investment, audit, risk and sustainability, human capital, social and ethics matters and directors' affairs. These structures were designed to uphold discipline, integrity, accountability and strategic direction. They also provided clear channels for oversight, escalation and assurance ensuring that performance issues and governance concerns were properly addressed.

The DTIC further reported that a new CEO had been appointed, ending a prolonged period during which the entity had operated without an appointed CEO. The CEO was supported by a strong and experienced executive management team, and efforts were ongoing to fill critical vacancies.

Where there were specific complaints against the Board, individual board members or any employee of the IDC, the Committee was encouraged to submit these formally so they could be investigated. The DTIC further indicated that, on Thursday, 30 April 2026, the Minister,

together with the IDC Board and the CEO had held a media briefing where the IDC's mandate and the respective roles of the Board and management were clarified. During the media briefing, the establishment of the Independent Complaints Review Panel had been announced to provide an independent mechanism for reviewing process related complaints relating to the IDC. The DTIC assured the Committee that it would continue to work with it to ensure that the IDC was strengthened and remained developmental, accountable and sustainable.

- 4.41 ***Target-setting methodology:*** The Committee enquired how the current target-setting differed from previous iterations in relation to measuring the broader economy-wide impact, including its contribution to structural transformation, industrial development and job creation. The DTIC informed the Committee that, in preparation for this APP, the Minister had convened a Ministerial Lekgotla that had enabled internal and external specialists, including the Ministers and Deputy Ministers from key government departments, to provide strategic insights to the senior management of the DTIC and its entities. These insights had subsequently been converted into a SWOT analysis of the South African economy which had enabled the development of the 2026/27 APP.

This APP was informed by the intense debates and discussions among over 100 senior managers and specialists, including external representatives, each with diverging economic policy views. It focused on a limited number of high impact strategic interventions which, when successfully implemented, would grow the manufacturing sector, sustain and create jobs, and transform the economy and people's lives.

Amongst other interventions reflected in the APP, it would lead de-carbonisation efforts through the designation of SEZs which were customised to support investments in the EV battery value-chain, renewable energy components and green hydrogen. In addition, it would accelerate efforts to retrofit firms for increased resource and energy efficiency and to finalise the NEV Roadmap. Consequently, it would be working closely with stakeholders from business, labour and other government departments to identify opportunities to beneficiate mineral resources, to assist the manufacturing sector, including agro-industries, to progress to higher value-added activities, and scale up support for the digital economy.

It further stated that the APP included bold actions to reinvigorate B-BBEE including strengthened monitoring of B-BBEE compliance and rolling out a substantial Transformation Fund to address long-standing access to finance challenges for SMMEs and black-owned businesses more generally. At the same time, it would ramp up its efforts to build sustainable township industries by developing a new model for Industrial Parks. This model was intended to improve operations, financial stability, maintenance and the services provided at the Industrial Parks, in turn generating economic activity in the surrounding communities where the majority of South Africans lived.

Furthermore, it would strengthen its export promotion and exporter development activities, to substantially increase manufactured exports including from SMMEs, black- and women-owned firms. In addition, it would continue to work with our African counterparts to fully operationalise the AfCFTA and its economic benefits. In this regard, outstanding rules of origin on clothing and textiles, and automotive products, had been resolved under the AfCFTA, thus unlocking market access opportunities.

In addition, the DTIC planned to facilitate R2-trillion investment in the South African economy over the next five years. This would require collaboration with stakeholders in business and labour, expansion of the SEZ programme, targeted investment promotion and the continuation of the Invest SA One-Stop-Shops roll-out to address regulatory barriers to investment.

4.42 ***Proportionality of job targets to the size of investments:*** Given the urgency of South Africa's unemployment crisis, the scale and sufficiency of the DTIC's job creation targets are relatively low compared to the level of unemployment, particularly among the youth, in South Africa and not explicitly set out in the APP. In addition, the public investment committed through incentives and other industrial support programmes, were relatively high in terms of the cost to create one job. Given the high level of public investment, there should be clearer, more ambitious and measurable job creation targets that reflect meaningful and large-scale employment creation. The existing targets did not convey a sense of impact proportionate with the level of funding; therefore, the Committee questioned whether the DTIC's interventions were fit for purpose and what the rationale had been for not explicitly prioritising job creation in the APP process. It further sought clarity on the process for establishing job creation targets,

whether there were any initiatives in place to increase those targets, and how the DTIC intended for its programmes to deliver substantial employment opportunities. The DTIC noted that the 65 000 job creation target under the Transformation and Competition Branch was informed by the scale of enterprises to be supported under the Transformation Fund, and that the Fund was still at an initial stage. It indicated that the DTIC's APP was anchored in advancing inclusive economic growth, industrialisation, job creation, and transformation, with a strong emphasis on delivering tangible economic outcomes. The job targets were reflected in the APP and were aligned to the MTDP and the ESIEID Cluster targets.

- 4.43 ***Job creation targets:*** In addition, clearly defined targets, particularly in relation to projected or estimated job creation, are critical to strengthen oversight and accountability by enabling more effective monitoring of progress over time, including the assessment of quarterly performance. This would also assist to ascertain whether or not departmental interventions yielded measurable employment outcomes. The Committee therefore enquired about the specific job creation targets set for the period under review and how it intended to monitor progress towards addressing unemployment. The DTIC informed the Committee that the transformation target of 65 000 jobs created would be achieved through Transformation Fund disbursement (10 000 jobs), as well as through the YES Initiative (55 000 work opportunities). Furthermore, job targets would also be derived from the merger and acquisition conditions by the Competition Commission, and the Equity Equivalent Investment Programme.
- 4.44 ***Link between budget allocations and outputs:*** The APP failed to provide clarity on how budget allocations and planned expenditure were linked to measurable outputs and outcomes, such as job creation, new productive capacity, or an increased export performance. This was necessary to enable increased transparency in relation to expenditure associated with specific programmes and expected outcomes, thereby facilitating comprehensive oversight, monitoring and evaluation of the DTIC's performance. The Committee therefore sought clarity on how the DTIC planned to strengthen the link between budget allocations and clearly defined, measurable outcomes. The DTIC informed the Committee that the programme and sub-programme resource allocations were reflected under each programme, linking financial resources to defined outputs and measurable outcomes as set out in the APP. To strengthen this linkage, results alignment is embedded in the planning phase, ensuring that budget allocations are directly connected to planned activities, outputs, and its short-, medium-, and

long-term outcomes and impacts. The DTIC's and its entities' APPs further specified performance indicators and annual targets, enabling the tracking of how expenditure translated into measurable results.

It stated that there was a focus towards industrialisation, job creation, and export growth. This was reflected in the following key interventions over the medium-term:

- The Incentives Programme allocation of R16,9 billion over the MTEF continued to support industrial development. These allocations were directly linked to measurable outputs such as the value of investment leveraged, which in turn contributed to outcomes including job creation, growing sustainability, and enhanced competitiveness. Of this allocation, 51,5 per cent (R9,1 billion) was directed towards manufacturing development, 21,4 per cent (R3,6 billion) towards infrastructure investment support, and 19,1 per cent (R3,2 billion) towards services sector development. These interventions were expected to yield measurable employment and enterprise development outcomes, as reflected in APP targets.
- Infrastructure investment incentives, with an allocation of R3,6 billion over the medium-term, support the development of SEZs and industrial parks. These investments were linked to outputs such as infrastructure projects completed and operational industrial sites, which contributed to outcomes including increased investment attraction, enterprise growth, regional industrialisation, and job creation.
- The implementation of the national industrial policy through sector masterplans was supported by targeted expenditure aimed at strengthening priority sectors. This expenditure was linked to outcomes such as localisation, value addition, export growth, and improved sector competitiveness, with associated indicators tracked through programme performance reporting.

In addition, resources were allocated to strengthen the technical infrastructure system (standards, accreditation, and metrology), which supported measurable outcomes such as improved product quality, market access, and export readiness.

To enhance transparency and accountability, the DTIC had integrated quarterly performance reporting and monitoring processes that tracked both financial and non-financial performance against predefined indicators. These were complemented by annual audits, which provided

independent assurance on the reliability of reported performance information. Through these measures, it was strengthening the alignment between budget allocations and measurable outcomes, thereby improving oversight, monitoring, and evaluation of performance.

4.45 ***Job creation targets relative to unemployment rate:*** The DTIC has set an employment target of 60 000 jobs over the five-year period. Given the high unemployment rate within the country, the Committee enquired whether the estimated generation of 60 000 jobs would be sufficient, and requested evidence that demonstrated that the jobs created through incentives and SEZ programmes were sustainable and not temporary in nature. The DTIC informed the Committee that the Incentives Branch reported on permanent new jobs created by funded projects. Prior to the payment of funds, a site inspection was conducted in which new jobs created by the projects were verified to determine whether they were permanent and had been created directly through the project.

4.46 ***Targets to address Youth Unemployment:*** Youth unemployment remained a persistent challenge in South Africa. In this regard, skills development initiatives are purported to play a critical role in addressing these structural labour market constraints. Notwithstanding the DTIC's target to train 55 000 youth over five years, the Committee enquired whether the target was proportionate to the scale of youth unemployment, and how the DTIC intends to scale up such programmes and improve their impact on permanent employment outcomes. The DTIC indicated that the DTIC, working with the Presidency, had coordinated the development of the jobs strategy. The strategy was designed to unlock 1,8 million earning opportunities and reduce youth unemployment by 20 per cent by 2030. It further indicated that it prioritised practical, implementable interventions that could deliver measurable job outcomes within the current economic and fiscal environment in partnership with the private sector. The strategy had five pillars, namely: (i) inclusive hiring; (ii) priority sectors; (iii) demand-led skilling; (iv) sustainable self-employment; and (v) public employment. It reported that an Action Plan had been developed and was being implemented across government departments. Furthermore, it was coordinating and tracking the implementation of this action plan through the ESIEID Cluster to ensure implementation was happening across all departments.

5. Conclusions

Having considered the information shared and reports from the DTIC with respect to its 2026/27 budget, and strategic and annual performance plans, the Committee has reached the following conclusions:

- 5.1 The Committee recognised that the Annual Performance Plan of the DTIC emphasised that industrialisation remains the core principle underpinning South Africa's economic growth, structural transformation, employment creation, competitiveness, and long-term economic objectives.
- 5.2 The continued decline in the manufacturing sector's contribution to Gross Domestic Product, from approximately 22 per cent of GDP to between 10 and 12 per cent over the past three decades, underscored the urgency of implementing effective and coordinated measures to arrest deindustrialisation, through an industrial policy-driven approach and to rebuild local productive capacity. The Committee was of the view that the success of re-industrialisation efforts was contingent on a stable, low-cost energy supply, efficient logistics infrastructure, and a predictable regulatory environment — areas that required urgent, coordinated cross-government action.
- 5.3 The Committee in the Seventh Parliament, especially in its engagements with the DTIC and its entities, continuously highlighted the importance of transitioning from policy formulation towards measurable implementation of outcomes in an effective and co-ordinated manner that strengthens productive capacity, deepens localisation, expands value-addition, and improves competitiveness across strategic sectors of the economy.
- 5.4 The Committee also recognised that sustainable industrial growth required policy certainty, reliable energy supply, efficient logistics infrastructure, and reduced red tape, as well as balancing the protection and revitalisation of existing industries with the development of new industries linked to digitalisation, decarbonisation, beneficiation, advanced manufacturing, and regional trade integration.

- 5.5 The Committee further emphasised that industrial policy interventions and instruments should be coordinated, evidence-based, and responsive to changing global economic conditions, technological advancements, and increased international competition.
- 5.6 It also recognised the importance of regional and international trade opportunities and export markets, including the African Continental Free Trade Area, in supporting industrial expansion and export diversification.
- 5.7 In addition, the Committee was of the view that sectoral masterplans, incentives, infrastructure investment, and private-public partnerships should be leveraged to support industrial development, economic expansion, and sustainable job creation.
- 5.8 The Committee concluded that the DTIC's job creation targets, including the 60 000 permanent jobs over five years and the training of 55 000 unemployed youth, were disproportionately modest given South Africa's unemployment crisis, particularly among the youth.
- 5.9 Furthermore, the cost per job implied by the scale of public investment directed through incentives, Special Economic Zones, and the Transformation Fund raised legitimate questions about value for money and the efficiency of current spending instruments. Therefore, greater emphasis should be placed on catalysing private sector-led employment through red tape reduction, reduced barriers to entry, and competitive market conditions.
- 5.10 It was of the view that the cost per job ratios of major spending instruments, such as the Incentives and the Special Economic Zones programmes, are too high, therefore, it was concerned about the value for money proposition. In this regard, priority should be given to interventions that leverage private sector investment that have the highest employment and multiplier effects. Where this is not feasible, it implored the DTIC to demonstrate its rationale to continue funding investments regardless of the high cost per job ratio.
- 5.11 The Committee was also concerned that the Annual Performance Plan does not sufficiently translate budget allocations into measurable economic outcomes such as job creation, increased productive capacity, and export growth.

- 5.12 It reiterated that industrial, trade, and investment policies should be aligned to support inclusive economic participation. In particular, participation of small, medium and micro enterprises, black industrialists, and historically disadvantaged groups in the productive economy, regional and spatial development and integration, and sustainable employment creation for young people and vulnerable communities.
- 5.13 It reiterated its position that Broad-Based Black Economic Empowerment is rooted in the constitutional mandate to redress historical economic exclusion and to ensure meaningful economic inclusion. It further recognised the DTIC's efforts to enhance transformation, including the review of Enterprise Supplier Development mechanisms, the proposed Transformation Fund and the alignment of these objectives with industrial policy and investment strategies.
- 5.14 The Committee noted and welcomed the Minister's commitment to institute an independent assessment of the impact of the current B-BBEE regulatory framework on economic growth, investment, job creation, transformation and inequality with a view to refining and strengthening policies aimed at driving inclusive growth.
- 5.15 In addition, it emphasised the importance of initiatives to leverage blended finance, public-private partnerships, and targeted industrial financing to enhance access to capital and promote inclusive economic growth.
- 5.16 Policy certainty, transparency, and regulatory coordination and harmonisation to reinforce investor confidence and facilitate long-term sustainable investment into the productive sectors were of critical importance to the Committee. In light of this, the Committee reiterated its call that transformation interventions should be underpinned by clear implementation frameworks, measurable results, effective monitoring, and improved coordination among institutional stakeholders.
- 5.17 The Committee emphasised that beneficiation, localisation, and value addition were critical components of South Africa's industrialisation agenda, therefore there was a need to ensure diversification of local value chains. In this regard, it expressed concerns about South Africa's

continued reliance on the export of raw and semi-processed materials, thereby impeding progress towards deeper industrial development, manufacturing expansion, therefore advancing into high-value activities within global value chains.

- 5.18 The Committee acknowledged the move towards developing a Mineral Beneficiation Index to strengthen evidence-based policy formulation and monitoring progress in domestic value addition across strategic sectors, including critical minerals and emerging industries linked to electric vehicle battery manufacturing.
- 5.19 The Committee acknowledged continued efforts to leverage government's buying power to drive localisation through public procurement measures, designation frameworks, and local content requirements aligned with the Public Procurement Act, 2024.
- 5.20 It emphasised that beneficiation and localisation policies should be implemented to promote industrial competitiveness, inclusive participation, fair market functioning, and long-term sector sustainability. In this regard, it acknowledged the DTIC's review of policy instruments for the metals and recycling sector to address any market distortions while supporting localisation and downstream industrial development objectives.
- 5.21 The Committee further highlighted the potential adverse effects of rising imports of Completely Built-Up vehicles, specifically from low-cost markets, citing risks to the local automotive manufacturing base, industrial competitiveness, employment, and localisation initiatives. The Committee therefore noted concerns about the long-term viability of the domestic automotive industry, with stakeholders highlighting rising import competition, changing global demand, and the competition within Original Equipment Manufacturers for future production allocation and capital investment.
- 5.22 The Committee acknowledged the ongoing review of the South African Automotive Master Plan and the Automotive Production and Development Programme to secure the sustainability of the domestic automotive supply chain and advance the transition to new energy vehicles.
- 5.23 With respect to the DTIC and its entities, the Committee emphasised the importance of strengthening governance, institutional accountability, and performance management across

the DTIC and its entities to ensure effective implementation of industrial policy objectives and improved service delivery outcomes.

- 5.24 The Committee noted that concerns relating to governance, performance, and accountability had consistently arisen throughout the Seventh Administration, therefore, there was a need for stronger monitoring and oversight mechanisms. In particular, the absence of permanent leadership at key entities at the National Gambling Board, the National Credit Regulator, the National Regulator for Compulsory Specifications, the Export Credit Insurance Corporation, and the South African Bureau of Standards undermined institutional capacity and service delivery. These governance gaps are incompatible with the DTIC's mandate to create a competitive, well-regulated economic environment.
- 5.25 The Committee noted with concern the performance challenges identified within several DTIC entities, including those operating well below the 80 per cent performance benchmark.
- 5.26 The Committee recognised the efforts by the DTIC to strengthen coordination between planning, budgeting, implementation, and reporting processes, as well as the monitoring of entities through the Entity Oversight Unit and departmental governance structures.
- 5.27 However, the Committee emphasised the importance of ensuring that governance and accountability mechanisms translate into measurable improvements in institutional performance, implementation efficiency, and service delivery outcomes. In this regard, the Committee stressed the need for continuous monitoring, timely corrective interventions, transparent reporting, and strengthened institutional capacity across the DTIC and its entities.
- 5.28 Reaffirming the strategic value of the Industrial Development Corporation, the Committee underscored its core function of advancing South Africa's industrial growth, investment, and job creation. It further emphasised the Industrial Development Corporation's role in supporting productive investment, expanding industrial capacity, advancing localisation, and strengthening strategic sector participation. In this regard, the Committee implored that the Industrial Development Corporation should fulfil its industrial development mandate as explicitly stated in Industrial Development Corporation Act of 1940, in support of South Africa's developmental and industrial objectives.

5.29 Notwithstanding this, the Committee acknowledged the Industrial Development Corporation's commitment to align its strategic and investment allocations with broader government development objectives, including infrastructure investment, export growth, transformation, and employment creation. It further noted the planned investment in critical areas such as energy, mining, manufacturing, agro-processing, and tourism and services as part of its broader developmental objectives.

5.30 In addition, it also raised concerns regarding persistent allegations of discrimination, long turnaround times for consideration of applications, and the Industrial Development Corporation's practices in relation to distressed businesses, noting that if these were not addressed, they could impair its credibility and developmental role. In this regard, the Committee noted the DTIC's undertaking to strengthen oversight, and the establishment of an independent review panel by its Board to identify the root causes for these complaints and resolve them.

6. Acknowledgements

The Committee would like to thank Mr P Tau, the Minister of Trade, Industry and Competition, as well as Ms A Abrahams and Mr Z Godlimpi, the Deputy Ministers of Trade, Industry and Competition; Mr S Hamilton, the Director-General of the DTIC; and his team, for their cooperation and transparency during this process. The Chairperson wishes to thank all Members of the Committee for their active participation during the process of engagement and deliberations, and their constructive recommendations reflected in this report. The Committee also wishes to thank its support staff, in particular Mr A Hermans, the Committee Secretary, Ms M Sheldon, the Content Advisor, Ms Z Madalane, the Researcher, and Ms Y Manakaza, the Committee Assistant, for their professional support.

