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REPUBLIC OF SOUTH AFRICA

ANNOUNCEMENTS,

TABLINGS AND

COMMITTEE REPORTS

MONDAY, 30 JUNE 2025

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National Assembly and National Council of Provinces

1. The Minister of Defence and Military Veterans

- (a) Strategic Plan of the Department of Military Veterans for 2025 – 2030.
- (b) Annual Performance Plan of the Department of Military Veterans for 2025/2026.
- (c) Strategic Plan of the Military Ombud for 2025 – 2030.
- (d) Annual Performance Plan of the Military Ombud for 2025/2026.

National Assembly

1. The Speaker

- (a) A petition from Ms M Clarke, calling for the urgent implementation of an action plan to address illegal mining in Ward 92, City of Ekurhuleni, Gauteng. (Ms M Clarke).

Referred to the **Portfolio Committee on Police** for consideration and report and **Portfolio Committees on Mineral and Petroleum Resources; Forestry, Fisheries and Environment; and Home Affairs** for consideration. The committees to confer in terms of Assembly Rule 169.

National Council of Provinces

1. The Chairperson

- (a) WRITTEN STATEMENT ISSUED IN TERMS OF SECTION 106(1)(a) OF THE LOCAL GOVERNMENT: MUNICIPAL SYSTEMS ACT, 2000 (ACT NO. 32 OF 2000), IN NKOMAZI LOCAL MUNICIPALITY, MPUMALANGA.

Referred to the **Select Committee on Cooperative Governance and Public Administration** for consideration.

COMMITTEE REPORTS

National Assembly

1. Report of the Portfolio Committee Electricity and Energy on the 2025 - 30 Strategic Plan, 2025/26 Annual Performance Plan and Budget Vote No. 10 of the Department of Electricity and Energy and its entities, dated 27 June 2025.

In the Sixth Administration, energy and mineral resources were integrated into the Department of Mineral Resources and Energy. Following the general elections on 29 May 2024, the Department of Mineral Resources and Energy was restructured into two distinct entities: the Department of Mineral and Petroleum Resources and the Department of Electricity and Energy. Consequently, two new portfolio committees were established: the Portfolio Committee on Mineral and Petroleum Resources and the Portfolio Committee on Electricity and Energy.

The Portfolio Committee on Electricity and Energy (hereafter, the Committee), having considered the 2025 - 30 Strategic Plan, 2025/26 Annual Performance Plan (APP) and Budget Vote No. 10 of the Department of Electricity and Energy (DEE), reports as follows:

1. INTRODUCTION

The Parliament of the Republic of South Africa (Parliament) has a constitutional obligation to oversee the work and spending of public resources by the Executive as outlined in Section 55:2 [(a), (b)] of the Constitution of the Republic of South Africa, 1996. Furthermore, Section 77 (3) of the Constitution stipulates that an Act of Parliament must provide for a procedure to amend money Bills before Parliament. This Constitutional provision resulted in Parliament passing the *Money Bills Amendment Procedure and Related Matters (Act No. 9 of 2009)* (the Money Bills Act). The Money Bills Act sets out the process that allows Parliament to make recommendations to the Minister of Finance to approve, reject or amend the budget of a National Department.

Therefore, Parliament, through its Committees and other mechanisms, should be the guardian of the use of State resources, the overseer of fiscal discipline and cost-effectiveness for the common good of all the citizens. Therefore, Parliament should assess the plans and conduct

regular performance reviews and annual performance assessments of the DEE and its entities. The Department's APP's forms part of the Medium-Term Development Framework (MTDF) of government and provides strategic direction to the Department, Provincial Departments, and entities, statutory bodies and the sector as a whole inclusive of the Department's social, and business partners. The APP is premised on government's priorities as espoused in the MTDF 2024-2029, and build towards attainment of the National Development Plan (NDP): Vision 2030 aspirations.

The purpose of this report is to report to the National Assembly (NA) on the Portfolio Committee on Electricity and Energy's findings after evaluating and assessing the Strategic Plan, Annual Performance Plan and Budget Vote No. 10 of the DEE.

2. THE COMMITTEE PROCESS

The APP, Strategic Plans and Budgets of the Departments and their entities are due for tabling to Parliament at the end of the preceding financial year, i.e. 31 March 2025. The financial year of the national government runs from 1 April to 31 March. For instance, the current financial year, 2025/26 runs from 1 April 2025 to 31 March 2026.

Usually, the departments brief Committees on the budgets in April of each year, and committee reports on budget are adopted in May latest. However, because the budget was reviewed after it was initially tabled due vat reversal, the budget will be considered in June and debated in July 2025.

The Committee received briefings by the Department of Electricity and Energy, Eskom, National Energy Regulator of SA (NERSA) and the South African Nuclear Energy Corporation (NECSA) on its respective Strategic Plans, Annual Performance Plans and Budgets on 23, 24 and 25 April 2025. However, the budget was revised on 21 May 2025, which necessitated a delay in approving budget votes., The following entities, namely, SA National Energy Development Institute (SANEDI), National Nuclear Regulator (NNR) and the National Radioactive Waste Disposal Institute (NRWDI), briefed the Committee on its respective Strategic Plans, Annual Performance Plans and Budgets on 18 June 2025. The Department presented updates to the Committee again on 19 June 2025. The Department, at the meeting of

19 June 2025, confirmed that there have been no substantive changes – to both the Department and its entities, only editorial adjustments to the targets from the Department's side.

3. THE DEPARTMENT OF ELECTRICITY AND ENERGY (DEE)

The DEE derives its mandate from the Constitution, which calls for a secure sustainable and affordable energy supply, promoting industrialisation and driving economic transformation. The Department plays a critical role in advancing energy security, ensuring universal electricity access, supporting environmental sustainability, and regulating the electricity and energy sector in alignment with national policy objectives. In fulfilling this mandate, the Department contributes to South Africa's just energy transition, ensuring that energy reforms are inclusive, equitable, and sustainable while upholding constitutional obligations.¹

Through Proclamation No. 179 of 2024, published in Government Gazette No. 51140 on 30 August 2024, the administration and powers of electricity and energy-related legislation was formally transferred to the newly established Department. This restructuring separated electricity and energy functions from the Department of Mineral Resources and Energy, which retains responsibility for mining, petroleum, and mineral resources. Additionally, energy entity oversight functions of the legacy Department of Public Enterprises (DPE) were transferred through Proclamation No. 176 of 2024, relating to the electricity utility Eskom.

The Department now serves as the central authority for electricity and energy security planning, regulatory oversight, and policy coordination, ensuring an integrated approach across the electricity generation, transmission and distribution value chain.²

Vision:

A sustainable, inclusive and efficient energy system that ensures security, affordability and reliability, driving transformation for all South Africans.

¹ Department of Electricity and Energy (2025a)

² Ibid.

Mission:

To ensure a stable, secure, and sustainable energy supply that supports economic growth, advances the just energy transition, and modernises infrastructure through effective regulation, transparent governance, and strategic partnerships at national, regional, and global levels.

Legislative Framework:

The Department of Electricity and Energy is mandated to ensure the secure and sustainable provision of energy to support socioeconomic development. Several pieces of legislation determine the department's mandate. These include the:³

- Electricity Regulation Act (2006), which establishes a national regulatory framework for the electricity supply industry, including registration and licensing
- National Energy Act (2008), which empowers the minister to plan for and ensure security of supply for the energy sector through:
 - ensuring that diverse energy resources are available in sustainable quantities and at affordable prices in the South African economy to support economic growth and poverty alleviation, while considering the natural environment
 - planning for the increased generation and consumption of renewable energy, a contingency energy supply, the holding of strategic energy feedstock and carriers, adequate investment in appropriate upkeep, and access to energy infrastructure
 - collecting data and information regarding energy demand, supply and generation
 - promotion of electricity regulation, energy research and the efficient generation and consumption of energy.

In addition, the 1998 White Paper on Energy Policy and the 2003 White Paper on Renewable Energy articulate the government's overarching approach to energy supply and consumption.

Alignment with National Priorities:

The Department contributes to the National Development Plan (NDP) by:

³ National Treasury (2025)

- Ensuring secure, sustainable, and affordable electricity supply to support industrialisation and economic growth.
- Expanding energy infrastructure, including transmission networks, electrification projects, and renewable energy development.
- Strengthening governance, regulatory frameworks, and transparency in the electricity sector.

The Department contributes to priority 1 of the Medium-Term Development Plan (MTDP) to drive inclusive growth and job creation.

The Impact statement of the Department is:

“a integrated, well-regulated, and investment-friendly energy system that ensures security of supply, drives industrialisation, advances a just energy transition, and positions south Africa as a regional and global leader in sustainable energy.”

To achieve this impact, the Department has identified seven outcomes to guide its efforts and focus of its work over the period to 2030. These are:

Table 1. Departmental Outcomes

Outcome	Description
Outcome 1: A coherent, aligned, and impactful national energy policy and planning framework	By 2030, South Africa will have a well-coordinated energy policy and planning framework that ensures long-term energy security, economic growth, and environmental sustainability. The Department will drive integrated energy planning by finalising and implementing the IRP 2025 and the Gas Masterplan; aligning national, provincial, and municipal energy policies; and integrating just energy transition strategies into government planning. It will also strengthen evidence-based decision-making using real-time energy market data and forecasting models.

Outcome 2: A well-regulated, transparent, and investment-friendly energy market.	By 2030, South Africa's electricity and nuclear energy markets will be transparent, competitive, and conducive to private investment, ensuring efficient, cost-reflective pricing and long-term energy security. The Department will drive electricity market reforms by finalising Eskom's restructuring and operationalising the ITSA, establishing a competitive electricity market and strengthening nuclear regulatory oversight to align with international safety standards.
Outcome 3: Increased investment in energy infrastructure, grid expansion, and technological innovation.	By 2030, South Africa will have increased investment in energy infrastructure, expanded the national grid, and advanced new energy technologies. It will achieve this by mobilising concessional finance for infrastructure; strengthening public-private partnerships; facilitating and accelerating investment in renewable energy infrastructure; and enabling technological innovations like energy storage, nuclear safety improvements, and green hydrogen development.
Outcome 4: A just energy transition enabling industrialisation and job creation	By 2030, South Africa will have transitioned towards a lower-carbon energy system that drives industrialisation, job creation, and social equity. It will implement the JET IP, scale up renewable energy capacity, develop a domestic green hydrogen economy, support the localisation of energy sector manufacturing and ensure socioeconomic adaptation support for workers and communities affected by the transition from coal.
Outcome 5: Strengthened intergovernmental, regional, and global energy coordination	By 2030, South Africa will be a regional leader in electricity trade and a globally recognised hub for clean energy investment. It will deepen regional

	energy integration through the Southern African Power Pool, develop cross-border electricity projects, coordinate South Africa's engagement in the African Single Electricity Market, and position the country as a global clean energy investment hub.
Outcome 6: Capable state-owned energy entities driving energy security and market efficiency.	By 2030, South Africa's energy SOEs will be financially stable, operationally efficient, and aligned to national energy priorities. The Department will drive SOE transformation to support a competitive and investment-friendly electricity market, ensure financial sustainability, strengthen governance, and ensure the integration of adaption strategies to transition companies to low carbon footprints.
Outcome 7: A capable, high-performing and digital-enabled organisation	By 2030, the Department will be a well-governed, digitally advanced, and high-performing organisation, ensuring effective policy, enhanced oversight of state-owned entities, and improved service delivery. The Department will finalise its institutional structure, build technical, financial, legal, and regulatory capacity, modernise digital systems, and enhance gender equity, youth participation, and workforce transformation.

Source: Department of Electricity and Energy (2025a)

3.1. OVERVIEW OF THE 2025/26 BUDGET AND ANNUAL PERFORMANCE PLAN⁴

Over the medium term, the Department will focus on expanding reliable access to electricity, enhancing energy efficiency, and managing nuclear energy in line with international commitments. These efforts aim to ensure that South Africa maintains an adequate and stable supply of electricity to support productivity and economic activity.

⁴ Department of Public Enterprises (2020a) This section comes from this report.

Aligned with the Strategic Plan for 2025-2030, the Department has constituted five budget programmes to achieve the intended outcomes. The following section outlines these programmes and their respective budgets.

Table 2: Departmental 2025/26 Budget

Programme	Budget				Nominal Rand change	Real Rand change	Nominal % change	Real % change
R'million	2024/25	2025/26	2026/27	2027/28	2024/25-2025/26		2024/25-2025/26	
Programme 1: Administration	220,6	248,9	261,7	267,0	28,3	17,1	12,83	7,76
Programme 2: Energy Planning and Policy Development	67,1	78,4	82,7	87,1	11,3	7,8	16,84	11,60
Programme 3: Energy Programmes and Projects	4 660,9	4 755,1	4 853,9	5 073,4	94,2	- 119,3	2,02	-2,56
Programme 4: Nuclear Energy Regulation and Management	1 089,1	1 543,6	1 634,0	1 662,4	454,5	385,2	41,74	35,37
Programme 5: State-Owned Companies Support Services	43,1	43,3	46,9	53,2	0,2	- 1,7	0,56	-3,96
TOTAL	6 080,7	6 669,3	6 879,2	7 143,1	588,6	289,2	9,68	4,76

Source: National Treasury (2025)

The Department has a budget of R6.7 billion for the 2025/26 financial year, representing a 9.7 per cent or R588.6 million increase on the 2024/25 financial year budget. The Department

operates through five programmes, with most of its budget going to Programme 3: Energy Programmes and Projects, which receives 71.3 per cent of its total allocation, at R4.8 billion in the 2025/26 financial year. This is followed by Programme 4: Nuclear Energy Regulation and Management which is allocated 23.1 per cent of the Department's budget at R1.5 billion for the 2025/26 financial year.

According to National Treasury, most of the funding under Programme 3 is allocated for activities in the integrated national electrification programme, which is set to receive R13.2 billion over the medium-term. Treasury further states that spending on compensation of employees is projected to increase at an average annual rate of 8.9 per cent from R313.6 million in 2024/25 to R404.9 million in 2027/28 financial year. The number of personnel is expected to increase from 359 in 2024/25 to 414 in the 2027/28 financial year.

Over the next three years, an estimated 13.1 per cent (R2.7 billion) of the department's expenditure is set aside for operational costs, of which R1.2 billion is for compensation of employees and R1.6 billion is for goods and services.⁵

As part of South Africa's presidency of the G20 until November 2025, the Department is responsible for leading the G20 Energy Transition Platform. This includes hosting ministerial meetings, technical preparatory sessions and working group engagements. To support these activities, R65 million in 2025/26 is set aside in the department's baseline.⁶

Of the total budget, R5.8 billion is allocated to *Transfers and subsidiaries*. This includes R1.9 billion directed to provinces and municipalities in aid of the integrated national electrification programme, and R3.6 billion to *Public corporations and private enterprises* in aid of the energy entities within the portfolio of the Department.

For the 2025/26 financial year, the Department has identified **54 output indicators** to guide its performance and service delivery objectives.

⁵ National Treasury (2025)

⁶ Ibid.

3.2. Programmes and sub-programme plan

3.2.1. Programme 1: Administration

The purpose of this programme is to provide strategic leadership, management, and support services to the Department. It ensures that the Department functions effectively, complies with national governance frameworks, and delivers on its mandate.⁷

The programme supports the Department's capacity to execute its policy, regulatory, and investment facilitation responsibilities by strengthening financial management, human resource administration, digital transformation, and institutional performance.⁸

The programme includes the following sub-programmes: Ministry, Departmental Management (Office of the Director-General), Internal Audit, Finance Administration, Corporate Services.

For the 2025/26 financial year, Programme 1 has a budget of R248.9 million representing a nominal increase of 12.8 per cent from R220.6 million in the 2024/25 financial year. The budget accounts for 3.7 per cent of the total departmental budget. Sub-programme Corporate Services receives the largest share, amounting to R109.1 million for the 2025/26 financial year.

The main cost drivers for the programme are Compensation of employees at R140.1 million for the 2025/26 financial year, a nominal increase of 19.9 per cent on the previous financial year. Goods and services amount to R101.1 million for the 2025/26 financial year, an increase of R8.8 million from the previous year's budget of R82.1 million. The goods and services budget are driven by Operating leases which amounts to R38.0 million for the 2025/26 financial year, followed by travel and subsistence at R18.9 million for the financial year. Computer services amount to R10.2 million of the goods and services budget.

The programme has nine performance indicators for the 2025/26 financial year.

⁷ Department of Electricity and Energy (2025b)

⁸ Ibid.

3.2.2. Programme 2: Energy Planning and Policy Development

The programme is responsible for developing, implementing and maintaining an integrated energy policy and planning framework that ensures South Africa's energy security, investment attractiveness, and transition towards a sustainable and competitive energy market. It plays a critical role in shaping national energy policy, driving regulatory reforms, coordinating intergovernmental and international energy planning, and ensuring evidence-based decision-making in the energy sector.

The programme has three sub-programmes, namely:⁹

- *Nuclear, Electricity and Gas Policy* develops and reviews policy and legislative frameworks for the nuclear, electricity and gas sectors, conducts research, and monitors the impact of policy implementation.
- *Energy Planning* ensures the secure supply of energy resources through evidence-based planning, manages the development of energy plans, and conducts research and analysis of market trends that inform and influence the energy economy.
- *Intergovernmental Relations, International Collaborations and Transformation* promotes economic growth, investment and transformation in the sector.

Programme 2 has the second smallest budget of the five programmes, amounting to R78.4 million for the 2025/26 financial year, or 1.2 per cent of the total Department's budget. The budget increases by 16.8 per cent nominally in 2025/26 and increased in real terms by 11.6 per cent. The largest allocation within the programme goes to *Energy Planning* amounting to R38.7 million, followed by *Nuclear, Electricity and Gas Policy* with R27.5 million and *Intergovernmental Relations, International Collaborations and Transformation* amounts to R12.2 million for the 2025/26 financial year.

The budget consists of compensation of employees of R61.7 million, with the balance going to goods and services amounting to R16.8 million for the 2025/26 financial year.¹⁰ The staff complement is projected to reach 47 employees by year end.

⁹ National Treasury (2025)

¹⁰ National Treasury (2022)

The Department states that a significant portion of funding is allocated to energy modelling, forecasting, and data analytics, which supports evidence based decision-making and regulatory reforms. Additionally, resources are directed towards the finalisation and implementation of key policy frameworks, including the Integrated Resource Plan (IRP) 2025, the Integrated Energy Plan, and the Gas Masterplan 2025.

The programme has the following 11 output indicators for the 2025/26 financial year.

3.2.3. Programme 3: Energy Programmes and Projects

The programme provides strategic oversight, coordination and facilitation of investment in national energy programmes, including electrification, infrastructure expansion, and renewable energy development, ensuring sustainable energy access and industrial transformation. The programme plays a central role in enabling infrastructure investment, supporting regulatory transformation, and ensuring the effective execution of national energy priorities through strong governance, project oversight and stakeholder engagement collaboration.¹¹

The programme has the following sub-programmes:¹²

- *Energy Programmes and Project Management* provides overall management to the programme.
- *Integrated National Electrification Programme* oversees and manages the financing and implementation of the electrification programme, and makes transfers to Eskom, municipalities and private providers.
- *Programmes and Projects Management Office* provides specialised assistance to management to apply management principles, coordinate project information and report on projects.
- *Electricity Infrastructure and Industry Transformation* oversees programmes and projects focused on the development, improvement and transformation of the electricity

¹¹ Department of Electricity and Energy (2025b)

¹² National Treasury (2025)

generation, transmission and distribution sector, as well as independent power producers.

- *Clean Energy* advances energy efficiency and renewable energy in South Africa through planning and coordinating initiatives and interventions focused on the energy efficiency and renewable market.

The total budget for the programme for the 2025/26 financial year is R4.8 billion, which constitutes 71.3 per cent of the total Departmental Budget. Programme 3's allocation has increased by 2.0 per cent nominally from the R4.66 billion allocated in the previous financial year to R4.76 billion in the 2025/26 financial year.¹³ However, in real terms the programme's budget decreased by R119.3 million or 2.6 per cent year-on-year.

Approximately Ninety per cent (90%) of the programme's budget is allocated to sub-programme *Integrated National Electrification Programme* amounting to R4.3 billion for the 2025/26 financial year increasing to R4.6 billion in the 2027/28 financial year.

The budget is predominantly driven by transfers and subsidies, specifically R1.9 billion to *provinces and municipalities*, and R2.3 billion to *Public Corporations and private enterprises*. An amount of R1.7 billion is for the Integrated National Electrification Programme (INEP) grant to municipalities, and R246.3 million for energy efficiency and demand-side management grants. An amount of R2.3 billion will be transferred to Eskom for the INEP grant.

The programme is expected to employ 108 staff members by the end of the financial year. The Department has allocated R92.5 million to compensation of employees, while goods and services amount to R362.6 million for the 2025/26 financial year.

The programme has 12 output indicators for the 2025/26 financial year.

3.2.4. Programme 4: Nuclear Energy Regulation and Management

The programme provides oversight, regulation, and strategic governance of South Africa's nuclear energy sector. It ensures compliance with national legislation and international nuclear

¹³ National Treasury (2023)

safety, security, and non-proliferation agreements. The programme advances the peaceful application of nuclear technology in energy, industry, and medicine, while supporting South Africa's just energy transition, industrialisation, and energy security objectives.¹⁴

The programme has the following sub-programmes:¹⁵

- *Nuclear Energy Management* provides overall management to the programme.
- *Nuclear Safety and Technology* manages and implements all matters related to nuclear safety and technology as required by legislation and international agreements; implements nuclear energy policy in line with the requirements of the integrated resource plan; and administers all matters related to nuclear technology, safety, liability and emergency management with the aim of improving the governance of the nuclear sector. This sub-programme also makes transfers to the South African Nuclear Energy Corporation, the National Nuclear Regulator and the National Radioactive Waste Disposal Institute and is responsible for paying membership fees to international organisations.
- *Nuclear Non-proliferation and Radiation Security* manages and implements all matters related to nuclear non-proliferation and radiation security, as required by legislation and international agreements. This sub-programme also administers the use of nuclear material, related equipment and facilities, including nuclear technology, to ensure compliance with legislation and international agreements.

The programme has the second largest budget within the Department at R1.5 billion for the 2025/26 financial year; a nominal increase of 41.7 per cent on the R1.1 billion budgeted for in the 2024/25 financial year. The majority of the programme's budget is allocated to the *Nuclear Safety and Technology* sub-programme, which receives R1.5 billion. This is in support of the South African Nuclear Energy Corporation (NECSA) which has been allocated an amount of R1.4 billion which includes capital and the multi-purpose reactor project. A transfer of R46.5 million is made to the National Nuclear Regulator and R50.0 million to the National Radioactive Waste Disposal Institute (NRWDI).

¹⁴ Department of Electricity and Energy (2025b)

¹⁵ National Treasury (2025)

The programme is projected to have a staff complement of 37 employees by the end of the financial year. Compensation of employees amounts to R45.6 million while goods and services are budgeted at R10.1 million for the 2025/26 financial year. An amount of R7.1 million is budgeted for the use of consultants: business and advisory services.

The programme has 12 output indicators for the 2025/26 financial year.

3.2.5. Programme 5: State-Owned Companies Support Services

The programme provides strategic oversight, governance, and performance monitoring for Eskom, NERSA, NNR, NECSA, SANEDI and NRWDI ensuring that the state-owned energy entities fulfil their mandates, operate efficiently, and align with government priorities.¹⁶

The programme focuses on strengthening financial and operational recovery, improving governance, ensuring regulatory compliance, and enhancing investment efficiency within energy SOEs. It supports infrastructure investment, unbundling reforms where applicable, and the just energy transition, ensuring SOEs contribute effectively to a stable, competitive, and investment-friendly energy market.¹⁷

The programme has the following sub-programmes:¹⁸

- *Energy Resources* exercises shareholder oversight of Eskom.
- *State-owned Companies Financial Assessment and Investment* analyses state-owned companies' capital plans, operational performance, execution of capital programmes and proposed restructuring proposals, and advises on appropriate action.
- *State-owned Companies Risk, Governance and Legal Assurance* provides external legal services and support, including transaction and contract management support, to sector teams and the commercial activities of energy state-owned companies. This sub-programme also develops, monitors and advises on legislative and corporate governance and shareholder management systems for the department and its state-

¹⁶ Department of Electricity and Energy (2025b)

¹⁷ Ibid.

¹⁸ National Treasury (2025)

owned energy companies, and develops and implements risk and compliance management guidelines and systems.

The programme has the smallest share of the Departmental budget with only 0.7 per cent of the total Departmental budget, R43.3 million. This is a 0.6 per cent increase on the R43.1 million allocated in the previous financial year. The majority of the budget, R23.0 million, is allocated to Energy Resources., followed by R15.5 million allocated to *State Owned Companies Financial Assessment and Investment*, with the balance of R4.7 million allocated to *State-owned Companies Risk, Governance and Legal Assurance*.

The budget is divided between compensation of employees of R31.1 million with a staff complement of 27 employees, and goods and services of R12.2 million allocated for the 2025/26 financial year. The largest allocation within goods and services is R5.3 million for consultants: business and advisory services, followed by legal services at R3.9 million for the year under review.

The programme has 10 output indicators for the 2025/26 financial year.

4. SOUTH AFRICAN NUCLEAR ENERGY CORPORATION (NECSA)

4.1. Overview of NECSA's Corporate Plan

The Nuclear Energy Act No. 46 of 1999 provides for the establishment of the South African Nuclear Energy Corporation Limited, a public company wholly owned by the State. It defines the Corporation's functions and powers, its financial and operational accountability, and provides for its governance and management by a board of directors and a chief executive officer.¹⁹

According to the Nuclear Energy Act (Act no. 46 of 1999) (NEA), NECSA is mandated:²⁰

- To undertake and promote research and development in the field of nuclear energy and radiation science and technology and to make these generally available.

¹⁹ South African Government (1999)

²⁰ Necsa (SOC) Ltd. (2023) pg. 10

- To process source material, special nuclear material and restricted material and to process and enrich source material and nuclear material.
- To cooperate with any person or institution in matters falling within these functions.
- Execute institutional responsibilities on behalf of government e.g. operation and utilisation of SAFARI-I decommissioning and waste management, international obligations.

The Nuclear Energy Policy of 2008 states that NECSA should be the anchor for nuclear research, development and innovation in South Africa. Particularly to:²¹

- Participate in the uranium value chain,
- Develop uranium conversion capabilities,
- Explore viable means to establish uranium enrichment capabilities,
- Develop a strategy to fabricate nuclear fuel capabilities.

NECSA's mandate is to develop, utilise and manage nuclear technology for national and regional socio-economic development through: Applied research and development (R&D); commercial application of nuclear and associated technology; contributing to the development of skills in science and technology.²²

The entity has identified 5 strategic objectives and 16 key performance indicators, as indicated below.

The strategic objectives identified are:

- Financial Recovery and Sustainability
- Research and Innovation
- Profitable Commercial Enterprises
- Business Continuity and Efficiency
- Talent excellence and high-performance culture

The entity identified the following 16 key performance indicators:

Table 3: Key Performance Indicators

²¹ Ibid.

²² Necsa (SOC) Ltd. (2024a)

Strategic Pillar	Key performance Indicator	2025/26 Target
Financial Recovery and Sustainability	NECSA Group Net Profit After Tax (R'm)	57.2
	Audit opinion	Unqualified audit opinion FY2023/24
Research and Innovation	Contract R&D funding generation (R'm)	40
	Number of peer reviewed publications	20
	Number of innovation disclosures	6
Profitable Commercial Enterprises	NTP Group Profit After Tax (R'm)	48.5
	Pelchem Net Profit After Tax (R'm)	8.6
Business Continuity and Efficiency	Disabling Injury Incidence Rate (DIIR)	<1.8
	Public dose impact (mSv per annum)	<0.25
	Number of days available per year	287
	Neutron source generation	100% execution of the MPR Annual Plan of Action
	Percentage execution of the Decontamination and Decommissioning (D&D) Annual Plan of Action as approved by NECSA board and submitted to DMRE	95%
Talent excellence and high-performance culture	Talent Pipeline Development	95% of funded, critical positions filled within 150 days
	Knowledge management and employee retention	90% of all critical positions to have knowledge retention plans

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Source: Necsa (2025)

The entity identified the following high impact programmes which will be driven during the 2025/26 financial year.

- 1) Re-establishing front-end fuel supply
- 2) Positioning for power generation leading with small modular reactors (SMRs)
- 3) Solidify neutron source generation
- 4) Increasing the footprint for radioisotope production and services
- 5) Stabilising the fluorochemical operations/business and repositioning on the beneficiation curve with low volume and high value
- 6) Capacitating and strengthening skills development as a service offering.

The entity stated that the six high-impact programmes are key to NECSA achieving its strategic objectives for the year dependent on appropriate funding structures, partnership models and public acceptance.

4.2. NECSA budget for the 2025/26 financial year

The entity has budgeted for total revenue amounting to R3.1 billion for the 2025/26 financial year; an increase of 5.8 per cent on the R2.9 billion budgeted for the 2024/25 financial year. The revenue is made up of R1.8 billion from sale of goods and services or 59.4 per cent of total revenue, other non-tax revenue of R295.3 million or 9.4 per cent of total revenue, and R975.6 million received as a transfer from government accounting for 31.1 per cent of total revenue. The sale of goods and services is from the sale of nuclear technology products, fluorochemical products and advanced manufacturing services. The transfer from the state is expected to fund operational requirements and specific activities such as the decommissioning of strategic plants, waste management at all disused nuclear facilities, the production and use of low-enriched uranium fuel, and nuclear safety.

Total expenses amount to R3.0 billion for the 2025/26 financial year, a 6.4 per cent increase on the R2.8 billion budget for the 2024/25 financial year. Compensation of employees' accounts for 46.3 per cent of total expenditure. Compensation of employees increased by 6.8 per cent

from R1.3 billion in 2024/25 to R1.4 billion in 2025/26, however, the number of employees is set to stay constant at 1 631 employees over the medium term.

Goods and services accounts for 49.4 per cent of total expenditure, amounting to R1.5 billion a decrease of 1.2 per cent on the previous financial year. Goods and services are mainly to produce medical radioisotopes. Transfers and subsidies amount to 0.8 per cent of total expenditure, amounting to R24.9 million for the 2025/26 financial year, a decrease of 38.5 per cent on the R40.5 million budgeted in the 2024/25 financial year. Other expenditure is depreciation at R104.3 million and interest, dividends and rent on land of R1.3 million for the 2025/26 financial year.

The entity has budgeted for a surplus of R57.2 million in the 2025/26 financial year, a decrease of 17.2 per cent on the R69.1 million surplus projected for in the 2024/25 financial year.

5. ESKOM

5.1. Overview of Eskom's Corporate Plan

Eskom is South Africa's primary electricity supplier, responsible for generating, transmitting and distributing electricity to industrial, mining, commercial, agricultural, and residential customers. It also sells electricity to municipalities, which in turn redistribute it to businesses, government institutions, and households within their respective areas.

Government recognises that reliable electricity supply is essential for stability and prosperity in the country. It is therefore Eskom's responsibility to ensure that it can supply sufficient power to meet rising demand.²³ Furthermore, the utility is expected to play a strategic role of advancing government's policy objectives as outlined in the **National Development Plan (NDP)**, the **Industrial Policy Action Plan (IPAP)** and the **New Growth Path (NGP)**. Of key concern to the state, is that the investment in the infrastructure programme should not only result in the development of power stations, but must also improve people's lives, especially around the actual construction sites.²⁴

²³ Department of Public Enterprises (2020).

²⁴ Boskati (2012).

In line with the NDP, the government aims to procure at least 20 000MW of renewable electricity by 2030, importing electricity from the region, decommissioning 11 000MW of ageing coal-fired power stations and stepping up investments in energy-efficiency. This has been given expression in the **Integrated Resource Plan (IRP) 2019**, which anticipates the decommissioning of approximately 24 100MW of coal power between 2030 and 2050. by 2030 additional capacity is expected to include: coal-generated power of 1 500MW, Hydro 2 500MW, PV an additional 6 000MW, Wind an additional 14 400 MW, gas/diesel an additional 3 000MW, and embedded generation of 4 000MW.²⁵ Eskom's role is to facilitate the above electricity generation and connecting the additional power to the grid.

The shareholder, the Department of Electricity and Energy identified the following priorities for the year:

1. Achieve universal access, availability, affordability and quality
2. Attain sovereign and regional energy security
3. Drive industrialization and lead innovation
4. Qualitatively transform energy demographics; elevate role of women and youth
5. Assert South Africa's, continental and global energy leadership.

The entity then identified the following strategic objectives and initiatives for the 2025/26 financial year.

1. Pursuing financial and operational sustainability
 - a. Recover and sustain the energy availability factor to 70 per cent in the long term
 - b. Implement innovative solutions including Distribution Agency Agreement to reduce municipal arrear debt and energy losses
 - c. Optimise cost and enhance revenue
 - d. Strengthen leadership stability and upskill and reskill employees for future opportunities
2. Facilitate a competitive future energy industry
 - a. Defining Eskom's role in the energy transition and in the future

²⁵ Department of Mineral Resources and Energy, (2019)

- b. Operationalise Dx, establish NewCo and operationalize Gx
 - c. Fine-tune Gx and Dx business models, to improve customer centricity
 - d. Drive large scale clean energy projects (gas, solar PV, wind, nuclear) incl. Renewables pipeline through a Renewables business
 - e. Develop Eskom's PSP/PPP model and unit
3. Modernise the power system
- a. Accelerate TDP execution including alternative funding models
 - b. Strengthen Distribution network infrastructure including smart meters and micro-grids rollout
 - c. Increase flexibility of power system infrastructure
 - d. Develop and implement digitalization strategy
4. Strive for net zero emissions by 2050
- a. Drive Komati, Grootvlei, Hendrina, Camden repowering and repurposing initiatives
 - b. Collaborating with the government on Minimum Emissions Standards and Environmental Compliance
 - c. Participating in Distributed Energy Sources (DERs) and drive eMobility

The entity presented 32 key performance indicators for the 2025/26 financial year. In its presentation the entity stated that it remained committed to improving the financial and operational performance of the business while entrenching a high performance and ethical culture. This includes the recovery and sustainability of the generation of performance, exploring partnerships with municipalities to reduce municipal debt, reducing energy losses to 9.92 per cent by the 2029/30 financial year, identify additional opportunities to increase revenue, identify opportunities to drive cost savings, improve internal controls to address fraud, corruption and criminality, establish a high-performance culture and upskill and reskill the workforce.

Generation continues to drive the Recovery plan initiatives which have resulted in improved performance. The addition of capacity amounting to 800 Megawatts (MW) is expected to be returned to service by May 2025 which will contribute to the security of supply. A clear plan has been developed to address the root causes related to the recent load shedding events, including people, plant and processes. Evolving the business to position itself for increasing competition and provide solutions for their current and future customers which includes the

implementation of 5.9GW of clean energy projects by 2030; legally separate Distribution and Generation; enhance Generation and Distribution products and service offerings; and explore strategic partnerships for funding and execution. Through the unbundling of the entity, Eskom will evolve to a more agile entity which will be able to access the funding required to deliver the future energy landscape and economic growth. Additionally, significant investment is being made to strengthen and modernise the power system, underpinned by a digital transformation strategy, by executing the Transmission Development Plan, increasing the flexibility of the power system, and strengthening the Distribution network. Through all of this, Eskom is committed to transitioning responsibly through the implementation of the Just Energy Transition. The entity is proactively implementing interventions to improve governance and control the environment to achieve a high-performance ethical culture.

National Treasury states that over the medium term, Eskom will focus on executing its turnaround strategy. This includes continuing to work on the legal separation of the transmission and distribution and generation businesses while aiming to improve these functions. A key component of this strategy involves aligning the company's human resources with its plans to improve operational performance to increase the availability of energy to 65 per cent by 2027/28. To achieve this, Eskom will implement appropriate strategies to retain critical skills, improve employee morale and deal with underperformance effectively. As such, employee compensation is projected to increase at an average annual rate of 4.7 per cent, from R40.7 billion in 2024/25 to R46.8 billion in 2027/28.²⁶

5.2. Eskom Budget for the 2025/26 financial year

Overall expenditure is projected to increase at an average annual rate of 6.8 per cent, from R343.8 billion in 2024/25 to R418.3 billion in 2027/28. Generation remains the largest area of expenditure, accounting for approximately 60.3 per cent (R713.2 billion) of Eskom's total budget over the medium term.