7. Recommendations

The Portfolio Committee on Trade, Industry and Competition, having considered the proposed 2026 Budget Vote 39: Trade, Industry and Competition, recommends that the House adopts Budget Vote 39: Trade, Industry and Competition.

In addition, it recommended that the House requests that the Minister of Trade, Industry and Competition should consider ensuring that the budget allocations directly translate to measurable economic outcomes, such as job creation, increased productive capacity, and export growth.

The Democratic Alliance, and the Umkhonto Wesizwe Party reserved their rights regarding this report.

Report to be considered.

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2. REPORT OF THE STANDING COMMITTEE ON FINANCE ON BUDGET VOTE 8: NATIONAL TREASURY, DATED 19 MAY 2026

The Standing Committee on Finance, having considered the strategic plans, annual performance plans, and proposed budgetary allocations of National Treasury and its associated public entities as presented for the 2026/27 financial year, reports as follows:

1. INTRODUCTION AND BACKGROUND

- 1.1. On 5, 6, 12 and 13 May 2026, the Standing Committee on Finance (SCOF/the Committee) held virtual briefings to consider Budget Vote 8: National Treasury, as well as the strategic plans, annual performance plans, corporate plans and proposed budgetary allocations of National Treasury, the South African Revenue Service (SARS), public entities and institutions within the Finance Portfolio.
- 1.2. These briefings were convened in line with section 10(1)(c) of the Money Bills Amendment Procedure and Related Matters Act, Act No. 9 of 2009, which requires Parliament to consider and report on the strategic and budgetary plans of departments and public entities.
- 1.3. The briefings formed part of the Committee's oversight work on the Finance Portfolio in the context of the 2026 Budget and the 2026 Appropriation Bill. The Committee considered the annual performance plans, strategic plans, corporate plans, budget allocations, performance indicators, strategic priorities, institutional risks and governance matters of National Treasury, SARS and the relevant institutions within the Finance Portfolio.
- 1.4. The Minister of Finance tabled the annual performance plans and related planning documents for National Treasury and several institutions on 30 March 2026, and requested that these documents be referred to the Standing Committee on Finance for formal parliamentary scrutiny.
- 1.5. The tabling letter included the National Treasury Annual Performance Plan 2026/27, the Development Bank of Southern Africa Corporate Plan 2026/27–2028/29, the Accounting Standards Board Annual Performance Plan 2026/27, the Government Technical Advisory Centre Annual Performance Plan 2026/27, the Government Pensions Administration Agency Annual Performance Plan 2026/27, the Ombud Council Annual Performance Plan 2026/27, the FAIS Ombud Annual Performance Plan 2026/27, the Office of the Tax Ombud Annual Performance Plan 2026/27, the Office of the Pension Funds Adjudicator

Annual Performance Plan 2026/27, the Financial Intelligence Centre Annual Performance Plan 2026/27, the Financial Sector Conduct Authority Annual Performance Plan 2026/27 and the Independent Regulatory Board for Auditors Annual Performance Plan 2026/27.

- 1.6. The Minister also tabled the annual performance plans of SARS and the Government Pensions Administration Agency for parliamentary scrutiny. While the tabling letter contains typographical inconsistencies in the reference to the financial year (2025/26), the documents before the Committee relate to the 2026/27 planning cycle.
- 1.7. The first briefing, held on 5 May 2026, included presentations by entities within the Finance Portfolio. The second briefing, held on 6 May 2026, continued the Committee's engagement with entities in the Finance Portfolio. The Deputy Minister of Finance, Dr David Masondo, attended the meeting and made introductory remarks. He emphasised that presentations to Parliament are a form of reporting to the people of South Africa through their elected representatives, and welcomed the Committee's oversight role, including site visits to entities such as the Public Investment Corporation, SARS and other institutions within the Finance Portfolio.
- 1.8. The Committee also received briefings from National Treasury and SARS on 12 and 13 May 2026 respectively.
- 1.9. In considering Vote 8, the Committee was guided by the 2026 Estimates of National Expenditure, the National Treasury Annual Performance Plan 2026/27, the SARS Annual Performance Plan 2026/27, the tabled plans of relevant entities, the presentations made to the Committee, and the deliberations of Members during the briefings.
- 1.10. The 2026 Estimates of National Expenditure records that the purpose of Vote 8 is to support economic growth and development, good governance, social progress and rising living standards through accountable, economical, efficient, equitable and sustainable management of public finances, maintenance of macroeconomic and financial sector stability, and effective financial regulation of the economy.
- 1.11. Budget Vote 8 is significant in both fiscal and institutional terms. The 2026 Estimates of National Expenditure indicates total expenditure estimates of R1.168 trillion in 2026/27. This includes direct charges against the National Revenue Fund, such as the provincial equitable share of R670.323 billion, debt-service costs of R432.449 billion, general fuel levy sharing with metropolitan municipalities of R17.530 billion, and public sector-related pension, post-retirement medical and other benefits of R8.542 billion.

- 1.12. The retained programme allocation under Vote 8 amounts to R37.952 billion in 2026/27, covering Administration; Economic Policy and International Cooperation, Tax, Financial Regulation and Research; Public Finance and Budget Management; Asset and Liability Management; and Financial Governance, Reporting and Supply Chain Management Systems. These programmes support the core work of National Treasury, including fiscal policy coordination, budget management, intergovernmental fiscal relations, asset and liability management, public procurement reform, financial governance and supply chain management systems.
- 1.13. In assessing the plans and allocations, the Committee sought to determine whether National Treasury, SARS and the relevant institutions within the Finance Portfolio had aligned their 2026/27 priorities with the objectives of the 2026 Budget, the 2024–2029 Medium-Term Development Plan, fiscal sustainability, improved revenue collection, infrastructure delivery, local government reform, public procurement reform, anti-money laundering and counter-financing of terrorism obligations, improved service delivery, and stronger governance across the public finance and financial sector ecosystem.

2. POLITICAL OVERVIEW

- 2.1. The Minister of Finance, Mr Enoch Godongwana, MP, attended the Committee’s briefing on the National Treasury Annual Performance Plan for 2026/27 on 12 May 2026 and delivered the political overview.
- 2.2. The Minister stated that it was difficult to predict the future, as South Africa was positioned at the intersection of steady domestic improvement and increasing global tension, volatility and uncertainty. He emphasised that, in this complex international economic environment, the domestic reform and stabilisation agenda had become more urgent.
- 2.3. The Minister indicated that government’s efforts would continue to focus on four pillars of growth and development, namely maintaining macroeconomic stability, implementing structural reforms, investing in growth-enhancing infrastructure, and building state capacity. He stated that National Treasury would continue to play a central role in safeguarding the sustainability of public finances, strengthening the credibility of fiscal policy, and ensuring that public resources are deployed in a manner that supports inclusive growth, social protection and long-term development.
- 2.4. He described the 2026/27 Annual Performance Plan as a practical roadmap through which National Treasury would support government’s broader objectives of higher growth, job

creation and improved living standards for South Africans. He also emphasised that the APP reflects National Treasury's commitment to prudent fiscal management, transparent governance and the effective use of public resources.

- 2.5. The Minister further indicated that National Treasury would advance the principles-led fiscal anchor, entrench fiscal sustainability, finalise key reforms in electricity, logistics, municipal finance and public procurement, and modernise public financial management systems through digitisation and better use of data. These priorities are consistent with the National Treasury presentation, which identified the Department's impact statement as "sustainable public finances that contribute to inclusive economic growth".
- 2.6. The Minister also highlighted reforms in the budget and grant system, strategic policy work, and the restructuring of the infrastructure delivery system through Infrastructure South Africa. He stated that this would strengthen the project pipeline and create innovative finance opportunities to improve delivery. He further referred to initiatives aimed at improving fiscal literacy.
- 2.7. The Minister stressed that good financial management is fundamental to effective governance and responsible stewardship of public resources. He linked this directly to maintaining public trust, ensuring value for money and delivering efficient and effective services. He noted that legislative reforms were under way, including amendments to the Public Finance Management Act and the Municipal Finance Management Act, as well as reforms linked to public procurement regulations.
- 2.8. The Minister stated that the modernisation of public financial management systems represents a significant step-change in strengthening transparency, accountability and good governance. He also referred to new approaches to reprioritising spending, including the Targeted and Responsible Savings system, which is intended to improve the composition and quality of public spending by maximising expenditure that produces positive results for society and containing expenditure that produces net negative economic results.
- 2.9. The Minister emphasised that the Annual Performance Plan plays an important role in informing the public of the service delivery commitments that National Treasury has made for the 2026/27 financial year. He stated that by clearly identifying the outputs and targets that will direct the work of the Department, National Treasury is holding itself accountable for performance and for the resources spent in achieving those targets.
- 2.10. The Minister further stated that transparency and accountability are central to building and strengthening a capable and ethical public service. He indicated that National Treasury

holds itself to a high standard in this regard and then handed over to National Treasury officials to take the Committee through the technical details, indicators and targets of the 2026/27 Annual Performance Plan. The Minister also explained that the Director-General was unable to attend because he was participating in technical engagements linked to the New Development Bank Board of Governors' meeting in Moscow, and that the Acting Director-General and National Treasury team would present the technical details.

3. ENTITIES AND INSTITUTIONS WITHIN THE COMMITTEE'S OVERSIGHT ENVIRONMENT

3.1. The Standing Committee on Finance exercises oversight over National Treasury, the South African Revenue Service and a range of entities and institutions that fall within the broader finance portfolio. These institutions are established under different legislative frameworks, have different accountability arrangements, and are funded through different mechanisms. Some receive transfers through Vote 8, some are self-financing, and others fall within the Committee's broader oversight environment because of their role in monetary policy, financial stability, financial regulation, public finance, revenue administration, development finance or financial sector governance.

National Treasury

3.2. National Treasury is the lead department and accounting entity for Vote 8. Its mandate is derived principally from section 216(1) of the Constitution, which requires the establishment of a national treasury to ensure transparency, accountability and sound financial controls in the management of public finances. Its mandate is further elaborated in the Public Finance Management Act, 1999 and the Municipal Finance Management Act, 2003.

3.3. National Treasury's functions include promoting fiscal policy, coordinating macroeconomic policy, ensuring financial system stability, coordinating intergovernmental fiscal relations, managing the budget process, enforcing transparency and effective management of public finances, overseeing provincial and local government infrastructure, and ensuring compliance with the PFMA and MFMA across government.

South African Revenue Service

3.4. The South African Revenue Service is a Schedule 3A public entity established under the South African Revenue Service Act, 1997. It receives transfers through Vote 8 and is responsible for collecting revenue, ensuring compliance with tax and customs legislation, and facilitating legitimate trade. SARS remains central to the fiscal framework because its performance directly affects revenue collection, fiscal sustainability and government's ability to fund public services.

Office of the Tax Ombud

3.5. The Office of the Tax Ombud is established under section 16 of the Tax Administration Act, 2011. It is mandated to review and address complaints by taxpayers regarding service, procedural or administrative matters arising from SARS's administration of tax laws. It may also review systemic and emerging issues at the request of the Minister of Finance or with the Minister's approval. The Office of the Tax Ombud is institutionally linked to SARS and is funded through Vote 8 as part of the revenue administration ecosystem.

Financial Intelligence Centre

3.6. The Financial Intelligence Centre is a Schedule 3A public entity established under the Financial Intelligence Centre Act, 2001. It receives transfers through Vote 8 and is responsible for receiving, analysing and disseminating financial intelligence to support the detection and prevention of money laundering, terrorist financing, proliferation financing and related financial crimes. Its work is central to South Africa's anti-money laundering and counter-financing of terrorism framework. The Financial Intelligence Centre Appeal Board is established under section 42 of the Financial Intelligence Centre Act to consider appeals against certain administrative decisions made under the Act, including administrative sanctions.

Accounting Standards Board

3.7. The Accounting Standards Board is a Schedule 3A public entity established under the Public Finance Management Act framework to set Standards of Generally Recognised Accounting Practice for the public sector. It receives transfers through Vote 8 and supports transparent, comparable and credible public sector financial reporting.

Independent Regulatory Board for Auditors

- 3.8. The Independent Regulatory Board for Auditors is a Schedule 3A public entity established under the Auditing Profession Act, 2005. It receives transfers through Vote 8 and regulates the auditing profession in the public interest through registration, inspections, investigations, disciplinary processes, standards and professional oversight.

Government Technical Advisory Centre

- 3.9. The Government Technical Advisory Centre is a government component or trading entity within the National Treasury environment. It supports organs of state with technical assistance, public finance advisory services, project preparation, infrastructure support, policy analysis, programme management and specialised public sector capacity-building. It is reflected within Vote 8 and plays a support role in strengthening public sector capability and expenditure effectiveness.

Government Pensions Administration Agency

- 3.10. The Government Pensions Administration Agency is a government component established by proclamation and administers pension and related benefits on behalf of the Government Employees Pension Fund, National Treasury and other client institutions. It is linked to Vote 8 through its role in administering government pension-related functions and public sector benefit payments.

Government Employees Pension Fund

- 3.11. The Government Employees Pension Fund is a self-financing statutory pension fund established under the Government Employees Pension Law. It is governed by its own Board of Trustees and works closely with the Government Pensions Administration Agency and the Public Investment Corporation. It does not receive ordinary Vote 8 transfers but falls within the Committee's broader oversight environment because of its role in public sector pensions and its relationship with the PIC and GPAA.

Public Investment Corporation

- 3.12. The Public Investment Corporation is a Schedule 3B public entity established under the Public Investment Corporation Act, 2004. It is self-financing and invests funds on behalf of public sector clients, including the Government Employees Pension Fund. Its governance, investment performance, unlisted investment risk, developmental investment

mandate and implementation of the Mpati Commission-related reforms remain matters of public finance significance.

Development Bank of Southern Africa

- 3.13. The Development Bank of Southern Africa is a Schedule 2 public entity established under the Development Bank of Southern Africa Act, 1997. It is a development finance institution that supports infrastructure planning, preparation, financing and implementation. It is self-financing, although the 2026 Estimates of National Expenditure records certain Vote 8 transfers to the DBSA for specific infrastructure-related functions, including support to the Infrastructure Fund, the Just Energy Transition Investment Plan and the eThekweni non-revenue water project.

Land and Agricultural Development Bank of South Africa

- 3.14. The Land and Agricultural Development Bank of South Africa is a Schedule 2 development finance institution established under the Land and Agricultural Development Bank Act, 2002. It is self-financing and supports agricultural development, transformation, commercial agriculture and food security. Its subsidiaries include Land Bank Insurance Company and Land Bank Life Insurance Company.

South African Special Risks Insurance Association

- 3.15. SASRIA SOC Limited is a Schedule 3B state-owned insurer that provides special risk cover against politically motivated acts, riots, strikes, terrorism, public disorder and related special risks. It is self-financing and falls within the broader finance portfolio oversight environment because of its public mandate, state ownership and fiscal risk relevance following large-scale unrest-related claims.

Financial Sector Conduct Authority

- 3.16. The Financial Sector Conduct Authority is a Schedule 3A public entity established under the Financial Sector Regulation Act, 2017. It is mainly funded through levies and is responsible for market conduct regulation, consumer protection, financial education, licensing, supervision and enforcement across the financial sector. It forms part of the Twin Peaks regulatory architecture alongside the Prudential Authority.

Prudential Authority

- 3.17. The Prudential Authority is established within the South African Reserve Bank under the Financial Sector Regulation Act, 2017. It is responsible for prudential regulation and supervision of banks, insurers, cooperative financial institutions and certain financial conglomerates. It does not receive ordinary Vote 8 transfers, but it is part of the broader financial sector regulatory system overseen by Parliament through the finance portfolio.

Ombud Council

- 3.18. The Ombud Council is a Schedule 3A public entity established under the Financial Sector Regulation Act, 2017. It oversees financial sector ombud schemes and seeks to ensure that financial customers have access to affordable, effective, independent and fair dispute resolution mechanisms. It supervises statutory and recognised industry ombud schemes.

Office of the Ombud for Financial Services Providers

- 3.19. The Office of the Ombud for Financial Services Providers, commonly referred to as the FAIS Ombud, is a Schedule 3A public entity established under the Financial Advisory and Intermediary Services Act, 2002. It resolves complaints by clients against financial services providers in a procedurally fair, informal, economical and expeditious manner.

Office of the Pension Funds Adjudicator

- 3.20. The Office of the Pension Funds Adjudicator is a Schedule 3A public entity established under the Pension Funds Act, 1956. It investigates and determines complaints relating to pension funds, employers, administrators and members. Its role is particularly important in relation to pension fund governance, member protection, death benefits, arrear contributions and the implementation of retirement reforms.

South African Reserve Bank

- 3.21. The South African Reserve Bank is South Africa's independent central bank, provided for in section 224 of the Constitution and governed by the South African Reserve Bank Act, 1989. It is responsible for protecting the value of the currency in the interest of balanced and sustainable economic growth, and also plays a central role in financial stability. SARB subsidiaries include, among others, the Corporation for Public Deposits, the South African Bank Note Company and the South African Mint Company. The Corporation for Deposit

Insurance, established under the amended financial sector framework, is also part of the broader financial stability architecture. These institutions do not receive ordinary Vote 8 transfers, but remain relevant to the Committee’s wider oversight environment.

Financial and Fiscal Commission

- 3.22. The Financial and Fiscal Commission is a constitutional institution established in terms of section 220 of the Constitution. It operates as an independent and impartial advisory institution to Parliament, provincial legislatures, organised local government and other organs of state. Its primary function is to make recommendations on the equitable division of revenue among the three spheres of government and on other financial and fiscal matters affecting intergovernmental relations.
- 3.23. The Financial and Fiscal Commission does not report to the Minister of Finance in the same manner as public entities within the finance portfolio. However, it receives transfers through Vote 8. The 2026 Estimates of National Expenditure provides for transfers to the Financial and Fiscal Commission of R65.509 million in 2026/27, R68.124 million in 2027/28 and R70.241 million in 2028/29. The Committee therefore records the Commission’s Vote 8 allocation where relevant, while recognising its distinct constitutional status and direct accountability to Parliament.

4. NATIONAL TREASURY VOTE ALLOCATION

- 4.1. The retained programme allocation under Vote 8 amounts to R37.952 billion in 2026/27, R39.908 billion in 2027/28 and R43.496 billion in 2028/29. This represents approximately 3.3 per cent of total Vote 8 expenditure over the MTEF period. The remaining 96.7 per cent, amounting to approximately R3.5 trillion over the medium term, consists of direct charges against the National Revenue Fund. This confirms that the overwhelming share of Vote 8 is made up of statutory or standing obligations rather than the Department’s direct operational spending.