The evolution of the electricity supply industry, including the integration of large-scale renewable and distributed energy will require the company's transmission and distribution

²⁶ National Treasury (2025a)

infrastructure to be significantly strengthened and expanded. This aligns with the requirements contained in the transmission and distribution network development plans.

Expenditure in the transmission division accounts for 28.3 per cent (R351 billion) of total spending, increasing at an average annual rate of 16.5 per cent, from R87.5 billion in 2024/25 to R138.3 billion in 2027/28, driven primarily by the execution of the transmission development plan for grid expansion. Spending on distribution accounts for 10.7 per cent (R125.7 billion) of the company's budget over the period ahead.²⁷

The entity has allocated its budget across its programmes. Administration constitutes 2.6 per cent of the budget, increasing by 4.2 per cent from R9.5 billion in 2024/25 to R9.9 billion in the 2025/26 financial year. Generation constitutes 62.2 per cent of the budget for the 2025/26 financial year, at R239.0 billion, an increase of 11.7 per cent from the previous year's budget. Distribution constitutes 10.9 per cent of the budget for the 2025/26 financial year, increasing year-on-year from R38.8 billion in 2024/25 to R41.8 billion in 2025/26. Transmission constitutes 26.3 per cent of the budget for the 2025/26 financial year, and amounts to R101.0 billion, an increase of 15.4 per cent from the previous financial year. The subsidiaries and eliminations increase by 24.0 per cent from a loss of R6.0 billion in the 2024/25 budget to a loss of R7.4 billion in the 2025/26 budget. Overall, the budget increases by R40.5 billion for the 2025/26 financial year, reaching R384.2 billion.

Compensation of employees' accounts for 11.3 per cent of total expenditure. This category increased by 6.7 per cent from R40.7 billion in 2024/25 to R43.4 billion in 2025/26. Goods and services accounts for 63.0 per cent of total expenditure, amounting to R242.0 billion, an increase of 14.9 per cent on the previous financial year. This expenditure primarily covers the procurement of primary energy including coal, the procurement of parts for maintenance and repairs, and general operational procurement. Other expenditure is depreciation at R39.1 billion; interest, dividends and rent on land of R45.8 billion; and transfers of R13.9 billion for the 2025/26 financial year.

The entity has budgeted for a deficit of R5.6 billion in the 2025/26 financial year, 16.1 per cent decrease on the R6.6 billion deficit budgeted for in the 2024/25 financial year. Revenue is

²⁷ National Treasury (2025a)

budgeted at R378.7 billion for the 2025/26 financial year, driven by the 12.74 average electricity price increase in tariffs for the financial year.

Gross debt securities are expected to reduce from R411.6 billion in 2025/26 to R334.49 billion in the 2027/28 financial year, strengthening the balance sheet by reducing debt to lower interest burden and position the business for sustainable growth. Eskom will look to procure new debt from the 2027/28 financial year incrementally to fund capital expenditure for emissions reduction, clean energy generation, and transmission network expansion. Return on Regulatory Asset Base needs to migrate towards approximately 10 per cent, ideally being in the region of 16 per cent for tariffs to migrate towards cost reflectivity.

6. NATIONAL ENERGY REGULATOR OF SOUTH AFRICA (NERSA)

6.1. Overview of NERSA's Annual Performance Plan 2025/26

The National Energy Regulator of South Africa (hereafter, NERSA) is the single regulatory authority established in terms of the National Energy Regulator Act, 2004. NERSA's mandate is to regulate the electricity, piped gas and petroleum pipelines industries in terms of the Electricity Regulation Act, 2006, Gas Act, 2001, and Petroleum Pipelines Act of 2003.

NERSA's mandate is further derived from published government policies and regulations developed by the Minister of Electricity and Energy (hereafter, the Minister) in terms of the above-mentioned relevant legislation. It is important to note that according to the National Energy Regulator Act, NERSA can only take decisions that are within published government policy.

Given the outline above, NERSA mandate, as contained in the relevant legislation and policy, is summarised as follows:

- Issuing of licences and setting pertinent conditions;
- Setting and/or approving tariffs and prices;
- Monitoring and enforcing compliance with licence conditions;
- Dispute resolution including mediation, arbitration and the handling of complaints;

- Gathering, storing and disseminating industry information;
- Setting of rules, guidelines and codes for the regulation of the three industries;
- Determination of conditions of supply and applicable standards;
- Registration of import and production activities.

NERSA's vision statement is to be a recognised world-class leader in energy regulation.

The entity's mission statement is to regulate the energy industry in accordance with government laws and policies, standards and international best practices in support of sustainable and orderly development.

NERSA's overall impact statement is, "Secure, reliable, affordable, sustainable, competitive and transformed energy industry, which contributes to the economic growth of South Africa."

NERSA has the following strategic objectives or outcomes:

- a) Facilitate entry, setting prices and resolving disputes through efficient regulatory tools on an annual basis
- b) Enable a stable and diverse energy sector system and pricing regime that supports access through regulatory services that are delivered on time (annually) and to quality standards
- c) Review regulatory tools periodically to ensure that they are innovative in response to the transformation of the energy industry
- d) Review the Regulatory Framework periodically to ensure that it is relevant for effective regulation, for the benefit of customers and stakeholders, through regulatory advocacy and stakeholder engagement
- e) Enable the provision of integrated and value-added services in an equitable manner to customers.

In an endeavour to discharge its mandate effectively and efficiently, NERSA is structured for each industry as follows:

- Programme 1: Regulatory Service Delivery

- Programme 2: Advocacy and Engagement
- Programme 3: Innovation
- Programme 4: Operational Efficiency and Quality Management
- Programme 5: People and Organisational Culture

6.2. NERSA's programmes

6.2.1. Programme 1: Regulatory Service Delivery

This programme is focused on NERSA's regulatory functions and is therefore divided into three sub-programmes. The programme includes the following sub-programmes:

- i. Electricity Industry Regulation
- ii. Piped-Gas Industry Regulation
- iii. Petroleum Pipeline Industry Regulation

For each sub-programme, NERSA sets out key regulatory functions of.

- Setting and/or approval of tariffs and prices;
- Licensing and Registration;
- Compliance monitoring and enforcement;
- Dispute resolution, including mediation, arbitration and handling of complaints;
- Setting of rules, guidelines and codes for regulation.

The budget for programme 1 amounts to R204.0 million or 40.9 per cent of the total NERSA budget of R499.3 million for the 2025/26 financial year. Approximately, 52.9 per cent of the budget is allocated to the *Electricity Regulation* sub-programme which amounts to R108.0 million. The remaining 27.4 per cent is allocated to *Piped-gas regulation* with R55.9 million and 19.7 per cent allocated to *Petroleum Pipelines Regulation* with R40.1 million. The programme had a budget of R168.2 million in the 2024/25 financial year, representing an increase of 21.3 per cent year-on-year.²⁸

²⁸ NERSA (2025)

Sub-programme 1 *Electricity Industry regulation* has 4 indicators relating to setting and/or approval of tariffs and prices, 3 pertaining to licensing and registration indicators, 8 indicators for compliance monitoring and enforcement, 1 indicator for dispute resolution, and 4 indicators for setting of rules, guidelines and codes for regulation. Thus, the sub-programme has 20 output indicators.

Sub-programme 2 *Piped-gas industry regulation* has 5 indicators relating to setting and/or approval of tariffs and prices, 3 indicators relating to licensing and registration, 7 indicators relating to compliance monitoring and enforcement, 2 indicators for dispute resolution and 7 indicators for setting of rules, guidelines and codes for regulation. The sub-programme has 24 output indicators in total for the 2025/26 financial year.

Sub-programme 3 *Petroleum Pipelines Industry regulation* has 1 indicator relating to setting and/or approval of tariffs and prices, 6 indicators for licensing and registration, 4 indicators for compliance monitoring and enforcement, 1 indicator for dispute resolution, and 1 indicator for setting of rules, guidelines and codes for regulation. The sub-programme has 13 output indicators in total for the 2025/26 financial year.

In total the programme has 57 output indicators for the 2025/26 financial year, compared to 52 output indicators in the previous financial year.²⁹ The programme has an approved staff complement of 124 employees, the most coming from sub-programme Electricity Regulation with 69 employees or 55.6 per cent of the staffing complement. Piped-gas regulation has 30 approved staff while Petroleum pipelines regulation has a staff complement of 25.

6.2.2. Programme 2: Advocacy and Engagement

The purpose of this programme is to contribute towards relevant legislation and policies; government's transformation as well as to inform customers and stakeholders.

The programme has 2 sub-programmes, namely *Regulatory and Policy Advocacy*, which has two output indicators, and *Customer and Stakeholder Engagement*, which has 6 performance

²⁹ Ibid.

indicators. Thus, the programme has 8 performance indicators for the 2025/26 financial year, compared to 8 output indicators in the previous financial year.³⁰

The programme budget is R56.7 million or a decrease of 4.6 per cent of R59.4 million allocated in the 2025/26 financial year.³¹ The programme constitutes 11.3 per cent of the total entity budget. The programme has an approved staff complement of 33 employees.

6.2.3. Programme 3: Innovation

The programme aims to ensure a technology solution that supports the business in delivering integrated and value-added services to customers internally and externally.

The programme has one sub-programme *Integrated and Value-added services* with two performance indicators, an increase on the one indicator in the previous financial year.³² The additional output indicator is the percentage of businesses processes that are automated and efficient.

The programme has a budget of R8.1 million or 1.6 per cent of the NERSA budget for the 2025/26 financial year. The programme did not receive budget increase in the 2025/26 financial year on the R8.1 million allocated to the programme in the 2024/25 financial year.³³ The programme has a staff complement of two employees.

6.2.4. Programme 4: Operational Efficiency and Quality Management

The programme aims to ensure that NERSA's integrated operational processes, improved planning and project management remain relevant in supporting core business.

The programme only has one sub-programme: *Integrated Operations and Research and Analysis*, the purpose of which is to ensure that:

³⁰ NERSA (2025)

³¹ Ibid.

³² NERSA (2025)

³³ Ibid.

- Relevant research and information analysis is conducted; and
- Organisational and operational processes contribute to improved service delivery.

The sub-programme has 8 performance indicators, compared to 7 output indicators in the year prior.³⁴

The programme has an allocated budget of R196.4 million for the 2025/26 financial year or 39.3 per cent of the total NERSA budget; this is a decrease of 1.6 per cent on the R199.5 million allocation in the 2024/25 financial year.³⁵ The programme has an approved staff complement of 80 employees.

6.2.5. Programme 5: People and Organisational Culture

The programme aims to ensure a conducive work culture and human capacity balanced between specialised skills and generic skill requirements, as well as system development to deliver value to customer and stakeholders' expectations.

The programme has one sub-programme: *Human Resources and Capacity* which aims to facilitate the availability of appropriate skills, organisational culture and human capacity. This sub-programme has six (6) performance targets for the 2025/26 financial year. The programme has an approved staff complement of 13 employees.³⁶

The programme has a budget of R34.1 million or 6.8 per cent of the total NERSA budget for the 2025/26 financial year, which represents a 3.7 per cent increase on the R32.9 million budget in 2024/25.³⁷

6.3. NERSA'S BUDGET FOR 2025/26 FINANCIAL YEAR³⁸

³⁴ Ibid.

³⁵ NERSA (2025)

³⁶ NERSA (2025)

³⁷ Ibid.

³⁸ NERSA (2025) This section comes from this plan.

According to the entity, the total funding requirement for the 2025/26 budget amounts to R499.3 million which is 6.6 per cent higher than the 2024/25 budget. The funding requirement is obtained by charging levies/licence fees to the regulated electricity, piped gas and petroleum pipelines industries. To limit increases in the levy/ license fee rate as well as manage surplus funds, accumulated surplus funds from previous financial years have been allocated and deducted from the levied amount as refunds to the regulated industries. NERSA is budgeting for deficit over the medium-term period to minimise increases in the license fee/levy rate and access accumulated surpluses, which the National Treasury has approved as per the PFMA requirements.

Total revenue for the period is forecast at R440.3 million, which is 10.6 per cent higher than the 2024/25 budgeted amount of R398.0 million. Most of the revenue comes from license fees from the electricity industry budgeted at R268.8 million, which is an increase of 16.5 per cent on the R230.8 million in the 2024/25 financial year. Other revenue is from levies from piped-gas industry of R93.5 million, an increase of 6.4 per cent on the R87.9 million budgeted in 2024/25. Levies from the petroleum pipeline industry increases by 8.7 per cent from R68.2 million budgeted in 2024/25 to R74.1 million in the 2025/26 financial year. Other forms of revenue include registration fees of R94 000, rental income of R3.8 million and other income of R36 559 for the 2025/26 financial year.

Operating expenditure for the 2025/26 financial year amounts to R499.3 million, which is 6.6 per cent higher than the R468.2 million budgeted in the 2024/25 financial year. Operating expenditure is made up of the following items.

- i. Employment cost – R365.6 million, an increase of 5.7 per cent of the R345 million from the 2024/25 budget.
- ii. Professional fees – R49 million, 22.5 per cent increase on the R40 million budgeted in the 2024/25 budget.
- iii. Travel, Accommodation and Training – R28 million, an increase of 34.0 per cent on the 2024/25 budget of R20.9 million.
- iv. Advertising, Promotion and Communication – R12.2 million, an increase of 2.5 per cent on the R11.9 million budget for the 2024/25 financial year.
- v. Facilities maintenance – R11.6 million, an increase of 3.6 per cent on the R11.2 million budgeted for in the 2024/25 financial year.

- vi. Office Administration – R26.1 million, a decrease of 1.7 per cent on the R26.5 million budgeted in the 2024/25 financial year.
- vii. Other expenses decrease by 39.1 per cent from R12.8 million in 2024/25 to R7.8 million in the 2025/26 financial year.

Capital expenditure for the 2025/26 financial year amounts to R11 million, which is a decrease of 35.7 per cent than the R17.1 million allocated for the 2024/25 financial year.

7. NATIONAL NUCLEAR REGULATOR (NNR)

7.1. Overview of NNR's Annual Performance Plan 2025/26

The NNR is a public entity established and governed in terms of Section 3 of the National Nuclear Regulator Act (Act No. 47 of 1999). Its primary objective is to protect persons, property, and the environment against nuclear damage by establishing safety standards and regulatory practices suited for South Africa. It provides regulatory oversight and assurance that the peaceful use of nuclear energy in South Africa is carried out in a safe manner according to legal and regulatory requirements, international principles, and best practices.

The entity has defined its vision as, “South Africa’s trusted nuclear and radiation safety Regulator.”

Its mission is “To protect persons, property and the environment by regulating the safe use of nuclear and radiation technologies in South Africa.”

The entity has identified the following strategic pillars and outcomes:

Table 4: NNR's Strategic Pillars and outcomes

NNR Strategic Pillar	Outcomes	Activities
1. Stakeholder trust and confidence (in the nuclear regulatory role of NNR in ensuring safety of nuclear activities)	Outcome 1: Improved stakeholder trust and confidence in the nuclear safety regulatory role of the NNR	Communication and engagement with key stakeholders – This focus area is aimed at information sharing and communication with stakeholders about

		nuclear safety and regulatory practices
2. Nuclear safety assurance	Outcome 2: increase assurance of nuclear safety for people, property and the environment	Regulatory control and compliance enforcement – This focus area is aimed at nuclear authorisations, investigations, nuclear emergency planning and preparedness, and compliance with international obligations on nuclear safety.
3. Regulatory excellence and independence	Outcome 3: Enhanced emergency preparedness and response in the event of nuclear incidents	Review and updating of safety standards and regulatory practice as appropriate – This focus is aimed at regulatory preparedness for regulating exposure to aircraft crew, emerging technologies such as small modular reactors (SMRs) and the use of artificial intelligence.
	Outcome 4: Continuous improvement of regulatory standards and practices through innovations in nuclear safety	
4. Financial sustainability	Outcome 5: Process efficiency, high performance, and good governance	Organisational capability – This focus area is aimed at ensuring maintenance of sound financial, human resources and risk management frameworks to facilitate achievement of the mandate of the NNR.
5. Process efficiency, high performance, and good governance		

Source: NNR (2025a)

For the 2025/26 financial year, the entity has identified 5 outcomes and 19 output indicators, compared to the previous financial year's 12 outcomes and 17 output indicators.

The performance targets for each programme, along with their corresponding budgets, are discussed below.

7.2. Programme and sub-programme plan³⁹

7.2.1. Programme 1: Administration

The Office of the Chief Executive Officer (CEO) is responsible for implementing the approved organisational strategy as well as ensuring that the organisation's operations and resources are administered effectively and efficiently. The following sub-programmes form part of the Office of the CEO:

Sub-programme 1: Legal, risk and compliance is responsible for the provision of legal services, compliance and enterprise risk management and governance services to the organisation. The sub-programme has one target, 95 per cent compliance with legislation which changed from the previous year which required compiling 4 legislative compliance reports.

Sub-programme 2: Corporate Support Services provides strategic organisational support through the key functions including Human Resource Management, Knowledge and Information Management, Integrated Management Systems, Facilities and Security Management, Information and Communications Technology (ICT), Occupational Health and Safety, and Communication and Stakeholder Relations Management. The sub-programme has 6 output indicators, an increase on the 3 output indicators in the previous financial year:

- Baseline level of stakeholder's perception determined (new)
- 1 Annual industry technical seminar, and 3 local community town hall meetings (new)
- Publish 100 per cent of regulatory processes relating to applications, amendments, revocations, re-categorisations and surrenders.

³⁹ National Nuclear Regulator (2025b)

- Publish 100 per cent of regulatory decisions.
- 100 per cent of the business process improvement plan
- 100 per cent implementation of the ICT Security Plan.

Sub-programme 3: Finance ensures that the organisation practices good financial governance and maintains financial stability. This is achieved through the following key functional streams: Financial Planning and Expenditure Management, Financial Reporting and Internal Controls, Asset Management, Supply Chain Management (Procurement), Accounts Payable, Accounts Receivable, Cash Book Management and Payroll Management. The sub-programme has 2 output indicators, from the 3 output indicators in the previous financial year, namely:

- Unqualified audit opinion with no material findings
- 70 per cent of procurement spent on targeted designated groups.

The budget for programme 1 amounts to R173.4 million or 52.3 per cent of the total NNR budget for the 2025/26 financial year. The programme budget decreased by R2.8 million from the R176.2 million budgeted for in the 2024/25 financial year. An amount of R59.7 million or 34.4 per cent of the programme's budget has been budgeted for the Compensation of employees, while R113.7 million or 65.6 per cent has been allocated for Goods and services.⁴⁰

7.2.2. Programme 2: Nuclear Power Plant (NPP)

This programme provides regulatory oversight over the Koeberg Nuclear Power Station (KNPS). It is responsible for reviewing applications, granting authorisations, and verifying compliance with regulatory requirements for nuclear safety and radiation protection. NPP also recommends the issuing of authorisations for vessels propelled by nuclear power or having radioactive material on board.

The programme has the following 4 indicator targets:⁴¹

⁴⁰ Ibid.

⁴¹ National Nuclear Regulator (2025b)

- a. 41 NPP inspections conducted. The number of inspections for the year remains constant from the 2024/25 financial year.
- b. With regards to compliance to authorisation conditions confirmed, 100 per cent implementation of the compliance reviews and assessments plan within the determined time frames.
- c. With regards to Conditions of authorisation reviewed, 100 per cent implementation of the reviews and assessments plan within the determined time frames.
- d. National Report on Convention of Nuclear Safety. (new indicator)

The programme has a budget of R52.1 million for the 2025/26 financial year, which is a decrease of 9.4 per cent compared to the R57.5 million revised budget of the 2024/25 financial year. The programme constitutes 15.7 per cent of the entity's total budget. Spending areas include regulating safety and security; compliance assurance and enforcement; reviews and assessments and general oversight of the Koeberg Nuclear Power Station (KNPS), which includes costs for site visits to the power plant.

7.2.3. Programme 3: Nuclear Technology and Naturally Occurring Radioactive Material

The Nuclear Technology and Naturally Occurring Radioactive Material (NORM), (NTN) programme grants authorisations and conducts oversight of nuclear technology, waste projects and naturally occurring radioactive material. The Programme has two sub-programmes, both of which ensure compliance with regulatory requirements and conditions of authorisation through a system of compliance inspections, audits, and investigations.⁴²

Sub-programme 1: Nationally Occurring Radioactive Material (NORM) is responsible for regulatory oversight of mining and minerals processing facilities and scrap metal dealers who handle or use material subject to regulatory control. The NORM sub-programme is also responsible for the evaluation of radiological contamination associated with previous activities involving NORM and public radiation exposure from Radon.⁴³

⁴² National Nuclear Regulator (2025b)

⁴³ Ibid.

Sub-programme 2: Nuclear Technology and Waste Projects (NTWP) is responsible for regulatory oversight of various nuclear facilities on the Pelindaba site and the Vaalputs National Radioactive Waste Disposal Facility. Any other matter within the scope of the NNR Act that deals with nuclear technology, and which is not associated with NPP and NORM primarily falls under the purview of the NTWP sub-programme.⁴⁴

The programme has 7 output indicators, an increase on the 5 in the previous financial year:

- a. 170 Inspections conducted (NORM), the target remains the same as the previous financial year.
- b. 100 inspections conducted (NTWP), the target remains the same as the previous financial year.
- c. 100 per cent implementation of the compliance reviews and assessments plant within time frames (NORM – inspectorate), the target remains the same as the previous financial year.
- d. 100 per cent implementation of the compliance reviews and assessments plant within time frames (NTWP – inspectorate), the target remains the same as the previous financial year.
- e. 100 per cent implementation of the compliance reviews and assessments plant within time frames (NORM – assessments), the target remains the same as the previous financial year.
- f. 100 per cent implementation of the compliance reviews and assessments plant within time frames (NTWP – assessments), the target remains the same as the previous financial year.
- g. 100 per cent implementation of the contaminated site survey plan.

The programme has a budget of R63.4 million for the 2025/26 financial year, an increase of 9.9 per cent on the R57.7 million revised budget allocated in the 2024/25 financial year. This represents 19.1 per cent of the entity's total budget. The programmes' budget is in aid of processing new applications for issuing nuclear authorisations including Nuclear Installation Licences (NIL), Nuclear Vessel Licences (NVL), Certificates of Registration (CoR) and

⁴⁴ Ibid.

Certificates of Exemption (CoE) and amendments thereto, as well as conducting reviews and assessments related to the safety of these facilities and activities.

7.2.4. Programme 4: Regulatory Improvement and Technical Services

The purpose of this programme is to provide cross-cutting nuclear safety services to all NNR technical departments. In terms of its core functions, *Regulatory Improvement and Technical Services (RITS)* performs the following: in-depth nuclear safety reviews and assessments for all regulated facilities, independent verification by computer codes, emergency preparedness and response services, laboratory services, development of regulatory standards and nuclear projects, and coordination of nuclear security and safety and security culture functions.⁴⁵

The Centre for Nuclear Safety and Security (CNSS) is the flagship of the programme and aims to develop capabilities to improve regulatory practices related to nuclear safety and security. This is achieved through targeted *Regulatory Research and Development, Education and Training, and Technical and Scientific Support*. To maximise resources, CNSS collaborates with international and local academic and research institutions as well as technical and scientific organisations to execute any activities falling within the mandate of the NNR.⁴⁶

The programme has the following 8 output targets, an increase on the 4 output targets in the previous financial year:

- a. SANAS assessment of alpha spec uranium, radium and thorium in water, this relates to the SANA-Scredited methods.
- b. 100 per cent of environmental samples analysed. (New target)
- c. 100 per cent implementation of the emergency preparedness and response exercise plan for NECSA.
- d. Report on the effectiveness of the emergency preparedness and response arrangements for NECSA (new target)
- e. 100 per cent implementation of the emergency preparedness and response drill plan for Regulatory Emergency Response Centre. (new target)

⁴⁵ National Nuclear Regulator (2025b)

⁴⁶ Ibid.

- f. Report on the effectiveness of the emergency preparedness and response arrangements for the RERC. (new target)
- g. Two regulatory processes with determined timelines.
- h. Two education programmes in nuclear safety and security offered.

The programme has an allocated budget of R78.2 million for the 2025/26 financial year, a decrease of 1 per cent, on the R78.9 million revised budgeted in the 2024/25 financial year. The programme budget constitutes 23.6 per cent of the entity's budget. The programmes' budget is to provide cross-cutting nuclear safety services to all NNR technical departments. The programme has allocated 75.6 per cent of its budget to the Compensation of employees, amounting to R59.1 million for the 2025/26 financial year, a decrease of 2.0 per cent year-on-year. The programme has 52 employees for the 2025/26 financial year, a decrease of 1 employee on the 53 employees reported in the 2024/25 annual performance plan.

7.3. NNR budget for 2025/26 FY

Most of the revenue (72.3 per cent) received by the entity is generated through nuclear licence authorisation fees which amounts to R239.7 million for the 2025/26 financial year, a modest 1.5 per cent increase on the R236.2 million budgeted in the 2024/25 financial year. The entity also generates revenue from application fees, interest and other income. The entity's own revenue amounts to 86.0 per cent of total revenue. The balance of revenue is received as a transfer from government through the Department of Electricity and Energy, which amounts to R46.5 million for the 2025/26 financial year, an increase of 4.3 per cent on the previous financial year due to budget cuts implemented by the National Treasury. Thus, total revenue amounts to R331.6 million for the 2025/26 financial year, 0.2 per cent decrease on the R332.2 million revised budget for the 2024/25 financial year.

As a schedule 3A public entity in terms of the Public Finance Management Act, the entity has budgeted for breaking even. Total expenditure is budgeted for R331.7 million, split between Compensation of employees and Goods and services. Compensation of employees constitutes 71.0 per cent of the expenditure at R235.5 million, an increase of 5.5 per cent on the R223.2 million revised budget for the 2024/25 financial year. According to

the National Treasury, the entity has a staff complement of 180 employees.⁴⁷ However, the entity reflects 190 employees for the 2025/26 financial year. Goods and services totals R96.2 million for the 2025/26 financial year, a decrease of 11.7 per cent on the R109.0 million revised budget for the 2024/25 financial year.

8. NATIONAL RADIOACTIVE WASTE DISPOSAL INSTITUTE (NRWDI)

8.1. Overview of NRWDI's Strategic Plan and Annual Performance Plan

The National Radioactive Waste Disposal Institute Act No. 53 of 2008 (NRWDIA) endorsed the establishment of the National Radioactive Waste Disposal Institute (NRWDI). The functions of the NRWDI as per Section 5 of the Act are summarised as follows:⁴⁸

- Manage radioactive waste disposal on a national basis;
- Operate the national low-level waste repository at Vaalputs;
- Design and implement disposal solutions for all categories of radioactive waste;
- Develop criteria for accepting and disposing radioactive waste in compliance with applicable regulatory safety requirements and any other technical and operational requirements;
- Assess and inspect the acceptability of radioactive waste for disposal and issue radioactive waste disposal certificates;
- Manage, operate and monitor operational radioactive waste disposal facilities including related predisposal management of radioactive waste on disposal sites;
- Investigate the need for any new radioactive waste disposal facilities and sites, design and construct new facilities as required;
- Define and conduct research and development aimed at finding solutions for long-term radioactive waste management;
- Maintain a national radioactive waste database and publish a report on the inventory and location of all radioactive waste in the Republic, at a frequency determined by the Board of Directors (BOD);

⁴⁷ National Treasury (2024)

⁴⁸ NRWDI (2025b)

- Manage ownerless radioactive waste on behalf of the Government, including the development of radioactive waste management plans for such waste;
- Assist generators of small quantities of radioactive waste in all technical aspects related to the management of such waste;
- Implement institutional control over closed repositories, including radiological monitoring and maintenance as appropriate;
- Implement any assignments or directives from the Minister regarding radioactive waste management;
- Provide information on all aspects of radioactive waste management to the public living around radioactive waste disposal facilities and to the public in general;
- Advise nationally on radioactive waste management;
- Co-operate with any person or institution in matters falling within these functions; and
- Any other function necessary to achieve the objectives of the Institute.

Most of the above functions are currently performed within the scope of Low and Intermediate Level Waste (LILW) inventories. In future, the scope would need to be extended to address the national inventory of radioactive waste consisting of Intermediate Level Waste (ILW), High Level Waste (HLW), including, spent nuclear fuel. This implies that alternative disposal concepts would have to be researched, designed, and implemented.

The entity has defined its vision to be a globally recognised leader in the management of radioactive waste disposal.

Its mission is to protect people and the environment by providing sustainable, safe and technologically innovative radioactive waste disposal solutions.

The entity's impact statement is the sustainable management of radioactive waste disposal for South Africa's current and future generations and energy aspirations.

The entity has identified the following outcomes for the 2025 – 2030 period.

Table 5: Outcomes for 2025-2030 period

Outcome	Impact
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1. Financially sustainable, capable and well governed organisation	NRWDI must be adequately structured, resourced with skilled personnel who have the correct tools of trade and who work within a supportive, conducive and innovative environment so that they can provide support and expertise towards enhancing service delivery. Good governance and sound financial management are also imperative to achieving the outcome and ultimately the impact.
2. Safe and secure management of the disposal of all classes of radioactive waste	This outcome focuses directly on the safe, secure and environmentally sustainable solutions for radioactive waste disposal.
3. Innovative and effective solutions for the management of radioactive waste disposal	This outcome will contribute towards an infrastructure project which will be designed to allow for safe, secure and environmentally sustainable solutions for radioactive waste disposal. It will contribute to job creation and skills development.
4. Compliance with applicable legislation and regulatory requirements for the disposal of Radioactive Waste	Only if there is compliance with regulatory standards and safety practises for nuclear facilities will the overall impact be achieved.

Source: NRWDI (2025a)

In the 2025/26 financial year, the entity has identified 4 outcomes with 16 performance targets, compared to 19 performance targets in the 2024/25 financial year.⁴⁹

8.2. Programmes

8.2.1. Programme 1: Administration

⁴⁹ National Radioactive Waste Disposal (2025b)

The purpose of this programme is to ensure that the entity is operationally efficient, cost-effective, properly managed and complies with good corporate governance principles. The programme is divided into three sub-programmes, namely:

- Office of the Chief Executive Officer (CEO)
- Corporate Services
- Finance and Supply Chain Management

The budget for programme 1 amounts to R35.4 million, an increase of 4.4 per cent on the R33.9 million in the previous financial year. The budget for this programme constitutes 67.9 per cent of the entity's total budget.

Compensation of employees constitutes 81.4 per cent of the programme's budget, with goods and services making up the balance of 18.6 per cent.

Compensation of employees amounts to R28.8 million for the 2025/26 financial year, an increase of 4.7 per cent on the R27.5 million budgeted in the previous financial year. Goods and services amount to R6.6 million for the 2025/26 financial year, an increase of 3.1 per cent on the R6.4 million budgeted for the 2024/25 financial year.

8.2.2. Programme 2: Radioactive Waste Disposal Operations

The purpose of this programme is to provide radioactive waste disposal and related services on a national basis that is safe, technically sound, socially acceptable, environmentally responsible, and economically feasible ensuring that no burden is placed on future generations due to past, present, and future involvement in nuclear programmes.

The following activities are inherently part of the Radioactive Waste Operations Division:

- i. Operating the national low-level waste repository at Vaalputs.
- ii. Managing, operate, and monitor operational radioactive waste disposal facilities including related predisposal management of radioactive waste on disposal sites.
- iii. Managing ownerless radioactive waste on behalf of the Government, including the development of radioactive waste management plans for such waste.

- iv. Providing information on all aspects of radioactive waste management to the public living around radioactive waste disposal facilities and to the public in general.
- v. Maintaining the Vaalputs Waste Disposal Inventory Database and submit annually a report to the NNR relating to waste inventory disposed of at Vaalputs.

The programme has 3 output indicators and targets for the 2025/26 financial year.

The programme has a budget of R2.2 million, an increase of 4.8 per cent on the budget of the previous financial year. The programme's budget constitutes 4.2 per cent of the entity's budget for the 2025/26 financial year. Majority of the programme's budget (95.5 per cent) goes to Compensation of employees, with the balance going to Goods and services. The goods and services budget of R75 000 is split between travel and subsistence's R55 000 and Communication's R20 000. The travel and subsistence budget increased by 5.8 per cent to R55 000 on the budget of R52 000 in the 2024/25 financial year.

8.2.3. Programme 3: Science, Engineering and Technology

The purpose of this programme is to develop and implement radioactive waste management solutions for safe storage and disposal of all classes of radioactive waste through scientific, engineering, and technological means.

The goal of the programme is to promote science to expand knowledge in the field of radioactive waste management and disposal, and use engineering to convert this scientific knowledge, through combining it with resources and techniques, to create (design, build and maintain) new technologies for application to radioactive waste management and disposal.

The programme has 4 performance indicators, which is an increase on the 2 output indicators for the 2024/25 financial year targets.

The programme has a budget of R4.8 million or 9.4 per cent of the total entity budget for the 2025/26 financial year. This is an increase on the 4.3 per cent allocated for the programme in the 2024/25 financial year. Once again 98 per cent of the budget for the programme goes to compensation of employees, with a budget of R4.8 million, an increase of 2.1 per cent on the previous year's budget. An amount of R80 000 was allocated for goods and services, of which

R60 000 was allocated for travel and subsistence. The travel and subsistence budget remains the same as that allocated in the 2024/25 financial year.

8.2.4. Programme 4: Radioactive Waste Compliance Management

The aim of the programme is to ensure that NRWDI's core mandate (disposal of radioactive waste on a national basis) is executed in compliance with quality, health, safety, environmental and nuclear licensing and other statutory requirements, relevant international standards, and best practices. The programme also seeks to provide management systems and resources to discharge the obligations associated with holding a nuclear authorisation. The Radioactive Waste Compliance Management division provides a support function to the Institute in terms of developing and ensuring compliance with the nuclear installation licence including the required safety, health, environment, and quality management systems.

The compliance with quality, health, safety, environmental and nuclear licensing regulatory requirements, relevant international standards and best practices helps to ensure that NRWDI can deliver waste disposal services on a national basis.

The programme has 3 performance indicators, compared to 3 in the previous financial year.

The budget for the programme amounts to R9.6 million for the 2025/26 financial year, an increase of 4.3 per cent on the R9.2 million budgeted for in the 2024/25 financial year. The programme budget constitutes 18.4 per cent of the entity's budget for the 2025/26 financial year. Again 98.4 per cent of the budget is allocated to Compensation of Employees, amounting to R9.4 million, an increase of 3.3 per cent on the R9.1 million allocated in the 2024/25 financial year. An amount of R155 000 was allocated towards the Goods and services budget for the programme, a 14.8 per cent increase on the R135 000 budget in the 2024/25 financial year. The goods and services budget are between travel and subsistence and communication. Travel and subsistence have been budgeted an amount of R105 000 while communication has a budget of R50 000 for the 2025/26 financial year.

8.3. NRWDI BUDGET FOR the 2025/26 FINANCIAL YEAR⁵⁰

⁵⁰ National Radioactive Waste Disposal Institute (2025b) This section comes from this plan.

The entity is a Schedule 3A public entity in terms of the Public Finance Management Act, 1999 and thus does not budget for a surplus or deficit. The entity's activities are funded mainly from the provision of a budget from funds voted annually to the Department. The entity will receive R52.0 million or 96.2 per cent of their revenue from the Department as transfers. This is an increase of 4.4 per cent on the R49.9 million budgeted for the 2024/25 financial year. The balance of funds is revenue on interest, dividends and rent on land amounting to R2 million for the 2025/26 financial year. Interest, dividends and rent on land remains the same as budgeted for in the 2024/25 financial year.