Table 1: Vote 8 allocation by major component, 2026/27–2028/29

Component	2026/27 R million	2027/28 R million	2028/29 R million
Retained programme allocation	37 952.2	39 908.4	43 495.6
Provincial equitable share	670 322.7	698 625.7	720 409.3

Debt-service costs	432 448.7	451 449.8	469 321.2
General fuel levy sharing with metropolitan municipalities	17 530.0	18 229.6	18 796.2
National Revenue Fund payments	1 485.0	–	–
Auditor-General of South Africa	139.8	145.3	149.9
Public sector-related pension, post-retirement medical and other benefits	8 541.5	9 388.7	9 680.5
Total Vote 8 expenditure	1 168 419.9	1 217 747.5	1 261 852.5

- 4.2. In 2026/27, direct charges against the National Revenue Fund amount to R1.130 trillion. The largest component is the provincial equitable share, which is allocated R670.323 billion in 2026/27, rising to R698.626 billion in 2027/28 and R720.409 billion in 2028/29. Debt-service costs amount to R432.449 billion in 2026/27, R451.450 billion in 2027/28 and R469.321 billion in 2028/29. The general fuel levy sharing with metropolitan municipalities amounts to R17.530 billion in 2026/27, while public sector-related pension, post-retirement medical and other benefits amount to R8.542 billion.
- 4.3. Debt-service costs remain one of the most significant expenditure pressures under Vote 8. In 2026/27, debt-service costs of R432.449 billion exceed the entire retained programme allocation of National Treasury by more than eleven times. The 2026 Estimates of National Expenditure records that the cost to service debt is projected at 5.3 per cent of GDP in 2026/27, before remaining at 5.2 per cent of GDP in 2027/28 and 2028/29. Net loan debt is projected at 75.4 per cent of GDP in 2026/27, 75.6 per cent in 2027/28 and 75.3 per cent in 2028/29.

Table 2: National Treasury retained programme allocation, 2026/27–2028/29

Programme	2026/27 R million	2027/28 R million	2028/29 R million
Programme 1: Administration	644.8	760.9	816.5
Programme 2: Economic Policy and International Cooperation, Tax, Financial Regulation and Research	23 775.7	24 629.0	25 394.8

Programme 3: Public Finance and Budget Management	12 438.2	13 401.8	15 959.4
Programme 4: Asset and Liability Management	181.6	181.3	191.2
Programme 5: Financial Governance, Reporting and Supply Chain Management Systems	911.9	935.3	1 133.7
Total retained programme allocation	37 952.2	39 908.4	43 495.6

- 4.4. In terms of the retained programme allocation, Programme 2: Economic Policy and International Cooperation, Tax, Financial Regulation and Research receives the largest allocation, amounting to R23.776 billion in 2026/27, R24.629 billion in 2027/28 and R25.395 billion in 2028/29. This is followed by Programme 3: Public Finance and Budget Management, which receives R12.438 billion in 2026/27, R13.402 billion in 2027/28 and R15.959 billion in 2028/29. Together, these two programmes account for the bulk of National Treasury's retained allocation.
- 4.5. Programme 1: Administration receives R644.8 million in 2026/27, R760.9 million in 2027/28 and R816.5 million in 2028/29. Programme 4: Asset and Liability Management receives R181.6 million in 2026/27, R181.3 million in 2027/28 and R191.2 million in 2028/29. Programme 5: Financial Governance, Reporting and Supply Chain Management Systems receives R911.9 million in 2026/27, R935.3 million in 2027/28 and R1.134 billion in 2028/29.
- 4.6. In economic classification terms, current payments under Vote 8 amount to R435.931 billion in 2026/27, R455.241 billion in 2027/28 and R473.436 billion in 2028/29. This amount includes debt-service costs, which account for the largest portion of current payments. Compensation of employees within the Department amounts to R1.148 billion in 2026/27, R1.200 billion in 2027/28 and R1.238 billion in 2028/29. Goods and services amount to R2.335 billion in 2026/27, R2.591 billion in 2027/28 and R2.878 billion in 2028/29.
- 4.7. Transfers and subsidies amount to R730.053 billion in 2026/27, R761.515 billion in 2027/28 and R787.394 billion in 2028/29. These transfers include transfers to provinces and municipalities, departmental agencies and accounts, foreign governments and international organisations, public corporations and private enterprises, and households.

Transfers to provinces and municipalities account for the largest share, amounting to R698.098 billion in 2026/27.

- 4.8. The 2026 Estimates of National Expenditure records Cabinet-approved additional allocations of R20.8 billion over the MTEF period. These allocations are directed mainly to the provincial equitable share, including R14.8 billion for compensation of employees in provincial education and health sectors, R4 billion for goods and services shortfalls in the health sector, the early retirement programme and the presidential employment programme, and R341.7 million for equitable remuneration of Grade R teachers. A further R1.5 billion is allocated to the National Revenue Fund for payments for foreign exchange losses, while R184.2 million is allocated to the Development Bank of Southern Africa for specific infrastructure-related functions, including the Just Energy Transition Investment Plan project management office and the eThekweni non-revenue water project.
- 4.9. In relation to infrastructure and municipal service delivery, the Urban Development Financing Grant is allocated R31.6 billion over the MTEF period. The grant is intended to support city-led infrastructure projects, including informal settlement upgrading, maintenance and development of public spaces and assets, greening and cleanliness initiatives, community safety measures, environmental services and community tourism. It will also support the Metro Trading Services initiative, which aims to incentivise metropolitan municipalities to ring-fence revenue from electricity, water and sanitation services, improve billing and revenue collection, and invest in maintenance and infrastructure development.
- 4.10. The Smart Meters Indirect Grant is allocated R2.5 billion over the MTEF period to support municipalities in improving efficiency, billing accuracy and service delivery through the rollout of smart meter technology. The project commenced with 19 municipalities approved as part of phase 1, with 48 municipalities and 250 000 smart meters targeted by 2028/29.
- 4.11. The Neighbourhood Development Partnership Grant is being phased out over the MTEF period as part of the system-wide review of conditional grants aimed at identifying inefficiencies, duplications and overlaps. The 2026 Estimates of National Expenditure records that no funding will be allocated to the grant beyond the direct component of R757 million, which is intended to complete 40 ongoing infrastructure projects at various stages of development. An amount of R574.8 million is reprioritised from the Neighbourhood Development Partnership Programme to review and enhance the financial management

system, the national data exchange initiative known as MzansiXchange, the back-office system and projects carried out by the Office of the Chief Procurement Officer.

- 4.12. National Treasury will also continue supporting local government financial management through the Local Government Financial Management Grant. This grant is allocated R1.9 billion over the medium term and is intended to support municipalities in strengthening financial management, improving MFMA compliance, addressing weaknesses identified through the financial management capability maturity model, and implementing the municipal standard chart of accounts. The 2026 Estimates of National Expenditure records that 257 municipalities are targeted to receive support through these reforms.
- 4.13. In relation to public procurement reform, the Office of the Chief Procurement Officer is allocated R289 million over the MTEF period to support the rollout of automated procurement systems, transversal contracts, professionalisation of supply chain management, compliance monitoring and improved procurement expenditure reporting. National Treasury has also allocated R50.3 million in 2026/27, R29.6 million in 2027/28 and R18.9 million in 2028/29 for the implementation of a national electronic government procurement system to support compliance with the Public Procurement Act, 2024, and consolidate procurement systems across all spheres of government into a single platform.
- 4.14. In respect of financial management systems, the Department has adopted a phased approach to modernising transversal systems, beginning with the PERSAL government payroll system. Selected services, such as employee onboarding, will be implemented gradually, with completion planned by 2028/29. National Treasury has also made R11 million available over the medium term to implement a government-wide data exchange, with 40 government databases planned to be piloted by 2028/29.
- 4.15. The Vote allocation provides the financial framework within which National Treasury is expected to implement its 2026/27 Annual Performance Plan and medium-term priorities. The detailed APP outputs, programme targets and implementation commitments are addressed in the next section of this report.

5. NATIONAL TREASURY 2026/27 ANNUAL PERFORMANCE PLAN

- 5.1. National Treasury presented its 2025–2030 Strategic Plan impact statement as “sustainable public finances that contribute to inclusive economic growth”. The Strategic Plan outcomes are organised around sustainable public finances, coherent economic policy, sound financial controls and management of public finances, and increased public

infrastructure investment. These outcomes frame the Department's 2026/27 Annual Performance Plan targets and the work of its five programmes.

- 5.2. National Treasury explained that its planning ecosystem links the Medium-Term Development Plan, Strategic Plan, Annual Performance Plan, Divisional Operational Plans and Chief Directorate Operational Plans. The Department indicated that the Chief Directorate Operational Plan had been introduced to bring planning closer to delivery points and to link organisational performance more directly to the performance of senior managers.
- 5.3. The Department's programme structure consists of Programme 1: Administration; Programme 2: Economic Policy and International Cooperation, Tax, Financial Regulation and Research; Programme 3: Public Finance and Budget Management; Programme 4: Asset and Liability Management; and Programme 5: Financial Governance, Reporting and Supply Chain Management Systems. The presentation further indicated that the Office of the General Counsel has been established under Programme 1, Programme 2 has been restructured to include Economic Policy and International Cooperation as well as Tax and Financial Sector Policy, Programme 3 includes Public Finance, the Budget Office and Intergovernmental Relations, Programme 4 deals with Asset and Liability Management, and Programme 5 comprises the Office of the Accountant-General and the Office of the Chief Procurement Officer.
- 5.4. Programme 1 provides strategic leadership, management and support services to the Department. For 2026/27, National Treasury reported that it will monitor the efficiency of information and communications technology by producing four reports on the implementation of the Corporate Governance of ICT framework. It will also produce four progress reports on the implementation of the audit action plan to ensure the usefulness and reliability of reported performance information.
- 5.5. The Department also reported that it will produce two reports on the implementation of the Business Continuity Management Plan, pilot the Data Exchange Platform, implement two management and leadership development programmes, and produce four quarterly progress reports on the implementation of the action plan on mainstreaming women, youth and persons with disabilities.
- 5.6. During the presentation, National Treasury indicated that ICT is a critical backbone of the Department's enabling environment. It further indicated that business continuity remains important in view of cyber-attacks and the need to ensure that critical Treasury functions

continue without interruption. The Department also informed the Committee that the Data Exchange Platform, referred to as MzansiXChange, is one of the key priority initiatives that it intends to present to the Committee in more detail at a later stage.

- 5.7. National Treasury also reported that it had initiated a management and leadership development programme in partnership with Stellenbosch University. The programme is intended to ensure that officials who are technically skilled are also equipped as effective managers. It includes components on introductory management, middle management, senior management, negotiation in management positions and women in leadership.
- 5.8. Programme 2 provides specialist policy research, analysis and advisory services in the areas of macroeconomics, microeconomics, the financial sector, taxation and regulatory reform. It also advocates for South Africa's financial, economic and developmental interests in regional and global forums. In addition, it provides for the efficient transfer of funds to SARS for the administration of an efficient tax system and tax education, and to the Financial Intelligence Centre and State Security Agency to enhance the state's ability to combat financial crime, including money laundering and terrorist financing.
- 5.9. For 2026/27, National Treasury indicated that Programme 2 will complete eight research papers, submit financial sector legislation to Cabinet, submit tax legislation to Parliament, develop four economic forecasts to support policy-making, produce eight economic policy analysis reports, and produce three analysis reports on South Africa's engagements in regional and global forums.
- 5.10. National Treasury informed the Committee that Programme 2 is now known internally as EPIC, covering Economic Policy and International Cooperation, Tax, Financial Regulation and Research. The Department also indicated that SA-TIED remains an important initiative and that it intends to return to the Committee with a focused presentation on this and other key priority initiatives.
- 5.11. Programme 3 provides analysis and advice on fiscal policy, public finances, intergovernmental financial relations, expenditure planning and expenditure priorities. It manages the annual budget process, provides public finance management support, facilitates high-impact government initiatives, including employment creation and infrastructure planning and delivery, and supports the effective administration of pensions, retirement and other benefits.
- 5.12. For 2026/27, Programme 3 includes targets to maintain a primary budget surplus, publish a municipal guide for disaster insurance, update the education component of the provincial

- equitable share formula, complete phase 2 of the review of the local government fiscal framework, gazette revised Public-Private Partnership Regulations, review 100 per cent of infrastructure plans, complete a report on the financial affordability of the social security system, and respond to 100 per cent of requests to prepare mandatory financial recovery plans within 90 days from the date of submission of the status quo assessment.
- 5.13. National Treasury further reported that Programme 3 will submit amendments to the Municipal Finance Management Act to Cabinet, produce 100 per cent of functional budget group reports, and submit four quarterly expenditure reports to the Standing Committee on Appropriations.
- 5.14. During the presentation, National Treasury indicated that local government reform is a key area of focus under Programme 3. It explained that the Department will complete phase 2 of the review of the local government fiscal framework and revise the Public-Private Partnership Regulations. It further stated that the infrastructure planning work and the establishment of Infrastructure South Africa would be presented to the Committee separately as part of the Department's priority initiatives.
- 5.15. National Treasury also indicated that mandatory financial recovery plans require inputs from municipalities receiving assistance, and that this can be challenging because the municipalities concerned are often already in financial distress. This highlights the importance of coordination, timely information and support where municipalities require intervention under the local government fiscal and financial management framework.
- 5.16. Programme 4 manages government's annual funding programme in a manner that ensures prudent cash management and an optimal portfolio of debt and other fiscal obligations. It also promotes and enforces prudent financial management of state-owned entities through financial analysis and oversight.
- 5.17. For 2026/27, National Treasury indicated that Programme 4 will review 100 per cent of complete corporate plans received from Schedule 2 and 3B public entities and annual performance plans received from Schedule 3A public entities reporting to the Minister of Finance. It will also review 100 per cent of annual reports received from these entities, review 100 per cent of complete guarantee applications received from Schedule 2 and 3B public entities, and meet 100 per cent of the annual gross borrowing requirement in compliance with the risk benchmarks.
- 5.18. During the presentation, National Treasury indicated that Programme 4 will continue its work in relation to oversight of Schedule 2, 3A and 3B public entities, guarantee

applications and the annual gross borrowing requirement. This work remains closely linked to fiscal risk management, state-owned company oversight and the credibility of government's borrowing programme.

- 5.19. Programme 5 promotes sound financial governance and accountability across all spheres of government by setting and enforcing norms and standards for the transparent, economic, efficient and effective management of public resources. It includes the Office of the Accountant-General and the Office of the Chief Procurement Officer.
- 5.20. National Treasury reported that Programme 5 will submit amendments to the Public Finance Management Act to Cabinet, complete phase 1 of PERSAL modernisation, publish the draft Supply Chain Management Professionalisation Framework, complete the end-to-end tendering solution, implement 26 transversal term contracts, and gazette regulations to the Public Procurement Act.
- 5.21. The Department indicated that modernisation and automation of the e-tender process is intended not only to automate procurement, but also to strengthen transparency across the procurement system in all three spheres of government. National Treasury further indicated that procurement information is being published on its website to assist civil society, citizens and the media to play an accountability role.
- 5.22. National Treasury also indicated that transversal systems modernisation and digital government initiatives will form part of the priority matters to be presented separately to the Committee. These initiatives are linked to the broader modernisation of public financial management systems and the improvement of transparency, accountability and efficiency in public administration.
- 5.23. National Treasury reported that it spent approximately R33 billion in 2025/26, representing 98 per cent execution of its final budget of approximately R33.8 billion. The unspent amount of approximately R800 million consisted mainly of R520 million in advances paid to entities that would only be recognised as expenditure once the entities met the expenditure recognition criteria, R144 million earmarked for rollover mainly due to delays linked to office relocation expenditure, and R133 million to be returned to the fiscus.
- 5.24. The Department indicated that the 2026/27 baseline budget funding the APP increases by approximately 12 per cent, or R4.1 billion, compared with the 2025/26 final budget. The increase is mainly driven by Programme 3: Public Finance and Budget Management, particularly the Metro Trading Services initiative. Over the medium term, the budget increases at an average of approximately 6 per cent, driven by compensation of employees,

operational costs, continued investment in infrastructure support, and modernisation of financial management and procurement services.

- 5.25. National Treasury further reported that, in terms of the 2026/27 budget's economic classification, transfers and subsidies account for the largest share at 88.3 per cent, followed by goods and services at 6.2 per cent, compensation of employees, payments for financial assets and payments for capital assets. The Department explained that this reflects the nature of National Treasury's mandate, which is executed substantially through transfers and system-wide interventions, including ICT-enabled government-wide services and reforms.
- 5.26. National Treasury indicated that it intends to request further engagements with the Committee on key priority initiatives. These include MzansiXchange, SA-TIED, Infrastructure South Africa, transversal systems modernisation, PERSAL modernisation and digital government initiatives. These areas are linked to the Department's broader objectives of improving data use, strengthening evidence-based policy, modernising public financial management systems, supporting infrastructure delivery and improving the efficiency of government operations.

6. SOUTH AFRICAN REVENUE SERVICE 2026/27 ANNUAL PERFORMANCE PLAN

- 6.1. The South African Revenue Service briefed the Committee on its 2026/27 Annual Performance Plan on 13 May 2026. The SARS Commissioner, Dr Johnstone Makhubu, led the presentation and indicated that this was his first presentation to the Committee as Commissioner. He described SARS as an organisation in transition following the departure of the previous Commissioner, and stated that the 2026/27 APP represents the first year of implementation under SARS Vision 2030.
- 6.2. SARS indicated that the purpose of the presentation was to outline its strategic priorities, performance targets and indicators for the 2026/27 financial year, and to account to the Committee on its work as South Africa's tax and customs administration. SARS also acknowledged the Committee's oversight work, including the joint oversight visit by the Standing Committee on Finance and the Standing Committee on Appropriations to SARS on 30 April 2026, as well as previous oversight visits to ports of entry.
- 6.3. SARS reported that it had reviewed parliamentary engagements and questions received over the previous 12 months and identified recurring oversight themes that would inform its work. These included illicit trade and contraband enforcement; border controls,

inspection capacity and enforcement tools; revenue leakage, tax compliance gaps and recovery of unpaid taxes; governance and accountability; risk management and targeting methodologies; data transparency and inter-agency coordination; procurement and expenditure scrutiny; cybersecurity; unintended consequences of excise policy; and sector-specific compliance blind spots, including the informal economy and the taxi industry. SARS stated that it had no outstanding responses to parliamentary questions at the time of the briefing.

- 6.4. SARS' strategic direction is anchored in Vision 2030, which seeks to build a smart, modern SARS with unquestionable integrity that is trusted and admired. Its strategic intent is to promote a tax and customs system based on voluntary compliance by providing clarity and certainty, making it easy for taxpayers and traders to comply, and making non-compliance hard and costly. The Commissioner indicated that continuity and stability would be prioritised during his tenure, while SARS moves from strategic clarity to disciplined execution.
- 6.5. SARS reported that since 1994, net revenue collections had exceeded R25 trillion, while the tax register had grown from 2.7 million taxpayers contributing R114 billion in 1994/95 to 34.8 million taxpayers contributing R2.010 trillion in 2025/26. SARS further reported that it achieved 19 of 20 key results in 2025/26, representing a 95 per cent achievement rate. The only unmet key result related to Employment Equity Plan targets.
- 6.6. SARS indicated that its operating environment remains complex and demanding. Key challenges include rapid digitalisation and the rise of artificial intelligence, an ageing workforce and loss of institutional knowledge, increasing tax debt, a growing tax gap, persistent non-compliance, cross-border tax and financial crime, funding constraints, cybersecurity threats and pressure on scarce and critical skills. SARS indicated that these challenges make revenue collection, trade facilitation and compliance more complex.
- 6.7. SARS' 2026/27 performance framework includes a target to collect 100 per cent of net revenue estimates as agreed with the Minister of Finance. It also targets a Voluntary Compliance Index of 67.00 per cent, a Trade Facilitation Index of 74.00 per cent, five-year average tax buoyancy of at least 1.00, and the development and approval of an Illicit Economy Strategic Plan during the 2026/27 financial year.
- 6.8. In relation to service delivery and institutional performance, SARS targets a Service Charter Index of 89.00 per cent in 2026/27, increasing to 90.00 per cent from 2027/28 onwards. The APP also includes an Employee Engagement Index target of 70.00 per cent

and Employment Equity Plan targets of 83.50 per cent for racial equity, 51.10 per cent for gender equity and 2.12 per cent for disability equity.