Compensation of employees increased by 4.4 per cent from R43.2 million in the 2024/25 financial year to R45.1 million in the 2025/26 financial year. Compensation of employees' accounts for 86.7 per cent of the R52.0 million budget of the entity. Goods and services accounts for the balance of 13.3 per cent of the entity's budget, amounting to R6.9 million for the 2025/26 financial year, which is an increase of 3.0 per cent on the budget of R6.7 million for the 2024/25 financial year.

As per programme 1, the largest expenses within goods and services are audit costs: external at R1 million and operating leases at R1.4 million. Depreciation accounts for R1.2 million of goods and services for the 2025/26 financial year. Lease payments are for the rental of NRWDI office space from South African Nuclear Energy Corporation (NECSA). Audit costs: external are for the fees for the Auditor General of South Africa.

According to the National Treasury the entity has an approved funded establishment of 38 employees.⁵¹

9. SOUTH AFRICAN NATIONAL ENERGY DEVELOPMENT INSTITUTE (SANEDI)

9.1. Overview of SANEDI's Strategic Plan and Annual Performance Plan

SANEDI's authority is derived from Section 7(2) of the National Energy Act, 2008 (Act No. 34 of 2008) (NEA). Section 7(2) of the NEA gives effect to SANEDI's powers and functions

⁵¹ National Treasury (2025)

and provides for its responsibilities as stated below. SANEDI falls within the purview of the Department of Electricity and Energy (Department) as well as the Department of Science & Innovation.

SANEDI has the following mandate related to energy research and development: This is to:

1. Direct, monitor, conduct and implement energy research and technology development in all fields of energy, other than nuclear energy, and promote energy research and technology innovation;
2. Provide for:
 - a. Training and development in the field of energy research and technology development,
 - b. Establishment and expansion of industries in the field of energy, and
 - c. The commercialisation of energy technologies resulting from ERD programmes;
3. Register patents and intellectual property in its name resulting from its activities;
4. Issue licences to other persons for the use of its patents and intellectual property;
5. Publish information concerning its objects and functions, Establish facilities for the collection and dissemination of information in connection with Research & Development Initiatives (RDI);
6. Undertake any other energy technology development-related activity as directed by the Minister of Electricity and Energy (Minister), with the concurrence of the Minister of Science and Technology, promote relevant energy research through cooperation with any entity, institution or person equipped with the appropriate skills and expertise within and outside the Republic;
7. Make grants to educational and scientific institutions in aid of research by their staff or for the establishment of facilities for such research;
8. Promote the training of research workers by granting bursaries or grants-in-aid for research;
9. Undertake the investigations or research that the Minister, after consultation with the Minister of Science and Technology, may assign to it; and
10. Advise the Minister and the Minister of Science and Technology on research in the field of energy technology.

The entity has defined its vision to be a leading research and innovation organisation for sustainable and inclusive energy development that influences energy policy goals in South Africa and beyond.

Its mission is to expediently conduct policy-relevant research and implement innovative energy research, development, and Energy Efficiency (EE) solutions to catalyse South Africa's socioeconomic growth and climate resilience.

SANEDI's five-year strategy is fully aligned with the Medium-Term Development Plan (MTDP) policy 2024-2029 that serves as the five-year medium-plan for the government. The entity's strategy and interventions for 2025-2029 will support the MTDP's three national strategic priorities. These are:

Table 6: Strategic priorities and outcomes

MTDP Aligned strategic priorities (SP)	Strategic Outcome (SO)
SP 1: Inclusive growth and job creation	SO 1: Increased infrastructure investment and job creation SO 2: Energy security and a just energy transition
SP 2: Reduce Poverty and the cost of living	SO 3: Skills for the economy SO 4: Science, technology and innovation for growth
SP 3: A capable, ethical and developmental state	SO 5: A capable and professional public service SO 6: Effective border management and development in Africa

Source: SANEDI (2025a)

9.2. Programmes

The entity has four programmes, each of which are described below.

9.2.1. Programme 1: Administration

The purpose of Programme 1 is to create an effective delivery environment for SANEDI that is fully compliant with all statutory requirements.

The programme has the following sub-programmes: Human Resources; Information and Communications technology (ICT); Finance; COSEC, Governance, Legal, Risk and Compliance; Communications and Stakeholder Engagement; Logistics; Supply chain management; project management office; Corporate Planning Monitoring and Evaluation.

The programme has 10 output indicators and has a budget of R54 million. Compensation of employees accounts for R32.5 million or 60.2 per cent of the budget while goods and services amount to R20.6 million or 38.1 per cent of the programme's budget. Most of the goods and services budget goes to computer services, operating leases and operating payments.

9.2.2. Programme 2: Applied Energy, Research, Development and Innovation

The purpose of the programme is to facilitate knowledge creation that can support energy-related planning and decision-making and accelerate the transformation of the energy sector and landscape in the country. Additionally, this programme plays a vital role in demonstrating and piloting technologies to provide knowledge and decision-making data to primarily inform policy, as well as various stakeholders in both private and public sectors.

The programme has the following sub-programmes: cleaner fossil fuels; clean energy (renewable energy); smart grids; digitalisation; cleaner mobility.

The programme has 10 output indicators and has a budget of R35.7 million. Compensation of employees amounts to R15.8 million or 44.3 per cent of the programme budget. Goods and services amount to R19.8 million or 55.5 per cent of the programme budget. Science and technological services amount for R18.5 million or 93.4 per cent of the goods and services budget.

9.2.3 Programme 3: Energy Efficiency Demand Side Management

To address intermittent bouts of loadshedding as well as high Greenhouse Gas (GHG) emissions, the EE division plans to undertake a range of solutions-based activities. These activities are guided by various legislative commitments, the shareholder's guidance, and directives from the DEE, as well as defined in a formal Memorandum of Understanding (MoU) between SANEDI and the Department. Additionally, the activities are informed by SANEDI's own research and strategic planning.

The programme has 8 output indicators and a budget of R19.9 million for the 2025/26 financial year. Compensation of employees amounts to R14.1 million or 70.9 per cent of the programme's budget. Goods and services amount to R5.7 million or 28.6 per cent of the programme's budget. Most of the goods and services budget is allocated to science and technological services at R4.3 million or 75.4 per cent.

9.2.4. Programme 4: The DSTI Energy Secretariat

The Department of Science, Technology and Innovation (DSTI) commissioned the National Research Foundation (NRF) to conduct a review of the Renewable Sustainable Energy (RSE) Hub and Spokes programme. Recommendations proposed the establishment of an energy secretariat. The DSTI contracted SANEDI to establish an energy secretariat in the 2019-2020 financial year (FY).

The Secretariat would promote the 10-Year Innovation Plan and leverage the Energy Grand Challenge. The Grand Challenge stimulates and advances a knowledge-based economy and advances increased knowledge generation and exploitation, human capital development, knowledge infrastructure, and enablers to addressing the "innovation chasm." These efforts will seamlessly address the energy dilemma which encompasses energy access, environmental sustainability, and energy security.

The role of the secretariat is to commercialise and upscale knowledge outputs from the RDI portfolio. The outputs will systematically ensure an impact on the National System of Innovation (NSI).

The programme has 4 output indicators and a budget of R13.7 million. Compensation of employees amounts to R7 million or 51.1 per cent of the budget, while goods and services

amounts to R6.7 million or 48.9 per cent of the budget. An amount of R3.3 million is allocated to science and technological services.

9.3. SANEDI BUDGET FOR the 2025/26 FINANCIAL YEAR⁵²

The entity is a Schedule 3A public entity in terms of the Public Finance Management Act, 1999 and thus does not budget for a surplus or deficit. The entity's activities are funded mainly from the provision of a budget from funds voted annually to the Department. The entity will receive R80.6 million or 76.4 per cent of their revenue from the Department as transfers. This is an increase of 4.4 per cent compared to the R77.2 million budgeted for the 2024/25 financial year. The balance of funds is revenue from interest and management fees. Total revenue for the entity amounts to R105.5 million for the 2025/26 financial year.

The entity's total expenditure amounts to R123.2 million for the 2025/26 financial year, a decrease of 29.2 per cent compared to the R173.9 million allocated budget for the 2024/25 financial year. Compensation of employees increased by 23.7 per cent from R56.1 million in the 2024/25 financial year to R69.4 million in the 2025/26 financial year. Compensation of employees' accounts for 56.3 per cent of the R123.2 million budget of the entity. Goods and services accounts for the balance of 42.9 per cent of the entity's budget, amounting to R52.8 million for the 2025/26 financial year, which is a decrease of 55.0 per cent on the budget of R117.8 million for the 2024/25 financial year. Depreciation accounts for R1 million or 0.8 per cent of the 2025/26 financial year.

The entity has budgeted for a deficit of R17.7 million for the 2025/26 financial year.

The entity states that it is targeting a staff complement of 77 employees from 65 employees in the 2024/25 financial year. The entity states that the expectation going forward is that employee costs will range from R56 million in 2024/25 to R73 million by 2027/28 financial year. This is due to proposed amendments to SANEDI's operating model and parity adjustments that will be implemented in line with the organisation's revised strategy. The entity states that the current allocation is underfunded. The salary bill over the medium term is expected to increase

⁵² SANEDI (2025b) This section comes from this plan.

by 9 per cent due to the increase in recruiting for scarce and critical skills and remunerating current scarce and critical skills in relation to the market.

10. OBSERVATIONS

10.1. Department of Electricity and Energy

1. The Committee noted that the newly established Department of Electricity and Energy currently employs around 383 personnel. This includes staff members transferred from the former Department of Public Enterprises, the Department of Mineral Resources and Energy, and the Presidency, all of whom have experience in the Electricity portfolio
2. The Committee was informed that the Department's organisation structure has been designed so as to be feasible within its allocated funding, rather than creating a structure that the budget could not support. The Committee notes the Department's commitment to review the structure of the Department over the next six months.
3. The Committee welcomes the fact that the Department is actively working to enhance its public image and reposition itself.
4. The Committee notes that the Director-General position remains vacant and appreciates the commitment from the Department that there are plans to have it filled.
5. The Committee is concerned that several senior posts remain vacant, including those of the Chief Financial Officer Deputy Director-General (DDG) responsible for Policy and Planning and a Chief Specialist at Deputy Director-General (DDG) level.
6. Members underscored the critical role of IT automation and digitization, noting that their absence significantly heightens cybersecurity risks. The Committee learned that the Department's Human Resources IT infrastructure remains inadequate, as employees are still required to submit their leave requests manually.
7. It was emphasised that it may be necessary for the Department to provide the Committee with a more detailed briefing on the shareholder compacts of both Eskom and NECSA, as this is crucial for understanding how the Department exercises oversight over these entities.
8. It was emphasized that sovereign bailouts for entities, particularly Eskom, will no longer be provided. It is imperative for these entities to focus on driving efficiencies to achieve financial sustainability and improve their balance sheets.

9. The Committee welcomes confirmation by the DEE that the revision of the Integrated National Electrification Programme (INEP), aimed at achieving universal access, is progressing well.
10. The Committee appreciates the work done to turn around the performance of the entities reporting to the Department and this steady improvement needs to continue in this financial year.
11. The Committee welcome plans aimed at redefining SANEDI's role to position it as a leader in energy policy, research, and innovation within the energy sector.
12. The Committee notes and welcomes the confirmation that Eskom will maintain its involvement in the renewable sector and will expand its renewable energy portfolio.
13. The Committee asserts that the Gas Master Plan is essential due to the impending gas cliff and the need for its resolution. It is imperative that this plan is finalised and presented to Parliament as soon as possible.
14. Members encouraged the Department to make a concerted effort to learn from China and other countries that has been successful in nuclear energy and small modular reactors, to improve South Africa's nuclear capacity, considering the scale, pace and affordability, which is beneficial to the country.
15. Taking into consideration the newly established Department of Electricity and Energy, the Committee will on a quarterly basis monitor and examine the Quarterly Performance Reports (as submitted to National Treasury) of the Department.
16. The Department is strengthening its internal control environment, management has developed an audit dashboard to identify and monitor risks, enabling the Department to act proactively and avoid recurring audit deficiencies.
17. The Committee notes that the Integrated Energy Plan (IEP) process has already been initiated.
18. The Committee notes the update that The Integrated Resource Plan (IRP) is currently undergoing the National Economic Development and Labour Council (NEDLAC) processes and will be submitted to Cabinet shortly.
19. The Department has clarified that it is not Eskom's responsibility to design and approve the market code. As a market participant, Eskom cannot function both as a referee and a player. The Department recognizes the complexity of establishing an independent Transmission System Operator (TSO) separate from Eskom's Transmission and distribution function, and this matter is still under discussion. Additionally, the

Department emphasized the significant role of NERSA in shaping the market framework.

20. The Department emphasises that the 40% renewable energy targets include generation by Eskom. As a shareholder, the Minister of Electricity must ensure Eskom operates efficiently and retains its market role across all energy sectors, including conventional generation, clean coal, gas, nuclear, and renewables. It is essential for the shareholder to facilitate Eskom's repositioning within the dynamic energy landscape. The Department has confirmed that Eskom will continue to play a pivotal role in the renewable energy sector, either through its internal Independent Power Producer (IPP) process or by building the capacity needed to bring renewable energy projects to market. The primary goal remains to expand the renewable energy fleet, regardless of whether this is achieved through IPPs or Eskom itself.
21. The Department has identified a critical requirement for a R400 billion investment to expand transmission infrastructure by 14,000 km as outlined in the Transmission Development Plan (TDP). Acknowledging that such a significant investment is beyond the capacity of Eskom. The Department is focused on establishing a financing instrument that facilitates external investment in the necessary infrastructure. The establishment of the Independent Transmission Projects Office (ITPO), which serves as a hybrid fiscal and engineering technology solution, is a pivotal step in this direction. In collaboration with the International Finance Corporation (IFC) and the World Bank, the Department is developing a credit enhancement scheme designed to attract investment into transmission infrastructure.
22. As part of the ongoing review of the pricing policy, the Department aims to develop a mechanism that will enable it to regulate the full cost impact on consumers, including surcharges applied by municipalities. The Department stressed that although municipalities can apply surcharges, these surcharges should be factored into tariff applications submitted to the regulator. Currently, the regulatory system does not fully account for the surcharges, which creates a gap in the Department's ability to control the overall impact of energy tariffs, thereby negatively impacting end consumers.
23. The Committee welcomed the Department's commitment to providing regulatory and technical support, while acknowledging that the management of green hydrogen production volumes will be handled by the private sector.

24. The Department has confirmed that Eskom's Research and Development division is actively and continuously evaluating bio-coal and its various production processes in comparison to commercial coal.
25. Eskom is currently in the third year of its R254 billion debt relief program. The Department has highlighted that additional bailouts are not a viable solution and has expressed serious concerns regarding the non-payment issues faced by Eskom from municipalities. Furthermore, the Department noted that efforts to restructure the Electricity Distribution Industry (EDI) are in progress, aimed at tackling the root causes of increasing municipal debt.
26. The Department is currently finalizing a feasibility report on the new nuclear build, which will comprehensively address various critical issues, including licensing requirements, skills development, available technologies, and implementation timelines. The pace and scale of the proposed nuclear build will be thoroughly examined in this report. Additionally, the Department is in the initial stages of technical development for the nuclear masterplan.
27. Some of the Members expressed the view that there was an inherent contradiction in the DEE APP, i.e. between its stated goal of “defending and expanding Eskom’s share of generation” and the need for a competitive electricity market as legislated in the ERA. Furthermore, it contradicts the DEE’s own stated goal in the APP of growing IPP generation to 40 percent over the short term (also in the APP)
28. Some of the Members expressed the view that the inclusion of up to 10GW of nuclear new build in the APP was premature. There was a lack of comparative cost analysis and the opportunity costs of other technologies vis-n-vis a nuclear new build has not been presented or considered.

10.2. National Energy Regulator of South Africa (NERSA)

1. Members have raised concerns regarding NERSA's capability to enforce compliance effectively.
2. Members noted that NERSA has operated at a deficit for several years, projecting continued deficits for the next three years. This situation is deemed unsustainable as it involves depleting reserves, emphasizing the need for NERSA to generate sufficient revenue to cover operational costs.
3. Concerns were also expressed regarding NERSA's employee costs, which represent the largest expenditure. NERSA acknowledged that a significant portion of these costs stems from its electricity division, which currently employs a substantial workforce.

Despite several vacancies last financial year, all 252 employees are assigned specific roles. The new Electricity Regulation Act may necessitate a considerable increase in staffing to accommodate additional responsibilities.

4. Following employee costs, the next significant expense is professional fees, predominantly legal fees. As cases conclude, funds will be reallocated to the operating budget.
5. NERSA emphasized that regulation requires a rigorous evaluation of its decisions by the regulated entities. In previous disputes, Eskom has prevailed in six cases due to NERSA's failure to adhere to required methodologies. However, since those rulings, NERSA has applied the correct methodologies in subsequent decisions, leading to Eskom refraining from further challenges. NERSA believes that the scrutiny of its regulatory framework can help identify legislative and regulatory gaps, and the amended legislation/regulations area expected to reduce the frequency of such legal challenges.
6. NERSA informed the Committee that the process to appoint a Full-Time Regulator for Electricity is currently underway within the DEE.
7. In addressing non-compliance in the gas sector, NERSA has pinpointed crucial areas for regulatory improvement and has contributed suggestions to enhance its mandate through the Gas Amendment Bill.
8. For non-compliance in the electricity sector, the legislation mandates the energy regulator's presence at a tribunal. The tribunal's initial step is to confirm non-compliance. Upon verification, NERSA issues a notice to the licensee, allowing time for a response. If non-compliance persists, the tribunal imposes penalties. NERSA has explored alternative resolution methods, and recent amendments have introduced a more flexible process, allowing license revocation without court intervention, which had previously contributed to legal expenses. Seven municipalities are expected to appear before the tribunal in the second quarter.
9. NERSA indicated that the Saldanha pipeline requires anchor customers and contractual agreements with an LNG supplier before construction can commence. The lack of these agreements has hindered progress.
10. NERSA stated that its funding model requires reassessment, as it should not rely solely on license fees. The organization is also transitioning towards stabilizing license fees as surplus funds diminish.