- 6.9. SARS further targets a Leadership Evaluation Index score of 87.07 per cent, migration of 48.00 per cent of activities into the case management system, an unqualified audit opinion with no material findings, 99.00 per cent planned availability for mission-critical systems, nil information security breaches on digital platforms from known risks, and 12 engagements with key stakeholder groups. The SARS modernisation programme has a 2026/27 target of delivering 90.00 per cent of milestones under the approved modernisation delivery plan.
- 6.10. SARS indicated that modernisation remains central to its strategy. Its modernisation agenda includes the development of an intelligent digital tax administration platform embedded with data science and artificial intelligence, a future digital identity for secure platform access, biometric and two-factor authentication, improved data accuracy, and a single view of the taxpayer or trader. SARS linked this modernisation programme to improved voluntary compliance, better service delivery, stronger enforcement capability and protection of taxpayer information.
- 6.11. SARS identified funding constraints as a continuing challenge. The Commissioner indicated that although SARS had made progress in critical areas, there was still much to be achieved and funding pressures persisted. SARS linked its resource needs to digital platforms, data analytics, artificial intelligence, cybersecurity, scarce skills, case management, service channels and customs enforcement capability.
- 6.12. SARS indicated that the Strategic Plan for Vision 2030 must respond to changes in the operating environment as they arise. The presentation therefore included amendments to the current strategic plan as part of the 2026/27 APP briefing. The Commissioner indicated that the period ahead requires a movement from strategic clarity to disciplined execution, while protecting the gains made in the rebuilding of SARS and accelerating the modernisation agenda.
- 6.13. The SARS APP and presentation position the 2026/27 financial year as a period of continuity, stabilisation and execution under new leadership. The main priorities are sustaining revenue collection, increasing voluntary compliance, improving the taxpayer and trader experience, strengthening customs and enforcement capability, addressing illicit trade and tax non-compliance, modernising digital platforms, improving integrity and governance, and building a capable workforce to deliver SARS' Vision 2030.

7. ENTITIES FUNDED THROUGH VOTE 8 TRANSFERS

7.1. The Minister of Finance tabled the annual performance plans and related planning documents of several institutions on 30 March 2026, including the Accounting Standards Board, Government Technical Advisory Centre, Government Pensions Administration Agency, Office of the Tax Ombud, Financial Intelligence Centre and Independent Regulatory Board for Auditors. These documents were referred to the Standing Committee on Finance for parliamentary scrutiny. The 2026 Estimates of National Expenditure also records Vote 8 transfers to several of these institutions, including the Office of the Tax Ombud, the Financial Intelligence Centre, the Financial and Fiscal Commission, GTAC, the Accounting Standards Board and the Independent Regulatory Board for Auditors.

Office of the Tax Ombud

- 7.2. The Office of the Tax Ombud is established under the Tax Administration Act and is mandated to review and address taxpayer complaints relating to service, procedural or administrative matters arising from SARS' administration of tax legislation. It also deals with systemic and emerging issues where approved by the Minister of Finance. The OTO remains structurally linked to SARS, while exercising its complaint-handling mandate independently.
- 7.3. The OTO's 2026/27 APP is organised around three programmes, namely Tax System Impact and Improvement, Taxpayer Services and Empowerment, and Excellence and Innovation. These programmes are intended to strengthen taxpayer trust and confidence in tax administration by improving complaint resolution, addressing systemic tax administration problems, expanding taxpayer education and access, and improving the OTO's internal governance, innovation and organisational capability.
- 7.4. The OTO's 2026/27 presentation identified the strengthening of institutional independence as a strategic focus area. It also stated that the OTO remains structurally dependent on SARS for support functions such as procurement, information technology, human resources and security. Its 2026/27 target is to review and evaluate taxpayer complaints within an average of seven business days, improving to six days in 2027/28 and five days in 2028/29. The OTO also indicated that SARS should resolve complaints referred by the OTO within an average of 30 business days in 2026/27 and 2027/28, improving to 25 business days in 2028/29.

- 7.5. The OTO further reported that it aims to identify and investigate 100 per cent of possible systemic issues within five months, complete Minister-approved systemic investigations within 12 months, and remove two existing systemic issues from the SARS register after implementation each year. Its medium-term budget amounts to R58.202 million in 2026/27, R60.525 million in 2027/28 and R62.406 million in 2028/29. Employee costs remain the main cost driver and represent approximately 83 per cent of total costs, while the remaining expenditure is directed mainly to information technology, advertising, community outreach and awareness programmes.

Financial Intelligence Centre

- 7.6. The Financial Intelligence Centre is established under the Financial Intelligence Centre Act, 2001, and serves as South Africa's national centre for the collection, analysis and dissemination of financial intelligence. Its mandate includes identifying the proceeds of unlawful activities, supporting the detection of money laundering, terrorist financing and proliferation financing, exchanging information with law enforcement and other competent authorities, and supervising and enforcing compliance with the FIC Act. The FIC also supports the production of forensic evidence relating to the flow of financial transactions, although it does not conduct criminal investigations.
- 7.7. The FIC's mandate has expanded through recent AML/CFT/CPF legislative reforms, including the General Laws Amendment Act, 2022, the Protection of Constitutional Democracy Against Terrorist and Related Activities Amendment Act, 2022, and amendments to the schedules to the FIC Act. These reforms expanded the FIC's role in forensic evidence, supervision of non-financial accountable institutions and new categories such as crypto asset service providers, information-sharing, and new regulatory reporting streams.
- 7.8. The FIC APP is structured around four strategic outcomes: effective supervision of compliance with the FIC Act; consistent production and utilisation of financial intelligence reports and services; continuous improvement in the effectiveness of legal and institutional AML/CFT/CPF frameworks; and good corporate governance supported by an efficient operating environment. Its strategic priorities include upscaling the Shared Forensic Capability, strengthening risk-based supervision in line with FATF requirements, expanding financial intelligence products and partnerships, and investing in technology to support its expanded mandate.

- 7.9. Under Compliance and Prevention, the FIC's 2026/27 targets include 52 risk and compliance awareness initiatives, 180 risk-based compliance review reports, 180 risk-assessed RMCP analyses, 500 risk-based inspection reports, and a 100 per cent success rate for matters referred for administrative sanctions. The APP explains that the inspection target remains at 500 over the MTEF because inspections are now more intensive, risk-based, FATF-aligned and focused on higher-risk institutions, while capacity remains constrained.
- 7.10. Under Monitoring and Analysis, the FIC targets 105 proactive high-priority financial intelligence reports, 850 proactive medium- to lower-priority financial intelligence reports, 100 per cent response to reactive requests subject to an annual maximum of 2 000, 75 elevated financial intelligence reports on illicit financial flows, and 10 targeted strategic intelligence reports. These outputs support law enforcement agencies, intelligence services, SARS and other authorised authorities in tracing financial flows linked to organised crime, corruption, tax evasion, money laundering and terrorist financing.
- 7.11. The APP also records continued investment in the Line of Business Modernisation Programme and Shared Forensic Capability-related systems, including big data analytics, e-discovery, follow-the-funds capability, data storage, information sharing, goAML upgrades, targeted financial sanctions and additional reporting capability. The APP records active project funding of R43.180 million and indicates that the FIC approached the Criminal Assets Recovery Account for approximately R94 million over the next three to four years to fund the remaining capital expenditure requirements.
- 7.12. The FIC's expenditure is expected to increase from R509.4 million in 2025/26 to R528.2 million in 2026/27, R549.2 million in 2027/28 and R564.2 million in 2028/29. Compensation of employees accounts for an estimated 68.5 per cent of total expenditure over the medium term. In 2026/27, R289.0 million is allocated to the delivery of intelligence on financial crimes and regulatory services, R115.3 million to Administration, and R123.8 million to enablement of financial intelligence regulatory capabilities.
- 7.13. The FIC APP records a 2026/27 target of 500 risk-based inspection reports, while the 2026 Estimates of National Expenditure records 600. The APP also records 75 elevated financial intelligence reports on illicit financial flows, while the ENE records 50. These differences are addressed in the Committee's observations and recommendations.

Accounting Standards Board

- 7.14. The Accounting Standards Board is responsible for developing uniform Standards of Generally Recognised Accounting Practice for the public sector. The ASB's mandate derives from section 216(1)(a) of the Constitution and the Public Finance Management Act. Its work supports transparent, comparable and credible public sector financial reporting, which assists Parliament, legislatures, auditors, preparers and users of financial statements to assess how public resources are managed.
- 7.15. The ASB's 2026/27 APP records that its work includes developing Standards of GRAP, conducting research to ensure that Standards of GRAP respond to broader financial reporting needs, influencing the development of international standards, issuing guidance and FAQs, engaging stakeholders through accounting forums, publishing articles and Board highlights, and maintaining clean administration. The ASB's 2026/27 targets include issuing 80 per cent of approved draft or final pronouncements identified in the quarterly work programme, completing 80 per cent of reviews and research reports according to the quarterly work programme, attending relevant IPSASB and Financial Reporting Standards Council meetings, issuing FAQs within approved timeframes, and achieving an unqualified audit with no findings.
- 7.16. The ASB's Vote 8 transfer allocation for 2026/27 is R17.115 million, increasing to R17.759 million in 2027/28 and R18.280 million in 2028/29. The ASB APP notes that the institution operates with limited resources. It records that education material aimed at users of financial statements was expected to be completed by March 2026 and socialised during 2026/27. It also records that the current staff complement is insufficient to fully deliver on all activities, and that an additional standard-setting staff member would assist in assessing the impact of international standards before convergence work commences. The APP further highlights potential legal risks where the ASB may be joined in litigation involving disputes between auditors and auditees.

Independent Regulatory Board for Auditors

- 7.17. The Independent Regulatory Board for Auditors is a Schedule 3A public entity established under the Auditing Profession Act. It regulates the auditing profession in the public interest through registration and licensing of auditors, inspections, investigations, disciplinary processes, standard-setting and the promotion of audit quality. The IRBA is both the audit standard setter and audit regulator in South Africa and is recognised internationally as an independent audit regulator.

- 7.18. The IRBA's 2026–2030 strategy is focused on a thriving and attractive audit profession, impactful stakeholder collaboration, and organisational development, including transformation, skills retention, digital transformation and financial sustainability. Its 2026/27 APP includes performance areas relating to education and transformation, auditing and ethics standards, inspections, investigations, disciplinary processes and operational effectiveness.
- 7.19. The IRBA reported that it achieved 9 out of 10 performance objectives by 31 March 2026, with the only unmet target relating to investigations due to unexpected delays in finalising some investigation matters. It reported 3 392 registered auditors and 159 registered candidate auditors at year-end, 111 risk-based inspections conducted in 2025/26, 73 investigations completed, 6 disciplinary hearings completed, and 629 reportable irregularity reports received. The IRBA presentation also recorded an annual budget for the 2026 financial year consisting of a R45.5 million government grant, representing 22 per cent, and R172.4 million from subscriptions and levies from registered auditors, representing 78 per cent.
- 7.20. For 2026/27, the IRBA APP targets 119 planned inspections per annum. The IRBA also reported that it became the first African regulator, and among the first ten globally, to adopt ISSA 5000 and Part 5 of the Code of Professional Conduct for Sustainability Assurance Providers. It further reported participation in the CIPC Sustainability Adoption Readiness Working Group, approval of its revised regulatory strategy by the Minister in March 2026, approval of its 2026/27 APP and break-even budget by the Board and National Treasury, and the conclusion of the VBS Malaba case, which it described as bringing to a close state capture-related cases involving auditors.

Government Technical Advisory Centre

- 7.21. The Government Technical Advisory Centre provides technical and advisory support to organs of state. Its mandate includes public finance advisory services, specialised procurement support, infrastructure feasibility advice, policy costing, economic analysis, actuarial advice, programme management, knowledge management and support to improve the efficiency, effectiveness and transparency of public expenditure. GTAC's 2026/27 APP indicates that the organisation's focus has shifted from transition to consolidation and delivery, following the transfer of infrastructure-related functions such

as the Capital Projects Appraisal Unit and the Transaction Advisory Services and PPP Unit to the Infrastructure Finance and Implementation Support Programme at the DBSA.

- 7.22. GTAC presented a hub-based operating model organised around three service delivery areas: the Business Support Hub, the Consulting Hub and the Programme Management Hub. The model is intended to consolidate expertise and improve responsiveness to government institutions requiring technical advisory services, programme management support, procurement support, financial management support, human capital management support, strategy, communications, legal advice, knowledge management, partnerships and information technology support.
- 7.23. GTAC's 2026/27 APP includes five-year outcome indicators relating to client satisfaction with business support services, client use of GTAC information in decision-making, and increased programme management clients. Its APP includes targets that 100 per cent of approved consulting projects should be completed within agreed timeframes and 100 per cent within agreed budget. The Programme Management Hub includes indicators relating to recruitment requests, project and programme management, monitoring and evaluation and support to complex government initiatives.
- 7.24. GTAC's revenue and expenditure framework reflects its mixed funding model. The APP records that GTAC derives revenue from multiple sources, including grants, external funding and smaller income streams. Total revenue is projected to decrease from R257.9 million in 2025/26 to R248.2 million in 2027/28, mainly due to the ending of the Municipal Finance Improvement Programme contract and the transfer of the CPAU and PPP functions to the DBSA. Expenditure is aligned to revenue, with R148 million, or 57 per cent, earmarked for salaries and wages in 2025/26 and R107.7 million, or 43 per cent, aligned to goods and services. The APP records that R82.8 million, or 77 per cent of the goods and services budget, is allocated to demand-service projects recoverable through the cost-recovery model.
- 7.25. GTAC also identified digital transformation of internal business processes as a priority, particularly automating leave systems, performance management and procurement workflows. Recruitment remains a challenge. The Programme Management Hub has an indicator that 60 per cent of recruitment requests should be completed within Public Service Regulations standards in 2026/27, increasing to 70 per cent by 2028/29. During deliberations, Members raised concerns about long-standing acting appointments at

executive level and the need for permanent appointments to stabilise institutional leadership.

Government Pensions Administration Agency

- 7.26. The Government Pensions Administration Agency was established as a government component in terms of section 7A(4) of the Public Service Act, 1994, with effect from 1 April 2010. Its mandate is to provide administration services to the Government Employees Pension Fund, the Department of Military Veterans and National Treasury. Its work is central to benefit administration, member and contribution management, pensioner services, death benefits, contribution reconciliation, unclaimed benefits, data cleansing and the modernisation of pension administration systems.
- 7.27. The GPAA's APP is structured around two programmes: Programme 1: Support Services and Programme 2: Benefits Administration. Programme 1 focuses on optimal benefits administration support, while Programme 2 focuses on efficient member and contribution management, improved benefits payment turnaround times within set timeframes, and efficient client service management. The GPAA's impact statement is directed at a customer and client base that is satisfied, served, valued, dignified, cared for and empowered.
- 7.28. The GPAA reported that its approved organisational structure contains 1 244 positions. As at March 2026, 991 positions were filled and 253 were vacant. It identified reducing unclaimed benefits, modernising the environment, reducing internal and external turnaround times, meeting and exceeding customer expectations, data cleansing, increasing customer reach channels and the possible transfer of the administration function to the GEPPF as strategic priorities for the next five years.
- 7.29. Programme 1: Support Services has a 2026/27 budget of R1.158 billion. Its targets include maintaining employees with disabilities at 3 per cent, female employees at 51 per cent and black employees at 91 per cent; directing 40 per cent of total preferential procurement spend to women-owned businesses; paying 100 per cent of valid invoices within 30 days; paying 50 per cent of all amounts in unclaimed benefits, excluding interest; reaching 72 per cent of clients through digital communication channels; maintaining ICT system availability at 97 per cent; and digitising 50 per cent of funeral benefit submissions by the end of 2026/27.

- 7.30. Programme 2: Benefits Administration includes sub-programmes dealing with special, military and other benefits administered on behalf of National Treasury, Military Veterans pensions, and GEPF-related benefits. The GPAA targets include 99 per cent of National Treasury members with duly completed documents admitted within 14 working days, 99 per cent of National Treasury client records maintained within 15 working days, 90 per cent of National Treasury death benefits with duly completed documents paid within 60 working days, 92 per cent of National Treasury benefits excluding death benefits paid within 20 working days, 80 per cent of Department of Military Veterans death benefits paid within 60 working days, and 82 per cent of Department of Military Veterans benefits excluding death benefits paid within 30 working days.
- 7.31. The GPAA also reported significant operational pressure arising from implementation of the two-pot retirement system. Its APP records that from 1 September 2024 to 31 December 2025, the GPAA received 1 014 224 two-pot claims, of which 1 007 721 had been paid. This indicates the scale of system, staffing and service-delivery demands placed on the GPAA in addition to its ordinary pension administration functions.

Financial and Fiscal Commission

- 7.32. The Financial and Fiscal Commission is a constitutional institution established in terms of section 220 of the Constitution. It operates as an independent and impartial advisory institution to Parliament, provincial legislatures, organised local government and other organs of state. Its primary function is to provide recommendations on the equitable division of revenue among the three spheres of government and on broader financial and fiscal matters affecting intergovernmental relations.
- 7.33. Although the FFC does not report to the Minister of Finance in the same manner as public entities within the finance portfolio, it receives funding through Vote 8. The 2026 Estimates of National Expenditure provides for transfers to the FFC of R65.509 million in 2026/27, R68.124 million in 2027/28 and R70.241 million in 2028/29. Accordingly, the FFC is included in this section for completeness in relation to Vote 8 funding, while recognising its distinct constitutional status and direct accountability to Parliament.
- 7.34. The FFC's 2026/27 APP records two institutional programmes: Administration and Research. Programme 1 focuses on institutional effectiveness, including approval of a records management policy, revision of the Supply Chain Management Policy to align with the Public Procurement Act, internal audit reports, risk management reports, PFMA

compliance, procurement management reports and Commission Lekgotla engagements. Programme 2 focuses on research outputs, including the annual Division of Revenue recommendations, a research paper on the Division of Revenue, at least 10 policy briefs, submissions on the MTBPS, Division of Revenue Bill and Appropriation Bill, at least 20 research engagements and two special research papers on current financial and fiscal affairs.

- 7.35. The FFC's APP records that its 2026/27 Submission for the Division of Revenue is framed around the theme of "Sustainable development across the three fiscal spheres". The APP further highlights the FFC's concern with weak economic growth, rising debt-service costs, fiscal sustainability, expenditure efficiency, debt transparency and the role of Parliament in overseeing revenue, expenditure and debt-related decisions.

8. SELF-FINANCING AND LEVY-FUNDED ENTITIES

- 8.1. In addition to institutions funded through direct Vote 8 transfers, the Finance Portfolio includes entities that are self-financing, levy-funded or funded mainly through own revenue. These institutions do not all depend on direct appropriations from the National Revenue Fund in the same manner as Vote-funded entities. However, they remain within the Committee's oversight environment because they report to the Minister of Finance, perform statutory public mandates, regulate the financial sector, manage public or policy-significant funds, administer financial sector dispute-resolution mechanisms, or carry fiscal, governance or systemic risk implications.

Financial Sector Conduct Authority

- 8.2. The Financial Sector Conduct Authority is the dedicated market conduct regulator within the Twin Peaks regulatory framework. It was established in 2018 under the Financial Sector Regulation Act, 2017, and is responsible for enhancing and supporting the efficiency and integrity of the financial system, promoting fair treatment of financial customers by financial institutions, providing financial education, promoting financial literacy and assisting in maintaining financial stability. The FSCA presentation indicated that the Authority regulates a broad range of financial sector institutions, including banks, insurers, micro-insurers, retirement funds, financial services providers, crypto asset service providers, collective investment schemes, exchanges, over-the-counter derivative providers and other market participants.

- 8.3. The FSCA's 2026/27 planning framework is linked to its 2025–2030 Strategic Plan, its 2026/27 Annual Performance Plan, its funding and budget framework, and its readiness for implementation of the Conduct of Financial Institutions Bill. The FSCA's integrated strategic framework is structured around five strategic objectives: improving industry practices to achieve fair outcomes for financial customers; acting against misconduct to support integrity and confidence in the financial sector; promoting the development of an innovative, inclusive and sustainable financial system; empowering households and small businesses to be financially resilient; and accelerating the transformation of the FSCA into a socially responsible, efficient and responsive organisation.
- 8.4. For the 2026/27 financial year, the FSCA's annual targets include publication of an abbreviated version of the three-year rolling market conduct regulation plan and 85 per cent implementation of that plan; approval of the combined risk-based market conduct supervisory plan and 85 per cent implementation of the plan; approval and implementation of the COFI Bill readiness roadmap; publication of an abbreviated version of the three-year rolling market integrity regulation plan and 80 per cent implementation of that plan; approval of the combined risk-based market integrity supervisory plan; execution of 90 per cent of administrative sanctions; completion of 75 per cent of cases or investigations within required timeframes; publication of the Regulatory Actions Report; and rollout of the annual enforcement roadshow with industry.
- 8.5. In relation to financial education, transformation and organisational performance, the FSCA targets publication of the Retirement Fund Statistical Report, including transformation and environmental, social and governance or sustainable finance statistics; approval of the Capacity Building and Compliance Support Strategy; publication of an abbreviated version of the three-year rolling Financial Education Plan; 82 per cent achievement of the targets in that plan; implementation of the National Financial Literacy Speech Competition for Grade 11 learners; and implementation of the Money Smart Week initiative in collaboration with the National Consumer Financial Education Committee. The FSCA also targets maintaining an unqualified AGSA audit opinion, collecting 98 per cent of levies invoiced, paying 100 per cent of valid supplier invoices within 30 days, submitting its integrated annual report to National Treasury within the prescribed timeline, achieving employment equity quarterly targets, maintaining an 80 per cent employee engagement score, holding four Commissioner stakeholder engagements, holding four

media roundtables, publishing four thought leadership pieces and hosting the FSCA Annual Industry Conference.

- 8.6. The FSCA is funded primarily through levies imposed on regulated entities within the financial sector. Its 2026/27 budget reflects revenue of R1.218 billion and expenditure of R1.236 billion, resulting in a projected shortfall of R17.445 million to be funded from cash reserves. Levies remain the main source of revenue, increasing from R1.014 billion in the previous budget to R1.141 billion in 2026/27. Interest received is budgeted at R44.539 million, while fees are budgeted at R32.823 million. On the expenditure side, staff expenses are budgeted at R879.303 million and general expenses at R356.748 million. The presentation further projects revenue of R1.294 billion and expenditure of R1.285 billion in 2027/28, and revenue of R1.360 billion and expenditure of R1.379 billion in 2028/29.
- 8.7. The FSCA also briefed the Committee on its readiness for the Conduct of Financial Institutions Bill. The presentation stated that the COFI Bill is intended to give legislative effect to South Africa's market conduct policy framework under Twin Peaks, establish a single comprehensive market conduct law, introduce an outcomes- and principles-based regulatory approach, and strengthen customer protection, financial inclusion, transformation, competition and innovation. The FSCA indicated that development of the COFI readiness roadmap was under way and that the transition to the COFI framework would require conduct standards, alignment of supervisory approaches, licensing conversion processes, operational effort, systems support, upskilling and additional short- to medium-term expenditure.

Ombud Council

- 8.8. The Ombud Council is established under the Financial Sector Regulation Act, 2017, to assist in ensuring that financial customers have access to, and are able to use, affordable, effective, independent and fair dispute-resolution processes for complaints against financial institutions. Its statutory functions include monitoring the performance of financial ombud schemes, recognising industry ombud schemes, approving governing rules, promoting cooperation and coordination between ombud schemes, resolving jurisdictional overlaps, and promoting awareness of ombud schemes and their role. The Ombud Council has regulatory, supervisory and enforcement powers over ombuds and ombud schemes.

- 8.9. The Ombud Council oversees statutory ombud schemes, including the Office of the Ombud for Financial Services Providers and the Office of the Pension Funds Adjudicator, as well as recognised industry ombud schemes such as the National Financial Ombud Scheme and the JSE Ombud Scheme. Its work is situated within the broader financial consumer protection framework, but its role is distinct from that of the FSCA and NCR because it does not deal directly with complaints against financial institutions or act as an appeal body on the merits of ombud decisions.
- 8.10. The Ombud Council's 2026/27 Annual Performance Plan is organised around three strategic work programmes: Administration, Consumer Awareness and Education, and Ombud System Reform. The Administration programme seeks to maintain a well-governed and effective Ombud Council aligned to ombud system reform. The Consumer Awareness and Education programme focuses on promoting awareness of the ombud system and enabling financial customers to understand and assert their rights to fair treatment and redress. The Ombud System Reform programme supports the streamlining, reform and future direction of the financial ombud system, including the reforms outlined in National Treasury's 2024 policy statement, "A simpler, stronger financial sector ombud system".
- 8.11. The Ombud Council is levy-funded. Its presentation records that the total revenue budget for 2026/27 is R29.92 million, of which 95 per cent is from levy income and 5 per cent is from interest income. The expenditure distribution shows that 44 per cent of the budget is allocated to employee costs, 27 per cent to consumer education and awareness, 7 per cent to other operating expenses, 6 per cent to IT expenses, 5 per cent to professional and consulting fees, 4 per cent to audit fees, 3 per cent to board and committee remuneration, 3 per cent to office lease expenses, 1 per cent to depreciation and 0 per cent to finance costs.
- 8.12. For 2026/27, the Ombud Council's Administration programme targets include maintaining an unqualified external audit opinion, implementing 100 per cent of agreed management actions arising from internal and external audit findings, implementing the annual Governance, Risk and Compliance Plan, managing risks within approved appetite, tolerance and capacity levels, ensuring that all employees have signed and evaluated performance agreements, achieving 80 per cent of aggregate training and development commitments, and achieving employment equity targets.

- 8.13. Under Consumer Awareness and Education, the Ombud Council targets the publication of a baseline study report on consumer awareness and usage of the ombud system, publication of 48 consumer awareness materials, 16 awareness activities, 8 materials or activities targeting women, 8 targeting youth, 6 targeting people with disabilities, 6 awareness activities in provinces outside Gauteng, and one Financial Ombud System Stakeholder Conference.
- 8.14. Under Ombud System Reform, the Ombud Council targets four quarterly reports to the Minister of Finance, National Treasury, FSCA and NCR on ombud scheme complaints data and identified conduct risks; four quarterly register updates reflecting engagements with National Treasury and regulators; four documented proposals responding to identified conduct risks; four quarterly register updates on technical and regulatory inputs relating to ombud reform; one transition approach proposal to National Treasury for the transfer of FAIS Ombud functions to the National Financial Ombud Scheme; revision of coordination plans with the National Financial Ombud Scheme, FAIS Ombud and OPFA, with 80 per cent achievement of annual targets; and submission of draft proposed Ombud Council Rule amendments to the FAIS Ombud and OPFA for consideration.

Office of the Ombud for Financial Services Providers

- 8.15. The Office of the Ombud for Financial Services Providers, commonly referred to as the FAIS Ombud, is established in terms of section 20 of the Financial Advisory and Intermediary Services Act, 2002. It is a Schedule 3A public entity and reports to National Treasury. Its mandate is to investigate and resolve complaints against financial services providers in terms of the FAIS Act, the Rules and the General Code of Conduct for authorised financial services providers and representatives. The FAIS Ombud acts independently and must be impartial in resolving complaints.
- 8.16. The FAIS Ombud's APP is structured around three programmes: Administration, Complaints Resolution and Stakeholder Management. The Administration programme covers governance, audit, supplier payments, employment equity and trainee appointments. The Complaints Resolution programme gives effect to the Office's legislative mandate by resolving complaints and improving customer satisfaction. The Stakeholder Management programme covers public awareness, consumer financial literacy, media engagement and stakeholder communication.

- 8.17. The FAIS Ombud is funded through the levy framework established by the Financial Sector and Deposit Insurance Levies and Administration Act. The APP records that the legislation created the mechanism through which levies are imposed on the financial services industry to fund the FAIS Ombud, with levies invoiced and collected on behalf of the Office by the FSCA. The APP further records that the FAIS Ombud will eventually be amalgamated into the National Financial Ombud Scheme once the necessary regulatory reforms are finalised, and that alignment with the National Financial Ombud Scheme remains an important factor guiding its strategy and operations.
- 8.18. For 2026/27, the FAIS Ombud's targets include achieving an unqualified audit opinion, paying 100 per cent of valid supplier invoices within 30 days, achieving employment equity targets of 51 per cent female staff, 92 per cent black staff and 2 per cent employees with disabilities, appointing 9 trainees by 31 March 2027, achieving an 85 per cent customer satisfaction rate, responding to 100 per cent of complaints within 4 days of receipt, closing 92 per cent of complaints within 9 months, closing 85 per cent of complaints within 6 months, closing 75 per cent of complaints within 3 months, keeping active complaints older than 9 months at 20 per cent or less, and achieving an 80 per cent efficiency ratio.
- 8.19. The FAIS Ombud's 2026/27 expenditure budget amounts to R95.119 million, with capital expenditure of R3.954 million. The capital budget includes computer software and hardware, office equipment and furniture, website expenditure and leasehold improvements. The APP also records that accumulated reserves are expected to supplement budget shortfalls.

Office of the Pension Funds Adjudicator

- 8.20. The Office of the Pension Funds Adjudicator is a statutory ombud scheme established under the Pension Funds Act, 1956. Its mandate is to resolve pension fund-related complaints in a procedurally fair, economical and expeditious manner. The OPFA is a Schedule 3A public entity under the Public Finance Management Act, and the Pension Funds Adjudicator is appointed by the Minister of Finance and serves as the Accounting Authority. The OPFA presentation described the Office as a free, accessible and efficient tribunal whose determinations are enforceable and equivalent to court orders.
- 8.21. The OPFA's jurisdictional limitations include pension funds to which the State contributes, such as the Government Employees Pension Fund, Transnet Pension Fund and South

African Post Office Pension Fund; SASSA state grants; prescribed complaints; employers undergoing business rescue; matters pending or finalised in civil courts; complaints relating to surplus apportionment; and the fact that the OPFA does not enforce its own orders. The APP notes that the Conduct of Financial Institutions Bill may change aspects of the OPFA's jurisdiction, including the proposed renaming of the institution to the Retirement Funds Ombud and the possible inclusion of public sector retirement funds within its jurisdiction.

- 8.22. The OPFA's strategic priorities for 2025–2030 are to achieve excellence in the disposal of complaints by leveraging advanced technology and optimising processes; raise awareness of the OPFA's mandate and improve accessibility through targeted stakeholder engagement; position the OPFA as an employer of choice; and maintain commitment to good governance and clean administration. These priorities are aligned to the Medium-Term Development Plan priorities of inclusive growth and job creation, reducing poverty and the high cost of living, and building a capable, ethical and developmental state.
- 8.23. The OPFA reported a complex operating environment and increasing demand for its services. Its presentation recorded that the Office received 13 041 complaints in 2025/26, representing a 26 per cent increase from 10 331 complaints in 2024/25 and a 34 per cent increase from the 10-year average of 9 698 complaints. The APP links this increase to growing public awareness, the two-pot retirement system, weak economic conditions, job losses, withdrawal claims, low pension investment returns and increased financial pressure on households. The OPFA also identified the section 13A arrear contribution crisis, amounting to R7.2 billion, as a key economic challenge.
- 8.24. The OPFA further reported resource pressures arising from the mismatch between service demand and available capacity. The presentation indicated that in 2010 the OPFA had a staff complement of 56 and received approximately 6 200 complaints, while in 2026 it had a staff complement of 84 and received 13 041 complaints. This reflected a staff increase of 50 per cent against a complaints increase of 111 per cent over the same period. The APP records that the organisation had a staff complement of 81 as at 31 December 2025, including fixed-term contract employees.
- 8.25. The OPFA is funded through levies imposed on pension fund industry stakeholders in terms of section 30R of the Pension Funds Act and the Levies Act. The APP records that the levy contribution formula was amended in 2024/25 from a contribution-per-member approach to a cost-per-complaint approach, with levies now calculated using the cost

associated with the disposal of complaints and funded primarily from levy income. The APP further notes that the current levy approval process has affected the OPFA's financial sustainability, as delays in levy approval during 2024/25 resulted in the organisation operating for approximately ten months without cash revenue.

- 8.26. For 2026/27, the OPFA projects gross revenue of R123.154 million, compared with the prior actual budget of R132.729 million in 2025/26. The 2026/27 revenue comprises levy income of R119.990 million and interest income of R3.164 million. Total estimated expenditure for 2026/27 is R121.154 million, compared with R112.729 million in 2025/26. The expenditure consists of operating costs of R42.083 million, staff costs of R73.195 million, and general expenditure of R5.877 million. The APP records that operating expenditure of R115 million comprises staff expenditure of R73 million and general expenditure of R42 million, while capital expenditure of R6 million accounts for 5 per cent of the total expenditure budget.
- 8.27. The OPFA's key performance indicators include acknowledging 95 per cent of complaints within the specified timeframe, referring 95 per cent of refer-to-fund complaints to respondents within five working days, referring 90 per cent of unresolved complaints to respondents within five working days of receipt from the New Complaints Unit, finalising 80 per cent of complaints within 180 days from receipt, keeping determinations remitted for reconsideration at or below 1 per cent, finalising 95 per cent of complaints within 90 days, and closing 95 per cent of complaints within two working days of allocation for closure.
- 8.28. The OPFA also targets 95 per cent availability of critical ICT systems, 80 per cent implementation of planned activities in the digitalisation strategy, 95 per cent implementation of the stakeholder engagement annual plan, 74 per cent overall external stakeholder satisfaction, 90 per cent implementation of the employee wellness plan, 70 per cent employee engagement, 70 per cent overall employee climate survey satisfaction, employment equity targets of 98 per cent black employees, 49 per cent female employees and 3 per cent employees with disabilities, an unqualified audit opinion and payment of 100 per cent of valid supplier invoices within 30 days.

Public Investment Corporation

- 8.29. The Public Investment Corporation is a Schedule 3B public entity established under the Public Investment Corporation Act, 2004, as amended. It is wholly owned by the South

African Government and reports to the Minister of Finance as shareholder representative. The PIC is also a registered financial services provider licensed as a Category I and Category II financial services provider under the Financial Advisory and Intermediary Services Act. Its primary purpose is to invest funds on behalf of clients, mainly pension, provident, social security and guardian funds, in accordance with investment mandates approved and regulated by the Financial Sector Conduct Authority.

- 8.30. The PIC's business model is based on investing funds allocated by clients, with management fees charged on assets under management and committed capital constituting a major source of income used to finance its operations. The Corporate Plan states that the PIC is sustainable, has no plan to source financial support from Government, and that its corporate plan is prepared on the basis that governance and ethical values will support the sustainability of the organisation. The Corporate Plan further states that the PIC's main sources of income include management fees, board fees where employees serve as directors on investee companies, and investment income earned on surplus corporate operational funds.
- 8.31. The PIC's strategic intent includes being the preferred employer for top investment and support talent, ensuring that investment returns exceed industry benchmarks, growing assets under management consistently above inflation, making a positive economic and social impact, developing strategic partnerships, strengthening brand positioning and building an organisational culture aligned to its mandate and values. Its presentation also framed the PIC's investment philosophy through the "FRESG" principle, namely financial returns, environmental considerations, social impact and governance.
- 8.32. For the 2026/27 to 2028/29 period, the PIC identified strategic drivers intended to support investment and organisation-wide performance. These include financial sustainability, revenue and cost containment, new sectors and clients, increased management fees, digitisation, investment performance, deployment of funds, a pooled fund for the Unemployment Insurance Fund and Compensation Fund, industry cost consolidation, transformation and diversity, stakeholder management, enterprise-wide risk management, and improved compliance, governance, ethics and culture.
- 8.33. The PIC's key performance indicators include financial sustainability targets under which total employee costs should not exceed 40 per cent of total income, and total costs should not exceed 80 per cent of total income over the MTEF period. Its internal business process and operational efficiency targets include submitting all Public Finance Management Act

submissions within stipulated deadlines and achieving an unqualified audit opinion with no material audit findings as reported by the Auditor-General of South Africa. These indicators are part of the PIC's Corporate Balanced Scorecard and performance management system, which is monitored by the Board and management.

- 8.34. The PIC's presentation to the Committee highlighted strategic focus areas going forward. These included infrastructure funding through the deployment of existing funds and capital raising; portfolio management to ensure that remedies in non-performing unlisted investments are implemented; small, medium and micro enterprise funding through direct and indirect funding and sector-focused funds; meeting and exceeding benchmark returns across all funds; ensuring that investments meet high standards of governance and achieve transformation and social impact targets, including job creation; and addressing regulatory restrictions such as benchmark changes.
- 8.35. The PIC presentation reported growth in assets under management and provided developmental impact indicators across selected sectors. These included 2 300 megawatts in energy, 57 908 housing units financed, 18 960 housing opportunities and rental units, 6 521 social and affordable housing units, 17 008 student beds under management, refurbishment or construction, 2 000 permanent and temporary jobs created in student accommodation and education, 49 hospitals or clinics, 6 000 hospital beds, and 31 433 agriculture-related jobs. The presentation noted that these developmental indicators exclude investee companies undergoing liquidation, business rescue and legal proceedings

Development Bank of Southern Africa

- 8.36. The Development Bank of Southern Africa is a Schedule 2 major public entity and development finance institution wholly owned by the South African Government. Its mandate is to promote economic development and growth, human and institutional capacity-building, and sustainable development projects and programmes on the African continent. The DBSA presentation records that the institution was founded in 1983, operates under the DBSA Act of 1997, is 100 per cent owned by the South African Government, had total infrastructure development support of R91.3 billion as at 31 March 2025, had unqualified audit outcomes since inception, and is accredited with the Global Environmental Facility and Green Climate Fund.
- 8.37. The DBSA presented its infrastructure development value chain as planning, preparation, financing, building and maintenance. Its clients include municipalities, state-owned

entities, sovereigns, public-private partnerships and private sector entities, while its mandated sectors include energy, transport, water and sanitation, ICT, education, health and human settlements. The presentation also reflected the mandated exposure model of 60 per cent South Africa and 40 per cent rest of Africa.