10.3. South African Nuclear Energy Corporation (NECSA)

1. Members acknowledged the significant turnaround of NECSA, highlighting its improved performance over the past few years. They suggested that NECSA's transformation could serve as a benchmark for other State-Owned Entities aiming to enhance their performance. Members further commended NECSA on its 60th Anniversary of SAFARI-1 Reactor (which the Committee attended on 25 March 2025 at Pelindaba).
2. The NECSA stated that the construction of nuclear plants generally spans five to seven years, with Japan achieving the fastest completion in just 37 months. Successful delivery relies on skilled teams and standardized designs. Notably, the successful construction of Koeberg in the 1970s and 1980s was significantly influenced by French expertise.
3. It was noted that Pelchem SOC Ltd has reduced its annual losses from over R60 million to approximately R13 million over three years, though the entity remains in deficit.
4. The current staff attrition rate at NECSA has successfully decreased to below 5%, reflecting growing confidence in the organization's growth trajectory. NECSA has also implemented effective knowledge retention strategies for key positions.
5. The Committee welcomes NECSA and Eskom collaboration to explore the feasibility of replacing the decommissioned coal power stations with small modular reactors.
6. NECSA is committed to designing the Multi-Purpose Reactor (MPR) to surpass the capabilities of SAFARI-1, ensuring enhanced performance and functionality.

10.4. Eskom

1. Members raised concern that the Eskom Debt Relief programme is not currently yielding the expected results.
2. Members pointed out that clean coal technologies could address environmental issues.
3. The Energy Availability Factor of Eskom has increased from a low of 48% to 68% currently, this must be commended. However, there is still room for improvement.
4. Members encouraged Eskom to enter the Renewable energy sector.
5. Eskom stated that the global discourse focuses on the energy trilemma, which balances energy security, access, and sustainability. The consensus is that countries must pursue context-specific pathways for transitioning to cleaner energy while considering their economic interests.

6. Eskom stated that they are establishing separate entities to enhance efficiency across the value chain. The National Transmission Company of South Africa (NTCSA) remains fully Eskom-owned. The Electricity Regulation Act (ERA) requires an independent system operator, and NTCSA is fulfilling this role in the interim. A new entity, Transmission System Operator (TSO) is created to facilitate the unbundling of Eskom's Transmission business without risking licensing complications.
7. Eskom reported significant progress under Eskom's generation recovery plan, however despite this improvement; Eskom cautioned that the system remains vulnerable, particularly during intensive maintenance periods. The Committee notes that additional capacity is expected to come online by June from Medupi Units 4 and 6, Kusile Unit 6 and the refurbished Koeberg Unit 2. High diesel usage during peak maintenance was acknowledged by Eskom, as a short-term measure, and Eskom affirmed that this is expected to decrease as more units return to service.
8. Eskom assured the Committee that they are introducing new technologies to enhance environmental sustainability during the current maintenance cycle. Eskom highlighted that Medupi and Kusile power stations were equipped with the highest efficiency and lowest-emission machinery in the Eskom fleet.
9. Addressing the potential 'gas cliff' caused by declining supply from Sasol's gas fields, Eskom stated that they are contributing to national solutions by combining its own gas-to-power demand with that of Sasol's customers. This joint approach will support the importation of gas, which is deemed the most viable transition fuel. Eskom is collaborating with Sasol and engaging with Transnet and the private sector to develop infrastructure in Richards Bay. According to Eskom, the Ministry is guiding this process, and preparatory work has advanced in line with timelines outlined in Eskom's shareholder compact.
10. On the transmission infrastructure, Eskom indicated that the Ministry, National Treasury, and the NTCSA have started working together to initiate the first phase of private sector participation in the ITP. The plan involves 1 100 km of new transmission infrastructure. Market engagements are underway to define participation terms, with execution planned for the final quarter of the calendar year. Eskom, through NTCSA, will conduct all preparatory work, including environmental permitting, land acquisition and engineering, to ensure smooth implementation.
11. Addressing concerns around municipal debt, currently approaching R100 billion, Eskom stated that with National Treasury they have introduced the Municipal Debt

Relief Programme. As of March 2024, only 23 of 71 municipalities were compliant, and the number had since declined. It was observed that municipalities treated the programme as a payment holiday. According to Eskom the situation has worsened as metropolitan municipalities, which were not part of the programme, also began defaulting. Mangaung was the only compliant metro, though it faced financial challenges. Eskom has reached a payment agreement with the City of Tshwane and was resolving issues with Johannesburg. The City of Ekurhuleni is up to date with payments. Eskom emphasised that the non-payment problem has evolved beyond Eskom, as municipalities themselves are not receiving funds from customers and this now requires systemic solutions.

12. Eskom explained that changing payment terms to prepaid systems requires new contractual agreements with municipalities, which often failed to follow through. Whether prepaid or post-paid, revenue patterns eventually converged after the initial month. Eskom is addressing electricity theft and illegal connections through interventions such as the rollout of smart meters. The role out will need to pick up pace to have its intended impact. Eskom further highlighted that they are replacing the outdated billing system, last upgraded in 2006, which has become vulnerable. Law enforcement is assisting Eskom with investigations and several cases have been referred to the authorities.
13. On rural electrification, it was confirmed that Eskom is rolling out micro-grids in partnership with the International Monetary Fund (IMF) to electrify remote areas and accelerate universal access.
14. Regarding load reduction, Eskom pointed out that this is a last resort to protect infrastructure, especially transformers that are overloaded due to illegal connections and a lack of maintenance. Eskom stated that they are monitoring consumption in real time and try to act proactively once thresholds are exceeded. A programme to upgrade and maintain transformers is ongoing to support infrastructure reliability.
15. Eskom confirmed they are on track to meet two key deadlines: the submission of draft financial reports to the National Treasury and the Auditor-General by 31 May 2025, and submission of the final approved, audited financial statements to the shareholder by 31 August 2025.
16. On the progress relating to the appointment of a CEO for the NTCSA, it was reported that the NTCSA board had conducted a six-month recruitment process for a permanent CEO and submitted its preferred candidates to the Eskom board two weeks prior. It was

explained that the memorandum of cooperation requires submission of three candidates to the shareholder—Eskom in this instance. Two candidates were recommended with suggested areas for development, while the third did not qualify and was not recommended. Given the critical nature of the role and the need to meet stringent timelines, the Eskom board advised the NTCSA to identify a candidate who could operate independently without the need for significant developmental support.

10.5. South African National Energy Development Institute (SANEDI)

1. Members raised concern regarding SANEDI's under-funding (which SANEDI themselves have acknowledged as well). Members highlighted that this may negatively impact on the SANEDI fulfilling its mandate.
2. SANEDI stated that due to the under-funding they had to look at other different options to supplement the under-funding. These included: donor funding and establishing partnerships, i.e. collaborations to sustain some of the projects and initiatives. The entity also stated that it was working on offering consulting services to generate revenue.
3. SANEDI emphasized the importance of revising their operating model by collaborating and partnering with research institutions, universities, and other entities. This approach aims to minimize outsourcing and enhance insourcing, ultimately strengthening the organization's capabilities.
4. SANEDI is currently funding multiple interns through the Energy & Water Sector Education Training Authority (EWSETA). These interns are receiving training from SANEDI, gaining exposure to relevant technologies. The objective is to integrate some of these interns into SANEDI workforce in the future, thereby enhancing the capacity of the entity.
5. According to SANEDI, the Minister of Electricity and Energy has also encouraged them to look at providing a consulting service, based on the skills which they have, e.g. municipal dispute resolution – City of Johannesburg and Tokologo Local Municipality.
6. Approximately 3 to 4 years ago, SANEDI began accumulating a substantial surplus. They subsequently requested permission from the National Treasury to retain these funds, which was approved.
7. Members raised concern that a big portion of the budget allocated is for administration (around 56 percent)

8. SANEDI stated that they do have a retention strategy as many of their employees are highly marketable. SANEDI further implemented a salary parity policy, where they benchmark salaries against, Eskom, CSIR, Mintek, Sasol etc. SANEDI has also improved its benefits offering flexible working hours, hybrid work and has a talent management arrangement for employees. Additionally, due to the nature of work which SANEDI is doing, the entity can provide employees with opportunities to work with local and international experts, work with local academics and experts in the energy sector.
9. According to SANEDI they have established a digital lab where they are monitoring the smart meters, which they have installed, and this program is funded by National Treasury. The aim is to scale this up and have an operating centre for the whole country.
10. On clean coal technologies, the SANEDI stated that the engagement between them, Eskom, the CSIR and CoalTech to establish a joint project is in the process.
11. SANEDI acknowledged and emphasized that it is time that research projects and initiatives to be implemented at scale and move forward from the piloting stages.
12. According to SANEDI, to some extent, they are deriving income from the utilization of the energy efficiency Intellectual Property (IP). SANEDI confirmed that Intellectual Property for technologies is very expensive. Given its funding constraints, internally it is going to be a big challenge to take some of the research work which they have developed and produced, to translate these into patents and licenses.
13. Regarding Green Hydrogen, the entity stated they are the implementing agency for HySA for the Department of Science, Technology and Innovation (DSTI). However, the focus is on the use of green hydrogen for hard to abate sectors such as cement, steel and transportation, not for power-generation currently.

10.6. National Nuclear Regulator (NNR)

1. The NNR acknowledged that there has been a vacancy on its Board for several years, however they stated there was a litigation with respect to that appointment and the matter was eventually finalized through the court processes. The process now is in the hands of the Minister of Electricity and Energy, in appointing a community representative on the NNR Board.
2. On the licensing of Koeberg Unit 2, the NNR stated that the process is ongoing in terms of finalizing it and assured the Committee that a decision regarding its licensing will be

finalized before its current license expires in November 2025. The NNR was still waiting on outstanding documents. Once these documents are received, the entity will start drafting a safety evaluation report.

3. Members raised concern that several of the NNR's Key Performance Areas does not have a "baseline".
4. According to the NNR, they do Emergency Exercises at the Koeberg Nuclear Power Plant between every 18 months to 2 years. This involves the City of Cape Town, provincial government and the Disaster Management Center (housed under COGTA). However, the City of Cape Town and the Western Cape Provincial Government conduct their own drills. They do not wait for the NNR to conduct emergency drills. According to the NNR there is a need to measure the effectiveness of the exercise – i.e. has there been improvements.
5. The NNR acknowledged that currently they do not have timeframes for the finalization of specific licensing process, within the organization.
6. The NNR confirmed that South Africa does not have vessels which are nuclear powered. According to the NNR, a vessel which is propelled by nuclear power or a vessel which has radioactive material on board, are regulated by the NNR. Thus, any nuclear vessel entering South African borders requires to be regulated by the NNR.
7. The nuclear site licences for Thyspunt and Duynefontein is still to be processed as the applicant still needs to provide outstanding information. Once the outstanding information is submitted the nuclear site applications can be finalised.
8. The entity stated that any security threat assessments are done by members of the security cluster. A security incident may cause a safety incident but the NNR's role is limited to nuclear safety.
9. When the IRP included nuclear as an option for electricity generation, the NNR relooked at its structure in 2018, and realised that the entity would have to grow to 212 employees. However, in the absence of new nuclear, the entity cannot grow too fast as the entity relies on registration fees of existing nuclear operators. When the final decision is made on new nuclear, the entity will grow accordingly. The entity is currently at 170 employees.

10.7. National Radioactive Waste Disposal Institute (NRWDI)

1. The entity has finalised all outstanding issues regarding the Nuclear Installation License (NIL) required from the NNR for the operation of the Vaalputs facility. The entity stated that the NNR would be convening a meeting in July 2025 to discuss the licence and the NRWDI was optimistic that the NIL would be issued then.
2. The Central Interim Storage Facility (CISF) was in the design concept and was the short-term focus of the entity. The long-term would be on the geological installation for 2060.
3. On nuclear waste recycling, the NRWDI stated that Eskom has done some research on this at its Koeberg Nuclear Power Plant.
4. NRWDI stated that the nuclear waste recycling is an expensive process, where the scale of economics will be an issue in SA. NRWDI confirmed that it can be done, and that there is a benefit from a waste perspective.
5. The NRWDI confirmed that skills development is an important part of the work that they do, skilling up the employees within the NRWDI for future activities. The NRWDI is further engaging with several universities, and over the next few months they intend setting up and finalizing several Memorandums of Understanding (MoUs) and agreements with various universities. The aim of these MoUs is for skills development initiatives but also focusing on assisting with research and development.
6. On the NRWDI Fund Bill, the NRWDI stated that the Department of Electricity and Energy has taken the Bill through the necessary public participation process and that it is at an advanced stage to be tabled in Parliament.
7. The entity agreed that relying on government transfers was not sustainable. Once they received the NIL for Vaalputs, the entity will receive an increase in revenue however, it would mostly be for operations. Once the NIL was received, the entity would review its cost structure as well as its tariffs to ensure efficiency in costs.
8. The NRWDI stated that they are having discussions and engagements with key partners in the sector, mainly Eskom, and the Development Bank of SA (DBSA), to explore more innovative ways of financing the infrastructure projects, e.g. Centralized Interim Storage Facility (CISF).
9. NRWDI confirmed that one of the major risks would be the financial viability of its projects.
10. According to NRWDI, the preliminary design estimates for the CSIF project will be around R1,9 billion, for the full extent of the project. However, the final cost will be

dependent on the final design including size, additional facilities, distance between storage containers, etc.

11. The entity states it does have a large cohort of workers between the ages of 50 – 65 years and another cohort of workers between the ages of 30 – 35 years. The entity does have a leadership programme starting this financial year. The succession plan has gone to its EXCO and will be going to the Board for approval soon.
12. Regarding the funding model, international best practice has shown the similar entities are funded by a combination of sources but mostly through the polluter-pays principle. The fund will see the generator pay over the life of its facility. This fund will then be used to storage and rehabilitation of sites.
13. The entity is monitoring orphan sources of radioactive waste, which have no owners. The entity will be maintaining a national database on these orphan sources of radioactive waste.

11. RECOMMENDATIONS

Having considered the planning documents and budgetary allocations for the 2025/26 financial year, the Committee recommends that the Minister of Electricity and Energy, should:

1. Prioritise the appointment of a permanent Director-General and ensure that all funded vacant posts are filled by the end of the financial year.
2. Ensure that the strategic objectives of the Department and its respective entities are aligned
3. Ensure that the envisaged nuclear programme is at a pace and scale which is beneficial to the country considering build time, cost and safety, in the public interest.
4. Review regulated pricing methodology and formulas to ensure the cheapest possible energy cost to the consumers.
5. Assist Indigent families to access the free basic units and ensure that the budget for this relief from energy poverty is effectively utilised.
6. Ensure that processes relating to the nuclear new build are credible.
7. Address the Department's IT infrastructure, as a matter of urgency. Examine and evaluate the best practices in IT infrastructure across various entities that the

Department can adopt and replicate for its functions, such as Human Resources and Supply Chain Management.

8. Facilitate stakeholder engagement and public participation and education in the implementation of microgrid solutions across communities.
9. Ensure that the public participation processes regarding the Integrated Energy Plan is comprehensive, thorough and credible, to instil credibility regarding the process.
10. Prioritise the finalisation of the IEP, IRP and GUMP and ensure practical time frames for all 3 plans imminently.
11. In conjunction with DSTI, create an enabling environment for the production and use of green hydrogen.
12. Prioritise the filling of the vacant Full-Time Member for Electricity at NERSA, by the end of the 2025/26 financial year.
13. Explore and develop initiatives and/or mechanisms to mitigate the resultant municipal non-payment of debt in conjunction with the relevant stakeholders. Report monthly on progress with revenue collection, and the impact on Eskom's financial position.
14. Ensure that the Department and its entities explore and implement cost effective clean coal technologies to help meet sustainable development goals.
15. Ensure consistent improvement regarding the EAF of Eskom's Power Stations to 80 percent.
16. Ensure the Department and its entities annual financial statements are submitted timeously to the AGSA and to Parliament, as required by law.
17. Develop and explore initiatives to address SANEDI's under-funding.
18. Develop and explore how SANEDI's IP initiatives can be addressed
19. Finalize and prioritize the filling of the Community representative vacancy on the NNR Board, by the end of the current financial year.
20. Develop and implement clear timelines for the finalization of licensing applications by the NNR.
21. Ensure NNR performance indicators have credible baselines so that performance for the 2025/26 financial year is measurable.
22. Expedite the finalization of the NRWDI Fund Bill, for tabling to Parliament.
23. Ensure cross collaboration between the Department of Electricity and Energy and the Departments of Mineral and Petroleum Resources to solve the gas cliff holistically, given the overlapping mandates regarding gas. This requires engaging in a cost benefit analysis of developing import facilities over a life cycle of

investment versus developing indigenous gas and related infrastructure. Proceed with the quickest solution to the gas cliff within affordable parameters, whilst simultaneously establishing a pathway for indigenous production.

24. NERSA needs to conduct the assessment of their funding model and return to the portfolio committee.
25. Develop and implement a robust, long term and clearly communicated incentive framework that addresses financial, regulatory, and technical barriers to self-generation, across all sectors (residential, commercial, industrial). This framework must be designed to not only reduce demand, but also empower citizens and businesses, foster local economic growth, and accelerate the transition to a more resilient and sustainable energy system.

12. CONCLUSION

The Portfolio Committee on Electricity and Energy will continue to fulfil their Constitutional mandate. The Committee is guided by the Parliamentary rules in conducting the oversight on the functioning of the Department of Electricity and Energy. This is done to ensure proper and effective functioning and compliance with the legislation and policy requirements.

Report to be considered.

2. REPORT OF THE PORTFOLIO COMMITTEE ON INTERNATIONAL RELATIONS AND COOPERATION AND THE SELECT COMMITTEE ON SECURITY AND JUSTICE AND ON THE DRAFT SADC PROTOCOL ON THE REGIONAL PARLIAMENT, 27 JUNE 2025

The Portfolio Committee on International Relations and Cooperation and the Select Committee on Security and Justice, having considered the request for examining and making inputs on the provisions of the Draft SADC Protocol on the Regional Parliament and submit the comments from the Parliament of South Africa as part of the consultations aimed at shaping the Draft Protocol, submit for information the input as it appears in the attached report

Request to be noted.