- 8.38. The DBSA strategy is to grow the Bank to maximise development impact. Its four strategic goals are financial sustainability, accelerated development impact, building a future-fit DBSA and smart partnerships. Its strategy recognises the trade-off between financial sustainability and development impact, with financial sustainability pursued through revenue growth, cost limitation, efficient capital deployment and risk management, while development impact is pursued through socioeconomic transformation, reduced unemployment, reduced poverty and inequality, climate resilience, net-zero objectives and economic access.
- 8.39. The DBSA's 2026/27 Balanced Scorecard includes financial, development, enabling and governance outcomes. For 2026/27, DBSA targets return on equity of 7.5 per cent, a cost-to-income ratio of 25 to 30 per cent, total disbursements of R20 billion to R24 billion, 28 000 jobs facilitated, infrastructure delivered of R5.8 billion, infrastructure unlocked in under-resourced municipalities of R2.9 billion, climate and environmental facility approvals of R2 billion, 12 transactions committed for DBSA funding to black-owned entities, and 40 per cent of procurement spend from B-BBEE suppliers directed to black women-owned suppliers under the IDD third-party fund.

Land and Agricultural Development Bank of South Africa

- 8.40. The Land and Agricultural Development Bank of South Africa is a development finance institution mandated to support agricultural development, transformation, land reform beneficiaries, food security and rural economic development. The Land Bank presentation stated that the Bank had completed the post-default stabilisation phase following the 2020 debt default and had entered year two of the consolidation phase. The Bank is prioritising the strengthening of its funding model, loan book quality and revenue diversification to restore financial sustainability and enable long-term growth.
- 8.41. The Land Bank's strategy is structured around a phased turnaround approach. Phase 1, covering FY23 to FY25, focused on post-default stabilisation. Phase 2, covering FY26 to FY28, focuses on consolidation, including changes to the operating model, capability-building, partnerships, diversified revenue streams and a broader ecosystem focus. Phase

- 3, from FY29 onwards, is the growth phase, under which a restructured debt position, a sustainable funding model and a mature operating framework are expected to enable scaled lending and enhanced developmental impact.
- 8.42. The Land Bank identified five core elements of its turnaround strategy: funding model, commercial model, delivery model, credit risk model and operating model. These include revising the funding model to enable loan book growth and mandate execution, sourcing grant funding for developmental lending, sourcing alternative funding for commercial and developmental lending, improving and protecting loan book quality, enhancing collections, decreasing the non-performing loan ratio, increasing interest and non-interest income, improving business processes, strengthening systems and establishing a fit-for-purpose structure.
- 8.43. The Land Bank presentation also situated the Bank within the dual structure of South African agriculture. It reported that nearly 70 per cent of gross income in South African agriculture is concentrated among approximately 2 800 large enterprises, and that historically disadvantaged farmers contribute a limited share of output across several commodities. The Bank therefore positions itself as an ecosystem coordinator that can provide catalytic development capital, tailored land reform finance, technical support, pre- and post-finance support, market access facilitation and value-chain coordination.
- 8.44. The Land Bank reported that its development and transformation loan book represented 54 per cent of the total loan book. Under the Blended Finance Scheme, from inception on 1 November 2022 to 28 February 2026, the Bank reported 599 total applications, approximately R4.63 billion in total approvals and approximately R3.57 billion in total disbursements, made up of approximately R2.26 billion in grants and R2.37 billion in loans.
- 8.45. Land Bank Insurance presented strategic priorities under five pathways: building institutional capabilities, embedding customer centricity, development and transformation, sustainable growth of Land Bank Insurance Company, and scaling up Land Bank Life Insurance Company. The priorities include stabilising underwriting management agency relationships, optimising bancassurance, implementing data management, introducing refreshed growth strategies for new products, supporting development farmers through premium finance solutions, implementing the B-BBEE plan, optimising reinsurance capacity and implementing the second phase of the crop remediation plan.

South African Special Risks Insurance Association

- 8.46. SASRIA SOC Limited is a state-owned short-term insurer tasked with providing insurance cover for special risks such as civil commotion, public disorder, strikes, riots and terrorism. Its mandate is informed by the Reinsurance of Damages and Losses Act, 1989, and the Conversion of SASRIA Act, 1998. The Corporate Plan for 2026/27 to 2028/29 represents the second phase of SASRIA's five-year strategy and was prepared in terms of Regulation 29.
- 8.47. SASRIA's strategy for the period is described as the "Capitalise and Optimise" phase. It focuses on rebuilding reserves, strengthening capital resilience, reaching a broader customer base, expanding partnerships, building local presence, investing in employees, and strengthening data management and risk intelligence capabilities. SASRIA also indicated that it intends to grow its data analytics capability through artificial intelligence tools and applications.
- 8.48. SASRIA's Corporate Plan targets reserves of R30 billion over a five-year period that commenced in 2024/25. Gross written premium is expected to grow by 10 per cent in 2026/27, with budgeted profit before tax of R2.842 million increasing to R4.181 million by 2028/29. The Corporate Plan further records that SASRIA's operating environment remains unpredictable because of the difficulty of forecasting the timing, scale and severity of the next catastrophe event.
- 8.49. SASRIA identified reinsurance market conditions, political violence and terrorism risk, catastrophic events, public disorder, political unrest, labour unrest, unemployment, inequality, government emergency response capacity, public infrastructure failure, geopolitical instability, cyber terrorism and extreme weather events as important external variables and risks. The Corporate Plan also notes that SASRIA is considering the role it could play in helping Government manage special risks, including through tools such as natural disaster pools and contingency funds, and that its strategy includes an initiative to amend the Conversion of SASRIA mandate to enable regulations by the Minister of Finance.

9. COMMITTEE DELIBERATIONS AND RESPONSES BY NATIONAL TREASURY, SARS AND ENTITIES

- 9.1. The Committee's deliberations were informed by the presentations made by National Treasury, the South African Revenue Service and the entities within the Finance Portfolio,

as well as the strategic plans, annual performance plans, corporate plans and supporting documents tabled for the 2026/27 financial year. The engagements focused on fiscal sustainability, revenue collection, governance, institutional performance, public finance reforms, financial sector transformation, service delivery, modernisation, digital resilience, enforcement capacity, developmental impact and accountability.

National Treasury

- 9.2. During the briefing by National Treasury on 12 May 2026, Members engaged the Department on governance failures, fiscal sustainability, financial sector transformation and reforms to public financial management systems. Members raised concerns about persistent corruption, weak accountability and financial leakages across government departments, municipalities and state-owned entities.
- 9.3. Questions were also raised about whether National Treasury had sufficient enforcement powers to intervene where accounting officers and management structures failed in their responsibilities. Members further questioned whether the existing legal framework gives National Treasury sufficient authority to ensure consequence management where accounting officers, municipal managers, boards or senior management structures fail to prevent financial misconduct, irregular expenditure or leakages in public funds.
- 9.4. In response, National Treasury indicated that amendments to the Public Finance Management Act, Municipal Finance Management Act and procurement legislation were intended to strengthen accountability and provide National Treasury with greater intervention powers. The Department also explained that digitisation and financial management reforms were under way, including upgrades to PERSAL systems, e-procurement platforms and broader data-sharing initiatives aimed at improving transparency and reducing inefficiencies.
- 9.5. Members also raised the historical Integrated Financial Management System matter, noting that the original IFMS initiative had been intended to modernise financial management systems across all three spheres of government. The issue was linked to Programme 5 and the current commitments on financial governance and modernisation of financial systems. Members asked where, in the current 2026/27 Annual Performance Plan, the original objectives of IFMS were now being addressed, particularly in light of previous concerns regarding alleged irregularities and pending legal processes.

- 9.6. National Treasury responded that significant work was under way on transversal systems modernisation, digital government and e-procurement, and that Programme 5 includes phase one of PERSAL modernisation and the end-to-end tendering solution. It further explained that Programme 1 includes the Data Exchange Platform, MzansiXchange, which is intended to support secure data exchange and verification across key government data centres. National Treasury stated that the IFMS-related matter remained before the courts and that it would respect the outcomes of that process.
- 9.7. Members also raised concerns about transformation within the financial sector, including whether National Treasury's plans contained sufficient measurable indicators to assess progress in financial inclusion, access to finance for small businesses, support for historically disadvantaged groups and broader transformation of the financial sector. The issue of open banking was raised as a possible mechanism to improve competition within the banking sector. The Minister acknowledged that transformation remained complex and proposed a dedicated engagement between the Committee and National Treasury on financial sector transformation.
- 9.8. Fiscal policy and state-owned entities also featured in the Committee's deliberations. Members questioned whether maintaining a primary budget surplus remained realistic in the context of global economic uncertainty. The Minister stated that government remained committed to the current debt-to-GDP trajectory unless economic conditions required adjustments through Cabinet and budget processes. Members also raised questions regarding reports that the Land Bank had requested additional support. The Minister clarified that the requests related to a R10 billion government guarantee and a separate R10 billion recapitalisation request.
- 9.9. Questions were also raised regarding delays in implementing the Public Procurement Act and finalising the accompanying regulations. Members expressed concern that delays in the implementation of the Public Procurement Act could prolong weaknesses in procurement governance, transparency and accountability. The Minister indicated that the regulatory process was still under way.
- 9.10. National Treasury officials further explained that the Department's modernisation agenda included the completion of an end-to-end tendering solution, PERSAL modernisation, digital government initiatives and the Data Exchange Platform, MzansiXchange. National Treasury indicated that it intended to return to the Committee for dedicated engagements

on key priority initiatives, including MzansiXchange, SA-TIED, Infrastructure South Africa, transversal systems modernisation and digital government.

South African Revenue Service

- 9.11. The Committee engaged SARS on its 2026/27 Annual Performance Plan, institutional transition under the new Commissioner, revenue collection, illicit trade, customs enforcement, border control, taxpayer service, digital modernisation, employment equity and the organisation's capacity to respond to issues repeatedly raised by Parliament. The Commissioner, Dr Johnstone Makhubu, indicated that this was his first presentation to the Committee as SARS Commissioner and that the organisation was in transition following the departure of the previous Commissioner. He assured the Committee that the transition would be managed on the basis of continuity, stability and disciplined execution, and that SARS would build on the gains achieved over the previous seven years rather than change institutional direction for its own sake.
- 9.12. A significant part of the engagement concerned whether SARS' 2026/27 APP responds to issues previously raised by Members through parliamentary questions, committee briefings and oversight visits. SARS informed the Committee that it had reviewed approximately 50 parliamentary engagements and questions received over the previous 12 months and had identified recurring oversight themes. The Commissioner stated that SARS was "listening" to the Committee and that the themes raised by Members would be taken into account in the implementation of its APP and in assessing institutional performance during the year. SARS also indicated that it had no outstanding responses to parliamentary questions and committed to continuing to respond within the required timeframes.
- 9.13. Members' recurring concerns included illicit trade and contraband enforcement, particularly illicit cigarettes, alcohol and tobacco products, smuggling trends, seizures, arrests and prosecutions. Border control and customs enforcement also featured prominently, including questions about scanner availability, scanner uptime, container selection for inspection, detector dog deployment and overall port-of-entry enforcement capability. SARS acknowledged that these matters had been repeatedly raised by the Committee and indicated that they remained central to its customs, enforcement and revenue-protection work.

- 9.14. Members also engaged SARS on revenue leakage, tax compliance gaps, recovery of unpaid taxes, targeting methodologies, risk management and enforcement performance. SARS indicated that these issues were part of the recurring themes identified from parliamentary engagements, including questions about audit selection, hit rates, investigation volumes and monitoring approaches used to assess enforcement capability and deterrence. The Committee's concerns also extended to sector-specific compliance blind spots, including the taxi industry, the broader informal economy, trusts, offshore bunkering and other hard-to-tax or under-regulated areas where registration, filing and compliance may be weak.
- 9.15. Members' concerns on tax debt also included the recovery of evaded taxes, cross-border tax debts, multinational debt and tax debts involving prominent or politically connected persons. SARS identified these matters as part of the recurring parliamentary oversight themes relating to revenue leakage, tax compliance gaps and recovery of unpaid taxes.
- 9.16. The Committee further raised matters relating to data transparency, record-keeping, inter-agency coordination, cybersecurity and the resilience of SARS' digital systems. SARS acknowledged that Members had raised concerns about data breaches, ransomware, protective measures and system resilience. It linked these concerns to the need to accelerate modernisation, improve data use and ensure that SARS remains capable of responding to increasingly sophisticated tax evasion and illicit economic activity.
- 9.17. Members also raised public procurement and expenditure scrutiny issues, including SARS' spending on private law firms, lease rentals and the controls used to ensure that such expenditure is justified, prudent and represents value for money. SARS identified these matters as part of the recurring oversight themes raised by Members in parliamentary questions and engagements.
- 9.18. Members engaged SARS on the implications of excise policy and whether above-inflation increases in excise duties could create unintended consequences by increasing incentives for illicit trade. SARS identified this as one of the recurring themes arising from parliamentary engagements, particularly the tension between revenue and public-health objectives on the one hand, and the risk of illicit market expansion, revenue volatility and corruption on the other.
- 9.19. In relation to institutional performance, SARS reported that net revenue collections had reached R2.010 trillion in 2025/26 and that the tax register had grown from 2.7 million taxpayers in 1994/95 to 34.8 million taxpayers in 2025/26. SARS also reported that it had

achieved 19 of 20 key results in 2025/26, representing a 95 per cent achievement rate. The only unmet key result related to Employment Equity Plan targets, particularly gender equity at senior levels. The Commissioner indicated that senior recruitment processes, including the filling of the Chief Human Resources Officer position, were expected to assist SARS in addressing this weakness.

- 9.20. Members also raised the need for improved taxpayer and trader service, public education and stakeholder engagement. SARS responded that service excellence, professionalism and the ethos of “SARS at your service” would be central to its approach. The Commissioner indicated that SARS would seek to improve relationships with taxpayers, traders, tax practitioners and other stakeholders, and would increase education efforts to address misunderstandings about SARS’ work and taxpayer obligations.
- 9.21. On modernisation, SARS indicated that its strategic posture for 2026 and beyond would focus on accelerating modernisation while also “getting the basics right”. The Commissioner stated that modernisation was necessary because those involved in tax evasion and illicit economic activity also have access to advanced technology. At the same time, SARS would continue to focus on basic service quality, professionalism, taxpayer education, stakeholder relationships and internal discipline.
- 9.22. SARS also sought the Committee’s continued support for the SARS Modernisation Programme, legislative enablement for a future-fit digital tax and customs ecosystem, sustainable investment and funding certainty over the MTEF and beyond, and the preservation of SARS’ institutional autonomy as a foundation for credibility and effectiveness.
- 9.23. The Committee’s engagement with SARS therefore centred on whether the 2026/27 APP is sufficiently responsive to the main risks facing revenue administration, including revenue leakage, illicit trade, customs capacity, sector-specific non-compliance, digital resilience, taxpayer service and institutional capability. SARS’ responses emphasised continuity, disciplined execution, modernisation, improved service culture, and responsiveness to the recurring oversight issues raised by the Committee.

Entities

- 9.24. On 5 May 2026, the Committee engaged several financial regulatory, development finance and public sector institutions, including the Financial Intelligence Centre, Financial Sector Conduct Authority, Development Bank of Southern Africa, Office of the Pension Funds

Adjudicator, Accounting Standards Board, FAIS Ombud and the Ombud Council. The deliberations centred on financial sector transformation, rural access, regulatory reform, accountability, enforcement, coordination between institutions, financial sector integrity, financial technology, market concentration, developmental impact and the need for performance indicators that demonstrate tangible improvements for citizens.

- 9.25. Transformation in the financial sector was a key cross-cutting issue. Members questioned whether institutions were doing enough to promote inclusion and reach underserved communities. This concern was linked to the need for clearer and more measurable outreach strategies, particularly from the FAIS Ombud and the Ombud Council, and the need to ensure that consumers in rural areas and vulnerable communities have meaningful access to financial sector dispute-resolution mechanisms.
- 9.26. Regulatory reform was also raised, particularly in relation to the Conduct of Financial Institutions Bill and the planned amalgamation of ombud structures. Members emphasised the need for institutional readiness and careful transition planning to avoid disruptions to consumer services. Concerns were also raised about coordination between regulatory bodies, including alignment between the Accounting Standards Board and the Auditor-General, to ensure consistent interpretation of standards and governance practices.
- 9.27. Members raised concerns about accountability and enforcement weaknesses, particularly in relation to pension fund non-compliance and municipalities that fail to remit contributions. The Committee questioned whether sufficient consequences were being imposed on responsible officials and called for institutions to demonstrate tangible impact rather than relying mainly on performance indicators.
- 9.28. In relation to the Financial Intelligence Centre, Members questioned whether the FIC should expand its role beyond information-sharing to include investigative functions, and whether law enforcement agencies had sufficient capacity to act on financial intelligence. The effectiveness of inter-agency collaboration and the measurable outcomes arising from financial intelligence remained a concern.
- 9.29. Members also examined the effect of financial technology and market concentration, particularly where banks acquire fintech firms. The Committee raised questions about whether fee structures were fair and competitive, and emphasised the need to balance innovation with competition and consumer protection.
- 9.30. The Development Bank of Southern Africa was engaged on oversight and developmental impact. Members questioned the use of range-based targets and raised concerns about the

difficulty of measuring performance where targets are not fixed. Further issues raised included geopolitical risks, the quality of jobs created, worker safety, municipal support and community engagement.

- 9.31. On 6 May 2026, the Committee engaged the Public Investment Corporation, Land Bank South Africa, Government Pensions Administration Agency, Independent Regulatory Board for Auditors, SASRIA, Government Technical Advisory Centre and the Office of the Tax Ombud. The meeting was attended by the Deputy Minister of Finance, Dr David Masedo, who emphasised that presentations to Parliament are a form of reporting to the people of South Africa through their elected representatives. He welcomed the Committee's oversight role and indicated that site visits assist both Parliament and the Executive in assessing whether what is recorded in plans is being implemented on the ground.
- 9.32. Members expressed dissatisfaction with the quality and completeness of documentation submitted to the Committee, noting that full annual performance plans had not been circulated in advance. Members indicated that this limited Parliament's ability to conduct meaningful oversight and constrained engagement to presentation summaries rather than detailed interrogation of institutional plans and targets.
- 9.33. Governance, accountability and institutional capacity emerged as central themes. The GPAA faced extensive questioning on disciplinary processes involving suspended officials, vacancy levels, the modernisation programme, cybersecurity preparedness following a previous cyber incident, reliance on manual processes, and turnaround times for pension and benefit payments. Members stressed the importance of transparency, accountability, timely resolution of misconduct matters and concrete targets to reduce vacancies and strengthen organisational capacity.
- 9.34. The PIC was engaged on governance standards, investment performance and oversight of unlisted investments. Members questioned whether reported growth in assets under management reflected genuine investment performance or was mainly driven by increased contributions from clients. Concerns were also raised about underperforming investments, post-investment monitoring, due diligence and the need for disaggregated and transparent reporting on investment performance and risk exposure. Particular attention was given to a dispute concerning the possible absence or inadequacy of a bankable feasibility study in relation to a specific investment. Members sought clarity on whether this was an isolated matter or whether similar due diligence weaknesses may have occurred in other

investments and regarded the issue as illustrative of broader concerns about governance, investment approval processes and post-investment oversight.

- 9.35. GTAC was questioned on whether its revised hub operating model would improve efficiency and service delivery or introduce additional bureaucracy. Members requested clearer evidence of GTAC's impact, including whether supported projects progressed beyond planning and contributed meaningfully to economic development and job creation. The Committee also raised concerns about long-standing acting appointments at executive level and the effect of such acting arrangements on institutional stability and accountability. The Chairperson further indicated that future engagements with GTAC should include a dedicated discussion on the reprioritisation of public spending, given GTAC's mandate and the recurring importance of this issue in budget and MTBPS processes.
- 9.36. Transformation and developmental impact featured prominently in engagements with SASRIA and the Land Bank. SASRIA was questioned on the accessibility of insurance products for small, township and emerging enterprises, delays in claims processing, and transformation within the insurance value chain. The Land Bank was questioned on its high non-performing loan ratio, funding constraints, the pace of support to emerging and developing farmers, and broader transformation concerns within the agricultural insurance brokerage and assessment value chain.
- 9.37. The Chairperson acknowledged that SASRIA had shown measurable improvements in governance, financial and operational performance following the challenges associated with the July unrest period. The Chairperson also acknowledged that the Land Bank had shown signs of improvement following a period of severe financial distress and National Treasury intervention, while noting that significant challenges remained.
- 9.38. The Chairperson directed the Land Bank to compile a comprehensive report addressing concerns relating to transformation within the insurance brokerage and assessment value chain, to be submitted to the Committee Secretariat for further consideration. The Chairperson also emphasised that the Committee's work is a critical exercise in public accountability, requiring public entities to account for the use of funds appropriated by Parliament.
- 9.39. The Office of the Tax Ombud was engaged on its independence, budget, vacancies, complaint resolution and reliance on SARS for support functions. The OTO reported that its medium-term budget was R58.202 million for 2026/27, R60.525 million for 2027/28

and R62.406 million for 2028/29, and that employee costs represented 83 per cent of total expenditure. It also reported that it had 36 employees and 12 funded vacancies to be advertised in the first quarter of 2026/27. The Chairperson also recognised the role of oversight institutions such as the Office of the Tax Ombud in strengthening accountability and improving institutional performance within the revenue and public finance environment.

- 9.40. Across the engagements, Members repeatedly emphasised the need for stronger accountability mechanisms, improved governance, measurable performance indicators, financial sustainability, transformation, institutional capacity and demonstrable progress in service delivery outcomes. The Chairperson concluded that the Committee's role extends beyond identifying shortcomings and includes ensuring that public entities deliver services effectively, address weaknesses and report back to Parliament on corrective measures undertaken in the public interest.

10. COMMITTEE OBSERVATIONS AND RECOMMENDATIONS

- 10.1. This section reflects the Committee's observations and recommendations arising from its consideration of Budget Vote 8: National Treasury; the 2026/27 Annual Performance Plans of National Treasury, SARS and entities within the Finance Portfolio; the deliberations held on 5, 6, 12 and 13 May 2026. These should be read with other Committee reports such as the budgetary review and recommendations reports, the fiscal framework and revenue proposals report and tabled oversight visits reports.

National Treasury

- 10.2. The Committee notes that Vote 8 remains central to South Africa's fiscal framework, public finance management, revenue administration, financial governance, public procurement reform, financial sector regulation and oversight over key finance portfolio institutions. The Committee further notes that the Vote includes National Treasury's retained programme allocation as well as substantial direct charges against the National Revenue Fund, including the provincial equitable share and debt-service costs.
- 10.3. The Committee notes that debt-service costs remain one of the largest expenditure pressures under Vote 8 and continue to limit fiscal space for service delivery, infrastructure investment and developmental spending. While the Committee notes National Treasury's stated commitment to fiscal sustainability and the maintenance of a primary budget

surplus, it remains concerned about the risks posed by low economic growth, higher borrowing costs, exchange-rate volatility, state-owned company support requirements and global economic uncertainty.

- 10.4. Members raised concerns about persistent corruption, weak accountability, financial leakages and governance failures across departments, municipalities and public entities. Members also questioned whether National Treasury has sufficient enforcement powers to intervene where accounting officers, municipal managers, boards and senior management structures fail in their responsibilities.
- 10.5. The Committee notes National Treasury's indication that amendments to the Public Finance Management Act, Municipal Finance Management Act and procurement legislation are intended to strengthen accountability and intervention powers.
- 10.6. The Committee notes that Members raised the historical Integrated Financial Management System matter, including concerns about the original objectives of IFMS, alleged irregularities and pending legal processes. The Committee further notes National Treasury's response that modernisation work is now being pursued through transversal systems modernisation, digital government, PERSAL modernisation, e-procurement, the end-to-end tendering solution and the Data Exchange Platform, MzansiXchange. The Committee will request a dedicated briefing on the modernisation of public financial management systems, including the current status of the objectives previously associated with IFMS, implementation timelines, governance arrangements, expenditure to date, cybersecurity safeguards and measures to prevent a recurrence of past weaknesses.
- 10.7. The Committee notes that delays in implementing the Public Procurement Act and finalising the accompanying regulations may prolong weaknesses in procurement governance, transparency and accountability. The Committee recommends that National Treasury amend or revise the relevant 2026/27 implementation plans to prioritise readiness for the Public Procurement Act, including regulations, institutional readiness across departments and entities, the end-to-end tendering solution, professionalisation of supply chain management, publication of procurement information, e-procurement rollout, value for money, competition and consequence management. The Committee further recommends that National Treasury brief it separately on the implementation of the Public Procurement Act and the steps being taken to ensure that legal processes do not unduly delay procurement reform and oversight.

- 10.8. The Committee notes that Members raised concerns about financial sector transformation, including whether National Treasury's plans contain sufficient measurable indicators to assess progress in financial inclusion, access to finance for small businesses, support for historically disadvantaged groups, competition in the banking sector and broader transformation. The Committee welcomes the Minister's proposal for a dedicated engagement with the Committee on financial sector transformation. The Committee will schedule this engagement and request a briefing on measurable indicators on financial inclusion, open banking, financial technology, rural access, market concentration and transformation in ownership, management and procurement across the financial sector.
- 10.9. Members raised questions about the Land Bank's request for additional support. The Minister clarified that the request related to a R10 billion government guarantee and a separate R10 billion recapitalisation request. The Committee recommends that National Treasury provide the Committee with a written update on the status of these requests, the fiscal risk implications, the conditions attached to any support, and how any government support will be linked to the Land Bank's financial recovery and developmental mandate.

South African Revenue Service

- 10.10. The Committee notes SARS' strong revenue performance in 2025/26, including net revenue collections of R2.010 trillion and the reported achievement of 19 out of 20 key results. The Committee further notes the Commissioner's assurance that the institutional transition under new leadership will be guided by continuity, stability and disciplined execution.
- 10.11. The Committee notes that SARS identified recurring oversight themes raised during parliamentary engagements, including illicit trade, contraband enforcement, border controls, scanner availability and uptime, container selection for inspection, detector dog deployment, customs capability, revenue leakage, tax compliance gaps, targeting methodologies, data transparency, cybersecurity and sector-specific compliance risks. The Committee requires SARS to provide detailed updates in its quarterly reports on its enforcement strategy against illicit trade and revenue leakage, including illicit cigarettes, alcohol and tobacco products, smuggling trends, seizures, arrests, prosecutions, revenue recovered, penalties imposed and coordination with other law enforcement agencies.
- 10.12. The Committee remains concerned about tax compliance risks relating to cross-border tax debts, multinational tax debt, tax debts involving prominent or politically connected

persons, trusts, offshore bunkering, the taxi industry and the broader informal economy. The Committee requires SARS to update the Committee in its quarterly briefings on how it is addressing these hard-to-tax or under-regulated areas, including progress in broadening the tax base, improving registration and filing compliance, and recovering unpaid taxes without undermining fairness or administrative efficiency.

- 10.13. The Committee notes that SARS' modernisation programme is critical to improving voluntary compliance, taxpayer service, data analytics, artificial intelligence capability, customs enforcement, digital resilience and the protection of taxpayer information. The Committee will continue to monitor implementation of the modernisation programme, particularly the digital tax and customs platform, data analytics, artificial intelligence, digital identity, cybersecurity, taxpayer information protection, case management, customs modernisation and funding requirements over the MTEF period.
- 10.14. The Committee notes concerns regarding SARS' readiness to charge and collect VAT on low-value imported goods. The Committee recommends that SARS ensure that its information technology systems, customs processes and enforcement mechanisms are aligned to support the effective collection of VAT on low-value imported goods, and that progress on this matter be reported to the Committee in future engagements.
- 10.15. The Committee notes that SARS did not achieve its Employment Equity Plan targets in 2025/26, particularly in relation to gender equity at senior management level. The Committee recommends that SARS provide an update on measures to improve employment equity, including progress in filling senior vacancies, the appointment of the Chief Human Resources Officer, and how recruitment, promotion and leadership development will support achievement of the Employment Equity Plan.
- 10.16. The Committee is concerned about SARS' procurement and expenditure controls, including expenditure on private law firms, lease rentals and other major cost items. The Committee will heighten its oversight over these expenditure areas during future engagements with SARS, with particular focus on value for money, avoidance of unnecessary expenditure, contract management controls and consequence management where procurement or expenditure weaknesses are identified.
- 10.17. The Committee notes the importance of making it easier for members of the public, taxpayers and stakeholders to report suspected non-compliance to SARS. The Committee recommends that SARS review its online non-compliance reporting system to ensure that

it is accessible, practical and user-friendly, and that mandatory information fields do not unnecessarily discourage the submission of useful information.

Office of the Tax Ombud

- 10.18. The Committee recognises the important role of the Office of the Tax Ombud in safeguarding taxpayer rights, resolving complaints and identifying systemic issues in tax administration. However, the Committee remains concerned that the OTO continues to rely on SARS for key support functions, including procurement, information technology, human resources and security. The Committee reiterates its previous position that the institutional independence of the OTO should be prioritised to strengthen taxpayer protection and ensure an appropriate balance between SARS' revenue administration powers and taxpayers' rights to fair administrative treatment.

Financial Intelligence Centre

- 10.19. The Committee recognises the central role of the Financial Intelligence Centre in South Africa's anti-money laundering, counter-financing of terrorism and counter-proliferation financing framework. The Committee notes that, although South Africa has been removed from the FATF greylist, the country must consolidate the gains made and will undergo the next joint FATF and ESAAMLG mutual evaluation process between June 2026 and October 2027. The Committee remains concerned about whether law enforcement agencies have sufficient capacity to act on financial intelligence and whether inter-agency collaboration is producing measurable enforcement outcomes.
- 10.20. The Committee will continue to heighten its oversight over the use and impact of financial intelligence, particularly in relation to illicit financial flows, cyber-enabled financial crime, crypto assets, money laundering, terrorist financing and cross-border criminal networks. Future FIC briefings should include clearer outcome-based reporting on referrals made, feedback received from law enforcement agencies, investigations supported, prosecutions assisted, asset recovery outcomes, high-risk sectors, emerging typologies, use of artificial intelligence and advanced analytics, international cooperation, and measurable results arising from FIC intelligence products.
- 10.21. The Committee notes the FIC's explanation that expanding its mandate to include criminal investigations is a policy matter for government and that there are currently no immediate plans to make the FIC an investigative authority. The Committee further notes

that the FIC is strengthening its support to investigations through closer integration with law enforcement, shared forensic capacity and forensic accounting evidence. The Committee will monitor whether this support translates into measurable investigative, prosecutorial and asset-recovery outcomes.

- 10.22. The Committee notes the collaboration between the FIC and SARS in relation to technology, including artificial intelligence, machine learning and the cash courier reporting project using SARS infrastructure. The Committee will continue to monitor whether such collaboration improves efficiency, reduces duplication and strengthens the FIC's capacity to detect and disrupt illicit financial flows.
- 10.23. The Committee notes that selected FIC performance targets reflected in the 2026 Estimates of National Expenditure differ from those reflected in the FIC Annual Performance Plan and presentation. In particular, the APP records a 2026/27 target of 500 risk-based inspection reports, while the ENE records 600, and the APP records 75 elevated financial intelligence reports on illicit financial flows, while the ENE records 50. The Committee notes the APP's explanation that the inspection target reflects more intensive, risk-based and FATF-aligned inspections, the expanded supervisory universe, remedial follow-up requirements and capacity constraints. The Committee recommends that the FIC and National Treasury ensure that future planning and budget documents are aligned, or that any differences between targets are clearly explained, so that Parliament can assess performance against a consistent and reliable set of indicators.

Government Pensions Administration Agency

- 10.24. The Committee notes that the GPAA performs a critical function in administering pension and related benefits on behalf of the Government Employees Pension Fund, National Treasury and other client institutions. The Committee remains concerned about vacancies, suspended officials, disciplinary matters, data cleansing, cybersecurity, reliance on manual processes, benefit-payment turnaround times and unclaimed benefits. The Committee requires progress updates on these matters in the quarterly reports submitted to Parliament, including steps taken, timelines, risks and milestones achieved.
- 10.25. The Committee notes that the GPAA reported that three officials remained on precautionary suspension with pay and that disciplinary proceedings were underway. The Committee further notes that three investigations had been concluded, two were at an advanced stage, and the disciplinary hearings were expected to be finalised by the end of

June 2026. The Committee expects future quarterly reports to include progress on the finalisation of disciplinary processes, the implementation of investigation recommendations and steps taken to protect the integrity of the GPAA while respecting applicable labour and legal processes.

- 10.26. The Committee notes the GPAA's high vacancy rate and the explanation that the approved organisational structure contains 1 244 posts, of which 253 were vacant. The Committee further notes that the GPAA indicated that it intends to fill approximately 70 vacancies per year over the MTEF period, subject to budget and the possible future integration of the GPAA into the GEPF. The Committee requires quarterly updates on vacancy reduction, including the number of posts advertised, filled and still outstanding, as well as the effect of vacancies on benefit-payment turnaround times and service delivery.
- 10.27. The Committee notes the need to improve the tracing and payment of unclaimed benefits, particularly where beneficiaries are located in rural areas or where poor data quality delays payment. The Committee requires the GPAA's quarterly reports to include disaggregated progress on unclaimed benefits, including amounts paid, outstanding amounts, age of claims, reasons for non-payment, beneficiary-tracing measures and cooperation with employers, the GEPF and other relevant institutions to resolve legacy data and contribution challenges.
- 10.28. The Committee notes the GPAA's cybersecurity and data-management risks, particularly in light of the previous cyber incident. The Committee further notes that cybersecurity has been elevated as a strategic priority, that the GPAA has implemented recommendations from the Information Regulator's interim report, upgraded network infrastructure, enhanced security controls and established a Security Operations Centre. The Committee requires quarterly updates on cybersecurity, data cleansing, data governance, system migration risks and mitigation measures.
- 10.29. The Committee notes that the GPAA's modernisation programme is a joint GPAA and GEPF initiative and that the intended solution comprises a pension administration system, a financial management system and a client relationship management system. The Committee further notes that the roadmap extends to the end of the 2027/28 financial year. The Committee requires quarterly updates on procurement, implementation milestones, reduction of manual processes, improvement of data reliability, digitisation of submissions and the expected effect of modernisation on benefit-payment turnaround times.

- 10.30. The Committee notes that the possible transfer of administration functions to the GEPF remains a strategic consideration. The Committee requires National Treasury, the GPAA and the GEPF to keep Parliament updated on developments relating to this matter, including the legal, financial, operational, human resources, governance, systems and service-delivery implications of any proposed transfer.

Government Technical Advisory Centre

- 10.31. The Committee notes GTAC's role in providing technical advisory support, programme management, expenditure reviews, public finance reform support, policy costing, economic analysis and specialised support to organs of state. The Committee also notes GTAC's revised hub operating model. The Committee will monitor whether the model results in measurable improvements in efficiency, responsiveness, value for money, reduced duplication and improved support to departments, municipalities and public entities.
- 10.32. The Committee remains concerned about long-standing acting appointments at executive level within GTAC and the possible effect of these arrangements on institutional stability, accountability and decision-making. The Committee expects the Director-General of National Treasury, as the accounting officer responsible for GTAC, to prioritise the permanent filling of executive posts and to keep Parliament updated on progress, including the duration of acting appointments, reasons for delays and expected timelines for finalising permanent appointments.
- 10.33. The Committee notes GTAC's relevance to the reprioritisation of public spending, expenditure reviews and value-for-money analysis, particularly in the current constrained fiscal environment. The Committee will request a dedicated engagement to be scheduled with GTAC on its role in supporting departments, identifying inefficient expenditure, improving value for money and strengthening the quality of budget choices during the budget and MTBPS processes.

Accounting Standards Board

- 10.34. The Committee notes the important role of the Accounting Standards Board in developing Standards of Generally Recognised Accounting Practice and supporting transparent, comparable and credible public sector financial reporting. The Committee further notes the need to strengthen the capacity of preparers, users of financial statements

and oversight institutions to understand and apply accounting standards effectively. The Committee recommends that the ASB continue strengthening its Knowledge Hub, public communication, guidance, training initiatives and targeted support to preparers and users of financial statements, including Parliament.

- 10.35. The Committee notes that Parliament is a key user of public sector financial statements and should be more meaningfully engaged in the standard-setting environment. The Committee recommends that the ASB establish a structured engagement mechanism with Parliament to brief Members and parliamentary support staff on developments in GRAP standards, interpretation issues, implementation challenges and the use of financial statements for oversight.
- 10.36. The Committee notes the growing relevance of sustainability, environmental, social and governance reporting in public sector accountability. The Committee recommends that the ASB keep Parliament informed of national and international sustainability reporting developments, including the possible resource and mandate implications of any expanded reporting responsibilities.