3. ANNEXURE 1: INPUTS BY THE PORTFOLIO COMMITTEE ON INTERNATIONAL RELATIONS AND COOPERATION AND THE SELECT COMMITTEE ON SECURITY AND JUSTICE ON THE DRAFT SADC PROTOCOL ON THE REGIONAL PARLIAMENT, 27 JUNE 2025.

The Portfolio Committee on International Relations and Cooperation and the Select Committee on Security and Justice, having considered the request for examining and making inputs on the provisions of the Draft SADC Protocol on the Regional Parliament, submit the comments as part of the consultations aimed at shaping the Draft Protocol, for consideration by the National Assembly and the National Council of Provinces.

The Portfolio Committee on International Relations and Cooperation and the Select Committee on Security and Justice reports as follows.

Input on the Draft SADC Protocol on the Regional Parliament

The following improvements were made to the Draft Protocol:

1. The significance of the SADC protocol in advancing regional integration and the role of parliaments in this process was highlighted. Members strongly called for a transformation of the SADC Regional Parliament to gain legislative powers.
2. Members recommended that the SADC Parliament must evolve into a binding law-making body over time and have oversight powers over peacekeeping missions, trade and human rights.
3. Emphasis was made on the need for a more comprehensive description of Parliament's structure, clearer timeframes for committee sittings, and processes for member removal, including provisions for oaths of office and financial oversight.
4. The SADC Parliament could be more comprehensively described so that there's a hierarchical structure, the membership of and the numbers of the various committees are detailed, and the way persons are to be removed or the fillings of vacancies in the event

that such occur, need to be systematically detailed in the document, all of which are presently absent.

5. The document be restructured to provide for the members of Parliament, then the offices of Parliament, then the bodies of Parliament and its duties, and that articles that pertain to those broad headings be grouped there under.
6. The bodies of parliament to include a dedicated youth caucus in the SADC Parliament structure as well as including the involvement of persons with disabilities and ensuring that there is a committee that promotes inclusivity for all.
7. The involvement of the women's caucus in relation to the SADC protocol be noted as an important matter for clarity.
8. There are no timeframes prescribed for the sittings of standing committees. Whilst the executive committee is provided to sit twice a year, it's unclear how often standing committees are going to sit.
9. It is unclear if sessions of those committees and all the sessions of the plenary assembly are going to be open to the public and all the media. In the interest of transparency and facilitating transparent democracies, it is proposed that it be inserted that all sessions are in fact open.
10. The Draft Protocol is silent on processes for the removal of members in the event of anything such as misconduct. It is proposed that reasons to remove members be considered and included in the document. There aren't any oaths of offices prescribed for any membership to the SADC Parliament. It is proposed that be included.
11. Article 26 includes a provision for immunities and privileges, it is proposed that there be a further subclause that includes the waiver of those immunities and privileges in certain instances, and that the draft Protocol itself prescribe those instances.
12. Article 35 provides for withdrawals. It is proposed that an automatic withdrawal provision be inserted to ensure that if a member state withdraws at any point from the SADC treaty,

then its members of parliament membership with the SADC parliament automatically terminated.

13. Article 18 provides for “Organs” as capitalised. Organs are not defined in the Draft Protocol but is defined in the SADC Treaty to mean the “Organ on Politics, Defence and Security Co-operation established by Article 9 of this Treaty”. It is proposed that the Draft Protocol include a definition for “Organs” to mean those are provided for in Article 8 of the Draft Protocol to ensure that the meaning is not conflated with that which is defined in the Treaty itself, given that Article 1 of the Draft Protocol provides that all terms and expressions as defined in Article 1 of the Treaty are to bear the same meaning, unless context otherwise requires.
14. There must be provision for a rules committee. The way the Draft Protocol is structured, every committee is going to prescribe its own rules as it so determines. It is preferable that there be an actual rules committee that prescribes rules for the Parliament. Article 13 provides for a Regional Parliamentary Model Laws Oversight Committee, but that committee is not actually going to provide for the rules and processes of the SADC parliament, it rather provides for the oversight of member states' performances in implementing SADC model rules and policies.
15. Article 17 provides that all decisions are taken by consensus, and in the event of such failure, there's a simple majority. It is proposed that consideration be given that decisions that warrant a two-thirds majority, such as the election of a president or vice president of the plenary assembly, as well as the Secretary-General be considered.
16. Article 23 provides for the Secretary-General to prepare for approval of the Plenary Assembly, the financial rules and regulations for the management of financial affairs of the SADC Parliament. It is noted that the Secretary-General is also the accounting officer for the SADC Parliament, so it would be prudent to ensure that there are external rules of financial regulation that are applicable to avoid self-imposed regulation of the Parliament being weaker than would be prescribed in any other sector. It's further proposed that there be oversight of the financial planning and expenditure of the SADC Parliament, which is an institution of SADC to ensure there are necessary checks and balances.

17. It was also noted that there are SADC financial regulations and therein SADC is defined to include its institutions. It should be clarified within the Draft Protocol that those regulations are going to be applicable to it.
18. It is proposed that consideration be had to whether there should be any relationship between the SADC Parliament and the Pan-African Parliament and parliaments of the regional economic communities and national parliaments, and if so, that a clause be inserted to provide for their cooperation.
19. The Committee recommends that the SADC Regional Parliament must not remain purely consultative but progressively evolve into a binding law-making body. This includes building structured oversight functions over peacekeeping operations, migration, trade protocols, and regional integration mechanisms. In line with Article 13 of the Draft Protocol, transitional provisions should be introduced to commit member states to a phased expansion of legislative competencies, with clearly defined benchmarks, timelines, and periodic reviews.
20. Members propose that the Draft Protocol incorporate dedicated mechanisms for economic diplomacy, including the creation of a SADC Economic Affairs and Trade Committee. This body should be mandated to address regional industrialisation, cross-border infrastructure, beneficiation of minerals, agriculture, and the curbing of illicit financial flows. With Africa losing an estimated \$88.6 billion annually to capital flight, primarily from extractive industries, this Parliament must play a proactive role in protecting the economic sovereignty and developmental interests of the region.
21. The Committee supports the inclusion of youth and women's caucuses but further recommends that the Protocol explicitly ensure representation of aboriginal and indigenous communities, persons with disabilities, and traditional leaders in either advisory or ceremonial roles. In line with the principles of participatory democracy, provisions should also be explored to include observer or associate status for stateless persons and civil society stakeholders from across the region.

22. To strengthen the regional legislative ecosystem, the Committee recommends that the Draft Protocol include a clause to establish structured cooperation between the SADC Parliament, the Pan-African Parliament (PAP), national parliaments, and regional economic community assemblies. This cooperation should cover exchange of model laws, joint summits, and shared training academies. The aim is to harmonise legal frameworks, build institutional capacity, and ensure synergy in addressing continental challenges.
23. It was proposed that an interpretation clause be inserted to regulate the way the protocol is to be interpreted and the authority / person to do so.

4. Report of the Portfolio Committee on Trade, Industry and Competition on Budget Vote 39: Trade, Industry and Competition, dated 25 June 2025

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) 2025-2029 Strategic Plan and 2025/26 Annual Performance Plan (APP) implements the new 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. In this regard, the DTIC has renewed its focus on industrialisation and transformation to advance economic growth and job creation.

As part of its new strategic focus, the DTIC has introduced the three Ds, namely decarbonisation, digitisation and diversification, to contribute to a competitive and sustainable manufacturing sector and diversify South Africa's export basket. Its nine programmes, 18 entities, and the Broad-based Black Economic Empowerment (B-BBEE) Commission, a trading entity within the DTIC, collectively contribute towards the achievement of these outcomes and output targets.

This APP recognises the importance of global trade relations and the impact of geopolitical tensions on South Africa's economy. Therefore, there is a specific focus on the African Continental Free Trade Area (AfCFTA), which offers opportunities to increase trade with other African countries and to develop new sectors in the economy. Furthermore, the DTIC focuses on strengthening relations with traditional trading partners while exploring new export markets. In addition, the green and digital economy will be receiving expanded support, as they offer several opportunities that South Africa intends to harness.

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

The DTIC's allocated budget remains under pressure due to fiscal constraints and slow economic growth. However, there has been an increase in its budget allocation from R9,4 billion in the 2024/25 financial year to R11,1 billion in the 2025/26 financial year. In its discussions on this budget vote, the Committee encouraged the DTIC to ensure that it uses financial and non-financial policy tools to support industrialisation, economic growth, job creation and economic transformation. Furthermore, it urged the DTIC to continue coordination efforts to address constraints created by infrastructure and logistical challenges, as well as misalignment of policy priorities.

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 2025-2029 Strategic Plan, 2025/26 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 Strategic Plan and 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 22 April 2025. Mr Tau and the DTIC had engaged the Committee on the 2025/26 Budget for the DTIC, and the DTIC's APP, at the time. However, as the Minister of Finance had to revise the budget tabled on 12 March 2025, the initial Budget Vote and Plans tabled were withdrawn. The Minister of Finance tabled the revised Budget and Appropriation Bill on 21 May 2025. Subsequently, the DTIC tabled a revised APP

on 13 June 2025, with slight amendments to some of its KPIs. Thus, the Committee had a follow-up engagement with the DTIC on these amendments on Tuesday, 17 June 2025.

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 2025/26 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 2025/26 financial year

The DTIC's Strategic Plan for 2025–2029 and the APP for the 2025/26 financial year are 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 2025 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) Stimulating economic growth at a rate that is above 3 per cent to enable job creation;
- (b) Securing R20 billion a year over the next five years into the Transformation Fund to fund the development of black-owned and small enterprises;

² Ramaphosa (2025)

- (c) Implementing the AfCFTA to facilitate the removal of barriers to trade on the continent and strengthen trade with the rest of Africa;
- (d) Strengthening fair trade and investment ties with other countries;
- (e) Processing the country's natural resources into finished products for the benefit of South Africans;
- (f) Engaging investors to unlock R100 billion in infrastructure investment, for roads, ports, and airports, among others, to facilitate the movement of goods, consequently leading to economic growth; and
- (g) Unlocking support for businesses owned by black individuals, youth, women and people with disabilities.

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 2025/26 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 be playing 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 of job creating local economies in rural areas. The goals of the DTIC are aligned to 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

³ Department of Planning, Monitoring and Evaluation (2024)

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

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 demands 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 to achieve this goal.

2.4. Agenda 2063

The work of the DTIC is aligned to 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 mandates was 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 for the development of Special Economic Zones (SEZs), industrial parks, and for black participation. Furthermore, the DTIC’s incentives have transformation criteria, which further facilitates this at a broader level.

⁵ United National Development Programme (n.d.)

⁶ Ibid

⁷ Ibid

⁸ AU Commission (2015)

⁹ Ibid

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 that of the regional community. The National Development Plan 2030 and the Re-imagined Industrial Strategy (RIS) therefore are broadly complementary policies to the SADC industrialisation strategy. The RIS involved the development and implementation of Master Plans for 12 priority sectors. This sets 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 economy.

3. Strategic Plan, Annual Performance Plan and Budget

In the 2025 Estimates of National Expenditure, the DTIC’s purpose is outlined as follows:

- (a) Leading economic development policy formulation and planning;
- (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 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.

¹⁰ SADC (2015)

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 framework involved the focus 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, 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.
- (d) ***Social Inclusion and Economic Empowerment***: This will focus on ensuring economic empowerment programs 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.

¹¹ DTIC (2025d: 5 and 7)

¹² DTIC (2025a: 24)

¹³ DTIC (2025a)

Figure 1: List of entities reporting to the DTIC

Development Finance Institutions	Regulatory Entities	Technical Infrastructure Institutions
• Export Credit Insurance Corporation of South Africa • National Empowerment Fund • Industrial Development Corporation	• 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	• National Metrology Institute of South Africa • National Regulator for Compulsory Specifications • South African Bureau of Standards • South African National Accreditation System

3.1. Output targets for the 2025/26 financial year

The section below details the purpose of each programme and its planned outputs for the 2025/26 financial year as set out in the DTIC's APP. For the 2025/26 financial year, the DTIC set out key performance indicators (KPIs) through which it aims to implement its mandate with the allocated budget of R11,1 billion. This section highlights the KPIs for each of the DTIC's programmes. In November 2024, the DTIC had tabled a revised APP for the 2024/25 financial year in response to the Committee's request to ensure that the KPIs are more targeted and impact-driven, and lead to outcomes that address the challenges of the country, including low economic growth and high unemployment. However, it had not adjusted its budget based on these amended KPIs. Subsequently, the 2025/26 APP has introduced further changes to the KPIs tabled in November 2024, aligned to the new budget allocation. Hence, the 2025/26 APP forms a more appropriate basis through which the DTIC can be assessed, as the performance targets are supported by the budget.

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. Nine KPIs have been set for the financial year, namely:

- (a) Approve 40 per cent procurement towards women-owned businesses;
- (b) Approve 30 per cent of procurement towards youth-owned businesses;
- (c) Approve 3 per cent of procurement towards businesses owned by people with disabilities (PWD);
- (d) Unqualified audit outcome for the 2024/25 financial year;
- (e) All its entities achieving 80 per cent of their KPIs;
- (f) Engage half of its staff through the performance excellence culture survey;
- (g) Finalise the investigation of 65 per cent of forensic cases received up to 31 December 2025 by 31 March 2026¹⁵; and
- (h) Train 370 worker champions in terms of skills upgrading for increased firm productivity¹⁶.

The DTIC removed the following KPI when it retabled its APP in June 2025: “Unlock R1 billion per year in economic infrastructure investment for three Metros”¹⁷. It has also removed targets from the 2024/25 APP related to the filling of vacancies or a targeted vacancy rate.

3.1.2. Programme 2: Trade¹⁸

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. Planned targets for the financial year are as follows:

- (a) Twenty countries that have started trading under the AfCFTA (excluding members of the SADC);
- (b) Implement five Economic Interest Strategies for key trading partners;

¹⁴ DTIC (2025c: 59, 62-63)

¹⁵ This replaced the initial KPI tabled in April 2025, namely: 100 per cent of cases from the whistleblowing line investigated making recommendations for action completed within 60 days (DTIC (2025b: 62-63)).

¹⁶ This replaced the initial KPI tabled in April 2025, namely: 80 interns placed in funded skilled internships for municipalities (DTIC (2025b: 63)).

¹⁷ DTIC (2025b: 63; 2025d)

¹⁸ DTIC (2025b: 67, 69-72)

- (c) Maintain sustainable trade relations with the United States (US), including through an agreed Trade and Investment Framework Agreement (TIFA) work programme with the US and the formal relaunch of the TIFA¹⁹;
- (d) Agree on three issues with the United Kingdom (UK) under the Southern African Customs Union and Mozambique-UK Economic Partnership Agreement (EPA) to expand market access for wine, sugar, and canned fruit;
- (e) Agree on three issues with the European Union (EU) under the SADC-EU EPA to expand market access;
- (f) Submit for approval to the Executive Authority and Cabinet the second draft of the Patents Bill;
- (g) Submit for approval to the Executive Authority and Cabinet the second draft of the Designs Amendment Bill;
- (h) Identify key priorities to be advanced in the G20, Trade and Investment Working Group, and agree to four outcomes for South Africa's Presidency;
- (i) Attain three Africa Group Agreements on World Trade Organisation (WTO) reform;
- (j) Deploy two trade instruments to promote South Africa's just transition to a low carbon economy; and
- (k) Develop a regional value chain for the automotive industry to drive South Africa's competitiveness.

3.1.3. Programme 3: Investment and Spatial Industrial Development²⁰

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. According to the DTIC, the Branch will be implementing a new model for SEZs and Industrial Parks to drive industrialisation, job creation, and economic growth²¹. Furthermore, it will focus on improving Ease of Doing Business to facilitate investments.

Planned targets for the financial year are shown below:

¹⁹ In the DTIC's revised APP, it added the following as part of the KPI "Negotiate a Framework Agreement with the US to enhance mutually beneficial trade relations" (DTIC (2025: 69-70)). However, subsequently, it has indicated that this would be removed and a new APP would be tabled to reflect this.

²⁰ DTIC (2025c: 78, 81-84)

²¹ DTIC (2025c: 78)

- (a) Attract R450 billion through greenfield and brownfield investments in targeted sectors, including SEZs and Industrial Parks;
- (b) Designate one new SEZ to facilitate reindustrialisation utilising the new model derived from the Spatial Industrial Development Strategy;
- (c) Develop one cross-border partnership between South Africa and other countries to facilitate the integration of regional value chains through SEZs;
- (d) Link one trade corridor anchored by SEZs to enhance the logistical efficiencies to enable the effective manufacturing and trading of value-added goods;
- (e) Increase the land area of existing SEZs to provide more space for targeted investments in key sectors;
- (f) Develop 10 Industrial Parks to assist enterprises and investments for enabling localisation/manufacturing operations (including townships and rural areas);
- (g) Commercialise ten industrial prototypes;
- (h) Roll out two new One-Stop Shops;
- (i) Establish two new Fusion Centres to undertake regulatory reform for Acts, Regulations, Licensing, Permits and Registrations;
- (j) Conduct two investor facilitation surveys to support investor satisfaction;
- (k) Unblock 38 Renewable Energy Independent Power Producer projects through the Energy One-Stop Shop;
- (l) Increase workplace-based placement of internships by 8 per cent from 7 per cent to 15 per cent; and
- (m) Implement two high-priority sector demand-led skills plans.

3.1.4. Programme 4: Sectors²²

The Sectors Programme is the third largest of 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.

Planned targets for the financial year are shown below:

²² DTIC (2025c: 89, 92-94)

- (a) Increase of 0,5 per cent in manufacturing growth through the implementation of the National Industrial Policy;
- (b) Increase of 0,5 per cent in South Africa's global market share for processed critical minerals in alignment with the Department of Mineral and Petroleum Resources, namely: Battery grade minerals (Aluminium, Nickel, Manganese, Copper, Vanadium, Rare Earth Elements, Graphite and Cobalt); Chrome; and Iron ore;
- (c) Increase of R50 billion in the procurement value of locally manufactured goods and services;
- (d) Reduce the importation of rail transport equipment by 10 per cent;
- (e) Increase the growth of the cannabis industry by 10 per cent per annum;
- (f) Develop the rail tariff reduction support programme;
- (g) Approve the Electric Vehicles (EVs) batteries manufacturing policy;
- (h) Increase the manufacturing of renewable energy components by 10 per cent; and
- (i) Implement the approved Decarbonisation Strategy through the Environmental Implementation Plan.