Independent Regulatory Board for Auditors

- 10.37. The Committee notes IRBA's role in regulating the auditing profession in the public interest through registration, inspections, investigations, disciplinary processes, standard-setting and audit quality oversight. The Committee remains concerned about delays in finalising investigations, given the importance of timely and credible enforcement in maintaining public confidence in the auditing profession. The Committee will continue to monitor IRBA's progress on investigations, disciplinary matters, reportable irregularities, inspections and enforcement outcomes through its regular oversight engagements.
- 10.38. The Committee notes IRBA's work on sustainability assurance, including its adoption of ISSA 5000 and Part 5 of the Code of Professional Conduct for Sustainability Assurance Providers. The Committee further notes that sustainability assurance is becoming increasingly important for audit quality, market confidence and public-interest reporting. The Committee expects IRBA to keep Parliament informed of developments in sustainability assurance readiness, including implications for registered auditors, assurance providers, audit firms, skills development and regulatory capacity.
- 10.39. The Committee notes the proposed amendments to the Auditing Profession Act, including matters relating to mandatory audit firm rotation, inspection transparency,

enforcement powers, foreign auditors, sanctions and regulatory sustainability. The Committee recommends that National Treasury prioritise the processing of these amendments and keep Parliament informed of expected tabling timelines, given their importance to audit regulation, enforcement credibility and public confidence in the profession.

Financial Sector Conduct Authority

- 10.40. The Committee notes the strategic importance of the Financial Sector Conduct Authority as the dedicated market conduct regulator under the Twin Peaks model. The Committee further notes that the Conduct of Financial Institutions Bill, 2026 is intended to establish a consolidated, comprehensive and consistent regulatory framework for the conduct of licensed financial institutions, supervised entities and representatives. The Bill is also expected to strengthen customer protection, governance, transformation planning, fitness and propriety requirements, conduct standards, advertising and disclosure requirements, financial soundness, operational ability, reporting, audit matters and related regulatory requirements.
- 10.41. The Committee notes that the Minister of Finance notified the Speaker of the National Assembly on 7 April 2026 of his intention to introduce the Conduct of Financial Institutions Bill, 2026 in the National Assembly in April/May 2026. The Committee welcomes the progress made towards the introduction of the Bill and will prioritise its processing once formally referred, given its importance to market conduct reform, ombud reform, financial consumer protection, transformation, licensing, regulatory consistency and the FSCA's future supervisory framework.
- 10.42. The Committee notes ongoing concerns relating to financial sector transformation, market concentration, financial technology, open banking, crypto asset regulation, rural outreach, pension fund arrears, unclaimed benefits and the unilateral closure of bank accounts. The Committee further notes that, during its oversight visit to the FSCA, the Authority reported that it had conducted a thematic review on unilateral bank account closures between 2022 and 2024, covering 15 banks and a sample of 42 893 terminated accounts. The Committee expects the FSCA to publish the results of this study, as previously indicated during the oversight engagement, and to submit the published report to the Committee within one calendar month of the publication of this report.

- 10.43. The Committee recommends that future FSCA briefings provide clearer outcome-based reporting on financial sector transformation, market concentration, regulatory sandbox participation, participation by black-owned and small firms, open finance reforms, consumer education, rural outreach, crypto asset regulation, pension fund non-compliance, unclaimed benefits and enforcement outcomes. The Committee will continue to monitor whether the FSCA's supervisory and enforcement work is producing measurable improvements in consumer protection, market conduct, transformation and financial inclusion.
- 10.44. The Committee notes the FSCA's explanation that fintech development is supported through the Intergovernmental FinTech Working Group, the Innovation Hub and regulatory sandboxes, and that many fintech solutions are aimed at underserved markets. The Committee further notes the FSCA's view that open finance is an important future reform that may improve competition, pricing, disclosure, product design and financial inclusion. The Committee will continue to monitor whether fintech, open finance and regulatory sandbox initiatives result in measurable competition, lower switching costs, fairer fees and improved access for underserved consumers and small firms.
- 10.45. The Committee notes the importance of retirement fund statistics in understanding savings, investment patterns, transformation and asset allocation across the financial sector. The Committee recommends that future FSCA briefings include clearer reporting on pension fund statistics, including private sector retirement funds, asset allocation trends, transformation indicators, exposure to infrastructure and developmental assets, unclaimed benefits, arrear contributions and other matters relevant to the retirement funds sector. This will assist the Committee to obtain a fuller picture of developments across both public and private sector retirement funds.

Ombud Council

- 10.46. The Committee notes the Ombud Council's role in overseeing financial sector ombud schemes and supporting the development of a simpler, stronger and more coherent financial sector redress system. The Committee further notes the planned reform and integration of ombud structures and emphasises that consumer services should not be disrupted during the transition. The Committee requires the Ombud Council, working with National Treasury where necessary, to keep Parliament updated on ombud system reform,

including transition timelines, governance arrangements, staffing implications, consumer awareness, jurisdictional overlaps and measures to protect service continuity.

- 10.47. The Committee notes that public awareness of financial sector dispute-resolution mechanisms remains uneven, particularly in rural and underserved communities. The Committee recommends that the Ombud Council strengthen consumer awareness and outreach through partnerships with civil society, educational institutions, community-based organisations and relevant public institutions, and that future briefings include information on geographic reach, consumer awareness outcomes and usage of ombud services by vulnerable and underserved communities.

Office of the FAIS Ombud

- 10.48. The Committee notes the important role of the FAIS Ombud in resolving complaints against financial services providers in an informal, economical and expeditious manner. The Committee notes concerns about increasing complaint complexity, scams, unregulated schemes and unauthorised financial services providers. The Committee recommends that the FAIS Ombud report to the Committee on complaint trends, turnaround times, complaint outcomes, scams and coordination with the FSCA and Ombud Council.
- 10.49. The Committee notes that the FAIS Ombud is expected to be affected by broader ombud reform and possible amalgamation processes. The Committee recommends that the FAIS Ombud, together with the Ombud Council and National Treasury, provide the Committee with a transition plan that addresses staff security, governance, service continuity, complaint backlogs and public communication.

Office of the Pension Funds Adjudicator

- 10.50. The Committee notes the OPFA's role in resolving pension fund complaints and protecting retirement fund members and beneficiaries. The Committee remains concerned that pension fund non-compliance, particularly the failure by municipalities and private employers to remit contributions deducted from employees, has reached crisis levels. The Committee notes the Pension Funds Adjudicator's reference to approximately R7.2 billion in outstanding contributions previously identified by the FSCA, and further notes that the Pension Funds Act allows responsible individuals, including directors and board members, to be held personally liable where contributions are deducted but not paid over. The Committee expects future OPFA and FSCA briefings to include section 13A complaint

trends, determinations issued, personal liability findings, enforcement action taken, amounts involved and steps taken to improve public awareness and deterrence.

- 10.51. The Committee notes the likely increase in complaint volumes arising from retirement reform and the two-pot retirement system. The Committee recommends that the OPFA continue strengthening digital case management, document tracking, regional access and capacity to deal with death benefit complaints, withdrawal claims, arrear contribution complaints and other complex pension matters.

Land and Agricultural Development Bank of South Africa

- 10.52. The Committee acknowledges the Land Bank's critical role in supporting agricultural development, food security, land reform beneficiaries, emerging farmers and rural economic transformation. The Committee notes signs of improvement following the period of severe financial distress and National Treasury intervention but remains concerned about the high non-performing loan ratio, funding constraints, covenant compliance, liquidity pressures and the balance between developmental lending and financial sustainability.
- 10.53. The Committee notes the Minister of Finance's clarification that the Land Bank had submitted two separate requests to National Treasury. The first request relates to a government guarantee amounting to R10 billion, which is being considered through National Treasury's established guarantee assessment processes. The second request relates to a recapitalisation of approximately R10 billion, which would be considered through the normal budgetary process. The Committee notes the Minister's clarification that the total amount under consideration is therefore approximately R20 billion.
- 10.54. The Committee regards these requests as material fiscal risk and oversight matters. The Committee will continue to monitor National Treasury's assessment of the requests, including the implications for the fiscus, the Land Bank's turnaround strategy, capital adequacy, liquidity position, funding model, developmental mandate and ability to expand lending without returning to unsustainable financial distress.
- 10.55. The Committee notes the Land Bank's explanation that the high non-performing loan ratio is partly attributable to legacy exposures and the post-default restructuring process, during which portions of the performing loan book were sold to generate liquidity and meet lender repayment obligations. The Committee further notes that the Land Bank regards the 44 per cent non-performing loan target as a stretch target intended to reduce

the ratio below 50 per cent, and that blended finance-supported loans reportedly have a significantly lower non-performing ratio of approximately 12 per cent. The Committee will continue to monitor whether loan book growth, improved origination, collections, restructuring and recovery processes reduce the non-performing loan ratio while preserving the Bank's developmental mandate.

10.56. The Committee notes the Land Bank's explanation that its funding model remains constrained by an asset-liability mismatch, as the Bank's funding profile is largely short-term while agricultural lending requires longer-term finance. The Committee further notes that the Land Bank is engaging National Treasury and potential funders, including development finance institutions, to secure longer-term funding aligned to its mandate. This matter should be considered together with the guarantee and recapitalisation requests currently under consideration.

10.57. The Committee notes the Land Bank's explanation that the Farmer Academy is not an accredited academic qualification programme, but an internal farmer-support mechanism aimed at improving emerging farmers' readiness in areas such as business planning, funding applications and technical agricultural capability. The Committee expects to be updated on whether this initiative, together with pre-finance and post-finance support, improves the sustainability of funded emerging farmers and reduces default risk.

10.58. The Committee notes concerns relating to transformation in the agricultural insurance brokerage and assessment value chain. The Committee recommends that the Land Bank submit the comprehensive report requested by the Committee on transformation within the insurance brokerage and assessment value chain. The report should include the role of Land Bank Insurance, black participation, women participation, emerging brokers, claims assessors, underwriting structures, training and empowerment initiatives, the number of participants supported, measurable outcomes achieved to date, and measures to improve inclusion.

Development Bank of Southern Africa

10.59. The Committee recognises the DBSA as a key development finance institution supporting infrastructure planning, preparation, financing and delivery. The Committee notes the DBSA's Corporate Plan, including the Balanced Scorecard, Annexure A: Capital Expenditure and Financial Plan, Annexure B: Three-Year Financial Plan, Annexure E: Funding Plan and Borrowing Programme, Annexure F: Risk Management Plan, Annexure

H: Sustainability Framework and Annexure I: Breakdown of Disbursement Target. The Committee will use these annexures to monitor DBSA's progress, disbursement growth, capital adequacy, liquidity, funding strategy, risk exposure, development impact and implementation of its 2026/27 targets.

- 10.60. The Committee remains concerned about the relationship between disbursements and completed infrastructure, municipal support, regional exposure, impairments, climate finance, worker safety and the quality of jobs facilitated. While the Corporate Plan provides the overall performance and financial framework, the Committee requires future DBSA briefings to explain how approved targets translate into actual projects, completed infrastructure, measurable municipal service improvements, jobs facilitated and developmental outcomes.
- 10.61. The Committee notes that the DBSA Balanced Scorecard targets total disbursements of R20 billion to R24 billion in 2026/27, infrastructure delivered of R5.8 billion, infrastructure unlocked in under-resourced municipalities of R2.9 billion, 28 000 jobs facilitated, climate and environmental facility approvals of R2 billion, and 12 transactions committed for DBSA funding to black-owned entities. The Committee notes DBSA's explanation that range-based targets are used because the Bank is implementing a long-term growth strategy and progressively resetting its performance baseline as it scales operations. However, the Committee will continue to monitor how DBSA assesses and reports performance against range-based targets to ensure that Parliament can properly evaluate delivery, underperformance and value for money.
- 10.62. The Committee notes that municipal infrastructure failure remains a major barrier to inclusive growth and service delivery. The Committee further notes DBSA's Partner-a-District and Partner-a-Metro approaches, its collaboration with the Municipal Infrastructure Support Agent, and the indication that eight districts currently cover approximately 50 municipalities. The Committee will continue to monitor whether DBSA support contributes to measurable improvements in water, sanitation, electricity, revenue collection, maintenance planning, municipal service reliability, community engagement and sustainable municipal finance.
- 10.63. The Committee notes DBSA's explanation that impairments in the international loan book are affected by countries undergoing debt restructuring under the G20 Common Framework, including Zambia, Ghana and Ethiopia. The Committee further notes that DBSA's current portfolio is closer to a 70 per cent South Africa and 30 per cent rest-of-

Africa split, compared with the shareholder exposure framework of 60 per cent South Africa and 40 per cent rest of Africa. The Committee requires continuous updating on country risk, expected credit losses, sovereign and private-sector exposures, restructuring outcomes and geopolitical risks affecting DBSA's regional portfolio in DBSA's quarterly reports to Parliament.

- 10.64. The Committee notes that DBSA measures jobs facilitated through both direct and indirect employment linked to construction, D-Labs and DBSA-financed projects. The Committee expects future DBSA briefings to disaggregate jobs facilitated by direct and indirect jobs, temporary and permanent jobs, project type, location and delays affecting job creation, so that the developmental impact of DBSA-supported projects can be properly assessed.
- 10.65. The Committee notes DBSA's explanation that occupational health and safety is managed through a three-level assurance approach involving safety consultants, contractor-level occupational health and safety officers, and DBSA internal occupational health and safety agents. The Committee will continue to monitor worker safety performance on DBSA-supported infrastructure projects, including incidents, risk audits, corrective actions and compliance with the Occupational Health and Safety Act.

Public Investment Corporation

- 10.66. The Committee recognises the PIC's central role in managing public assets on behalf of the GEPF and other clients. The Committee remains concerned about the need for clearer reporting on investment performance, particularly whether growth in assets under management is driven by actual investment returns, new client contributions, listed market movements or other factors. The Committee expects the PIC's future reporting to distinguish more clearly between investment performance and asset growth arising from contributions or additional allocations.
- 10.67. The Committee remains concerned about governance, due diligence, incubation, support and post-investment monitoring in relation to the PIC's unlisted investments. The Committee notes issues raised during deliberations regarding Daybreak, Bambili, distressed assets, non-performing unlisted investments, the role of the Turnaround and Value Add unit, bankable feasibility studies, valuation changes, impairments, recovery actions and the adequacy of post-investment monitoring.

- 10.68. The Committee further notes that unlisted investments require more active support after approval, including appropriate incubation, technical support, operational monitoring, early-warning systems and timely intervention to mitigate the risk of failure. The PIC indicated that it was reviewing its post-investment monitoring and valuation framework and moving towards a more proactive “cradle-to-grave” approach to investment monitoring.
- 10.69. The Committee expects the PIC to provide more transparent and disaggregated reporting on listed and unlisted investment performance, including investment amounts, returns, valuations, impairments, recovery actions, due diligence processes, post-investment monitoring, governance safeguards and the use of bankable feasibility studies before investment approval. The Committee further expects future reporting to include clearer information on underperforming unlisted investments, remedial action taken, the top and bottom performers within the unlisted portfolio, and progress in strengthening the Turnaround and Value Add unit.
- 10.70. The Committee further expects the PIC to provide an update on whether the absence or inadequacy of bankable feasibility studies occurred in investments other than Bambili, and whether consequence management has been or will be implemented where due diligence failures are confirmed.
- 10.71. The Committee recommends that the PIC include clear and detailed annexures on its unlisted investments, including property and business investments, in its annual reports. For each investment, the annexures should, where legally permissible and commercially appropriate, include the initial capital invested, date of investment, subsequent capital invested, return on investment, current valuation, impairments, recovery actions and developmental impact.
- 10.72. The Committee welcomes the PIC’s restructuring of the Chief Investment Officer function into distinct roles responsible for listed investments, non-listed investments, and property and infrastructure. The Committee notes that this restructuring should support a more focused approach to asset-class management, investment decision-making, risk management, post-investment monitoring and developmental impact. The Committee will continue to monitor whether this results in increased infrastructure allocation, improved project selection, stronger support for unlisted and developmental investments, and measurable developmental outcomes.

- 10.73. The Committee expects the PIC to adopt an ecosystem approach to supporting non-listed investee companies, including incubation, technical support, operational monitoring, early-warning systems and collaboration with other development finance institutions and private institutional financiers. The Committee recommends that the PIC work with institutions such as the DBSA, IDC, NEF and relevant private venture capital and institutional finance providers to improve the productivity, profitability, sustainability and developmental impact of non-listed investments, develop a pipeline of bankable non-listed companies, and enable increased allocation to non-listed assets where this is consistent with client mandates, risk appetite and fiduciary obligations.
- 10.74. The Committee notes that digitisation has been identified as a strategic driver by the PIC. The Committee expects future briefings to provide clearer information on the digital systems being implemented across listed equities, fixed income and unlisted investments, and how these systems will improve investment monitoring, valuation, risk management, reporting timeliness, cybersecurity and accountability.

SASRIA

- 10.75. The Committee notes that SASRIA remains a strategically significant state-owned insurer providing cover against special risks such as riots, public disorder, strikes, terrorism and civil commotion. The Committee welcomes the improvements in governance, financial and operational performance following the July 2021 unrest period, but notes that SASRIA must continue strengthening capital resilience, claims management, reinsurance arrangements, risk modelling and readiness for future catastrophic events.
- 10.76. The Committee notes SASRIA's Vision 2029 objective of building own funds to R30 billion, against available capital of approximately R21.6 billion as at December 2025 and a 2026/27 equity target of R22 billion. The Committee further notes SASRIA's explanation that this target depends on premium growth, the reintroduction of the Wrap product, controlled loss ratios, improved reinsurance arrangements and investment income. The Committee will continue to monitor whether these assumptions remain realistic in the context of potential unrest, catastrophic events, reinsurance market volatility, lower investment returns and wider socio-economic risks.
- 10.77. The Committee notes that SASRIA reported that approximately 94 per cent of claims were being settled within stipulated timeframes, while delays in certain large or complex claims may arise from broker and insurer value-chain processes, disputes over settlement

amounts, loss adjustment processes, procurement difficulties and reinstatement challenges. The Committee expects future SASRIA briefings to include clearer reporting on claims turnaround times, delayed claims, reasons for delays, claims backlogs, large-loss claims and measures taken to improve claims handling efficiency.

10.78. The Committee notes concerns about the accessibility of SASRIA products for township, small and emerging enterprises. The Committee further notes SASRIA's explanation that its current distribution model depends largely on conventional insurance cover, and that direct-to-client distribution remains constrained by regulatory and cost considerations. The Committee will monitor SASRIA's work on alternative distribution channels, including digital platforms and partnerships with retail or community-based channels, to assess whether access to special risk cover is being broadened for underserved enterprises.

10.79. The Committee notes the importance of transformation within the insurance value chain, including underwriting, brokerage, claims assessment, loss adjustment and distribution structures. The Committee expects SASRIA's future reporting to include measures taken to deepen transformation, support black-owned and emerging participants, improve access for township and small enterprises, and ensure that its value chain contributes meaningfully to inclusive participation in the insurance sector.

11. Conclusion

Having considered Budget Vote 8: National Treasury, the 2026/27 Annual Performance Plans, Corporate Plans and related planning documents of National Treasury, SARS and the relevant finance portfolio institutions, as well as the presentations and deliberations held with the Department and entities, the Committee recommends that the House adopt Budget Vote 8: National Treasury.

Report to be considered.

The Democratic Alliance reserved its position.

The Economic Freedom Fighters (EFF) and uMkhonto Wesizwe Party (MKP) objected.