3.1.5. Programme 5: Regulation²³

The Regulation Programme is aimed at developing and implementing “coherent, predictable and transparent regulatory solutions that facilitate easy access to redress and efficient regulation for economic citizens”²⁴. Planned targets for the financial year are shown below:

- (a) Amend seven Regulations to enable red tape reduction and create an enabling environment and submit reports to the Executive Authority;
- (b) Develop one Omnibus Bill to enable red tape reduction and create an enabling environment and submit it to the Executive Authority;
- (c) Develop two interventions to streamline processes and produce and submit a report to the Executive Authority; and
- (d) Reduce turnaround times by 30 per cent on processes, applications and permits in the DTIC entities and submit report to the Executive Authority.

²³ DTIC (2025c: 101, 103-104)

²⁴ DTIC (2025c: 101)

3.1.6. Programme 6: Incentives²⁵

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”²⁶. This Programme captures the core mandate of the DTIC and receives the largest budget allocation. Planned targets for the financial year are shown below:

- (a) Facilitate R10 billion investment through industrial financial support;
- (b) Facilitate R5 billion in export revenue from Global Business Services (GBS);
- (c) Disburse R5,02 billion to projects/enterprises;
- (d) Facilitate the creation of 6 000 jobs;
- (e) Implement an integrated Industrial Financing single access portal to reduce red tape across the DTIC financing group for incentives and loans; and
- (f) Facilitate the creation of 4 000 jobs through the digital economy/GBS programme²⁷.

3.1.7. Programme 7: Export²⁸

The Export 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. Planned targets for the financial year are shown below:

- (a) Facilitate R120 billion in South African exports to the rest of the world in key industrial policy sectors, including services;
- (b) Facilitate R132 billion in South African exports to the rest of Africa in key industrial policy sectors, including services;
- (c) Reduce the Export Marketing and Investment Assistance (EMIA) group scheme programme application processes by 15 days;
- (d) Facilitate R20 million in South African exports to the rest of the world by Small, Medium, and Micro Enterprises (SMMEs) funded by the EMIA;
- (e) Facilitate R15 million in South African exports to the rest of the world by Black-owned entities funded by the EMIA; and

²⁵ DTIC (2025c: 108, 110-111)

²⁶ DTIC (2025c: 108)

²⁷ This replaced the initial KPI tabled in April 2025, namely: 50 000 jobs created through the digital economy programme (GBS) (DTIC (2025b: 105)). While this appears to be similar, the definition of the KPI was recrafted from including both new and retained jobs (DTIC (2025b: 172)) to only reporting on new jobs created (DTIC (2025c: 184)).

²⁸ DTIC (2025c: 115, 118-119)

- (f) Capacitate 300 entities on exporting skills.

3.1.8. Programme 8: Transformation and Competition²⁹

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

- (a) Leverage R8 billion of investments from competition and transformation initiatives;
- (b) Aggregate and disburse R20 billion of the Transformation Fund;
- (c) Implement the B-BBEE – achieving 30 per cent black ownership in critical sectors;
- (d) Facilitate the creation of 50 000 Social Employment Fund part-time or temporary job opportunities;
- (e) Achieve 10 000 additional workers with shares in their companies, including but not limited to competition initiatives;
- (f) Complete one Market Enquiry; and
- (g) Train 40 000 unemployed youth under the Youth Employment Service.

3.1.9. Programme 9: Research³⁰

The Research Programme aims to “undertake economic research, contribute to the development of trade and industrial policies and guide policy, legislative and strategy processes to facilitate inclusive growth”³¹. Under this Programme, all the performance targets are new, and are as follows:

- (a) Produce four MTDP implementation reports;
- (b) Approve the Accelerated Energy Roadmap Strategy;
- (c) Negotiate two price agreements between Eskom and firms to improve the competitiveness of key industrial sectors;
- (d) Approve the Digital Roadmap by the Economic Cluster;
- (e) Digital Venture Capital Fund Guidelines developed³²;
- (f) Facilitate the training of 10 000 youths in digital skills; and
- (g) Achieve 50 000 unemployed persons completing digital literacy training courses.

²⁹ DTIC (2025c: 123, 125-126)

³⁰ DTIC (2025c: 132-134)

³¹ DTIC (2025c: 132)

³² This KPI was initially captured as: “Establish a Digital Venture Capital Fund in partnership with industry”, in the April 2025 tabled APP.

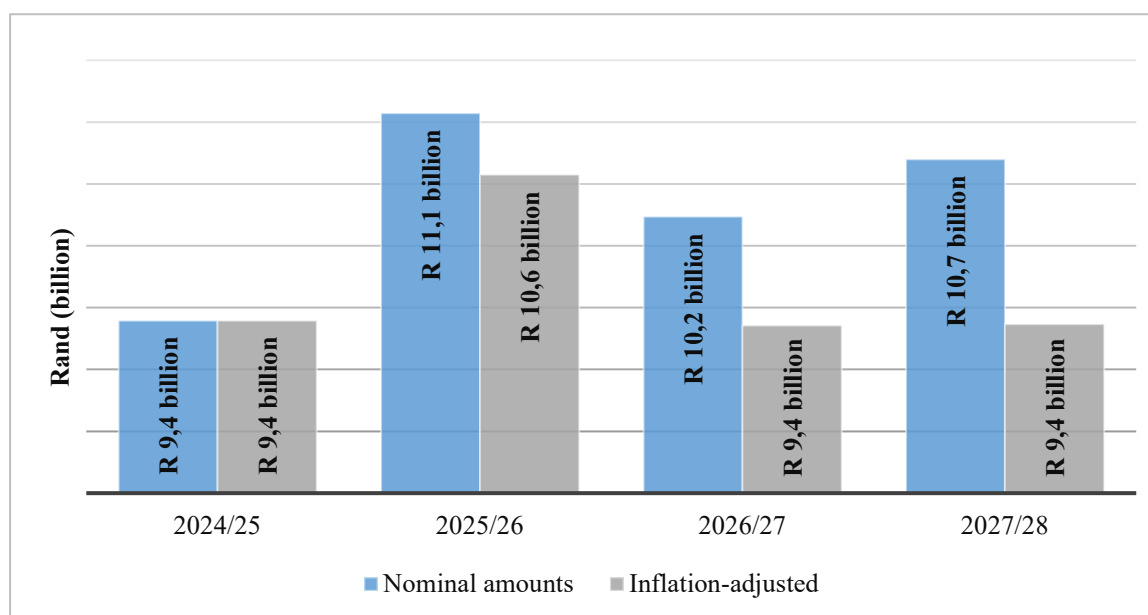
3.2. Budget Vote 39: Analysis of the 2025/26 – 2027/28 financial period³³

The allocated budget for the DTIC was R11,07 billion for the 2025/26 financial year. This is an increase of R1,7 billion from approximately R9,4 billion in the 2024/25 financial year. Thus, the budget has increased by 18,5 per cent in nominal terms; however, the increase in real terms is 13,2 per cent (adjusted for projected inflation of 4,1 per cent³⁴).

Over the medium-term, the DTIC's budget is expected to decrease from a nominal amount of R11,07 billion in the 2025/26 financial year to R10,23 billion in the 2026/27 financial year and increase to approximately R10,8 billion in the 2027/28 financial year in nominal terms.³⁵ However, in real terms, the budget allocation is projected to decrease to R9,35 billion in the 2026/27 financial year and increase to R9,36 billion in the 2027/28 financial year.

The figure below shows the DTIC's budget over the medium-term, both in nominal and real³⁶ (inflation-adjusted) terms.

Figure 2: Medium-Term Budget Allocation



Source: Madalane (2025) based on National Treasury (2025b: 844)

³³ National Treasury (2025b: 841-865)

³⁴ National Treasury (2025a: 9)

³⁵ National Treasury (2025b), Parliamentary Research Unit calculations

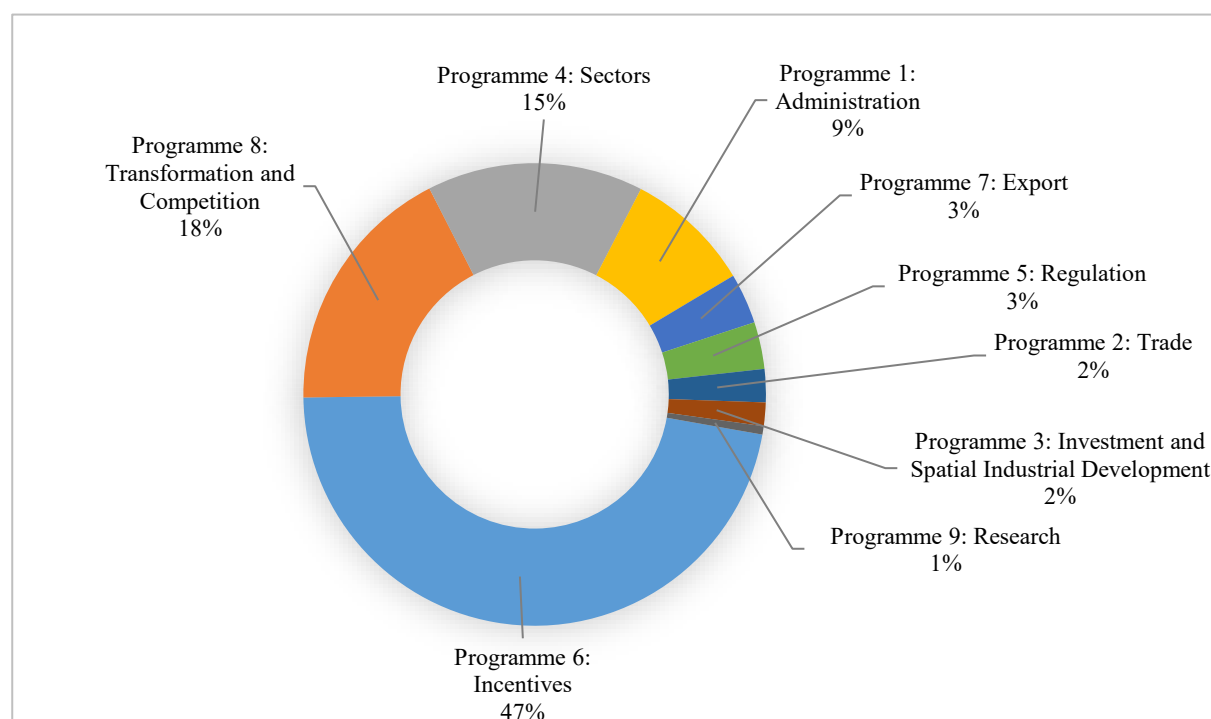
³⁶ Real figures are based on the following Consumer Price Index inflation estimates of 4,1% in the 2025/26 financial year, 4,1% in the 2026/27 financial year and 4,4% in the 2027/28 financial year (National Treasury (2025a: 9)).

Over the five-year term (2023/24 – 2027/28), the DTIC’s budget will increase by an average of 4,4 per cent. The increase is as a result of the expected increase in the budget allocation of the Incentive programme, namely the funding for industrial assistance.

3.2.1. Programme Analysis³⁷

Over the strategic five-year period from 2025-2030 and for the 2025/26 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.³⁸ In line with these goals, it will implement its initiatives through its nine programmes.

Figure 3: Share of Allocated Budgets per Programme for the 2024/25 Financial Year



Source: Madalane (2025) based on National Treasury (2025b: 844)

In terms of re-industrialisation, job creation, and transformation goals, the DTIC’s initiatives that contribute to these goals are mainly in 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

³⁷ Based on National Treasury (2025b)

³⁸ DTIC (2025b)

approximately 88 per cent of the total budget, with the Incentives Programme, receiving the largest budget allocation of R5,2 billion (47 per cent of the total budget); the Transformation and Competition Programme receiving R1,96 billion (18 per cent of the total budget) and the Sectors Programme receiving R1,7 billion (15 per cent of the budget). A breakdown of each programme's share of the total budget is shown in Figure 3 above.

Table 1 below shows the adjusted appropriation for the 2024/25 financial year and the budget for the 2025/26 financial year per programme, as well as changes in each of the programmes' allocation in both nominal and real terms. The R1,6 billion increase in the allocated budget in the 2025/26 financial year translates to a R1,2 billion increase in real terms. All the programmes have increased; however, when inflation is factored in, eight of the nine programmes show a real increase in the budget. The Administration Programme is the only programme whose budget actually decreases in real terms.

Table 1: Budget Allocation by Programme

Programme (R'million)	Adjusted appropriation 2024/25	Budget 2025/26	Nominal Increase / Decrease in 2025/26	Real Increase / Decrease in 2025/26	Nominal Percentage change in 2025/26	Real Percentage change in 2025/26
1. Administration	952,7	977,3	24,6	- 13,9	2,58%	-1,46%
2. Trade	240,8	256,7	15,9	5,8	6,59%	2,39%
3. Investment and Spatial Industrial Development	140,3	181,9	41,6	34,5	29,67%	24,57%
4. Sectors	1 329,0	1 674,1	345,2	279,2	25,97%	21,01%
5. Regulation	346,2	363,3	17,0	2,7	4,92%	0,79%
6. Incentives	4 200,7	5 205,2	1 004,5	799,5	23,91%	19,03%
7. Export	358,4	390,3	31,9	16,5	8,91%	4,62%
8. Transformation and Competition	1 770,1	1 958,4	188,3	111,2	10,64%	6,28%
9. Research	57,8	64,6	6,8	4,2	11,75%	7,35%
TOTAL	9 395,9	11 071,7	1 675,8	1 239,8	17,8%	13,19%

Source: Madalane (2025) based on National Treasury (2025b: 844)

3.2.2. Economic classification³⁹

Of the total budget of R11,1 billion allocated for the 2025/26 financial year, approximately R1,9 billion (17,5 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 R9,1 billion (82,3 per cent of the total budget) is allocated to transfers and

³⁹ National Treasury (2025b: 872-4)

subsidies to departmental entities, private enterprises, non-profit institutions, households, and international organisations. The remaining R15,4 million (0,2 per cent of the total budget) is allocated to payments for capital assets including machinery and software.

Shown in the table below is the DTIC's adjusted appropriation by economic classification for the 2024/25 financial year, as well as the allocated budget by economic classification for the 2025/26 financial year.

Table 2: Budget Allocation by Economic Classification

Economic Classification (R'million)	Adjusted appropriation 2024/25	Allocated Budget 2025/26	Nominal Increase / Decrease in 2025/26	Nominal Percentage change in 2025/26	Share of the 2025/26 Allocated Budget
Current payments	1 812,9	1 942,6	129,7	7,2%	17,5%
Compensation of employees	1 041,2	1 138,3	97,1	9,3%	10,3%
Goods and services	771,8	804,3	32,5	4,2%	7,3%
<i>Computer services</i>	60,9	58,0	-2,9	-4,8%	0,5%
<i>Consultants: Business and advisory services</i>	55,5	75,2	19,7	35,4%	0,7%
<i>Legal services</i>	30,6	35,2	4,7	15,2%	0,3%
<i>Operating leases</i>	432,2	408,2	-24,1	-5,6%	3,7%
<i>Travel and subsistence</i>	70,4	77,2	6,8	9,6%	0,7%
<i>Operating payments</i>	20,3	23,6	3,3	16,4%	0,2%
Transfers and subsidies	7 564,5	9 110,2	1 545,7	20,4%	82,3%
Departmental agencies and accounts	1 209,5	1 232,1	22,6	1,9%	11,1%
Foreign governments and international organisations	46,6	47,8	1,2	2,5%	0,4%
Public corporations and private enterprises	6 145,4	7 658,5	1 513,1	24,6%	69,2%
Non-profit institutions	158,3	170,7	12,4	7,8%	1,5%
Households	4,6	1,1	-3,5	-76,3%	0,0%
Payments for capital assets	18,5	18,9	0,5	2,6%	0,2%
Machinery and equipment	14,4	15,4	1,1	7,6%	0,1%
Software and other intangible assets	4,1	3,5	-0,6	-14,9%	0,0%
Total	9 395,9	11 071,7	1 675,8	17,8%	100,0%

Source: Madalane (2025) based on National Treasury (2025b: 844)

Of the R1,9 billion operational budget, a large proportion is allocated for the compensation of employees (R1,1 billion or 58,6 per cent of the operational budget or 10,3 per cent of the total budget). This allocation has increased by 9,3 per cent or R97 million compared to the 2024/25 financial year, which can be attributed to the projected increase in the number of employees from 1 107 employees in the 2024/25 financial year to an estimated 1 135 employees in the 2025/26 financial year.

The goods and services budget accounts for 41,4 per cent of the operational budget allocation or 7,3 per cent of the total allocated budget. Goods and services increased by 4,2 per cent compared to the 2024/25 financial year. Within goods and services, there is a significant increase in the budget allocated for consultants offering business and advisory services of 35,4 per cent from R55,5 million to R75,2 million, an increase of almost R20 million.

In terms of payments for capital assets, this line item received the smallest budget allocation of R18,9 million in the 2025/26 financial year.

The DTIC's transfers are discussed below.

3.2.2.1. DTIC Transfers⁴⁰

A significant share of the allocated budget is transferred to DTIC entities, public corporations and private enterprises, non-profit institutions, and foreign governments and international organisations. Of the R11,1 billion for the financial year, approximately R9,1 billion will be spent on transfers. This accounts for 82,3 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 the Companies and Intellectual Property Commission, Industrial Development Corporation (IDC), the National Empowerment Fund (NEF), the National Lotteries Commission (NLC) and the Takeover Regulation Panel.

The remaining DTIC entities receive R1,75 billion of the allocated budget for the 2025/26 financial year compared to R1,66 billion allocated in the 2024/25 financial year. Transfers to the DTIC's entities are as shown in Table 3 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 range between 52 per cent and 97 per cent for each of the entities' budgets. These entities

⁴⁰ National Treasury (2025b: 845-6)

include the Companies Tribunal, Competition Commission, Competition Tribunal, ITAC, National Consumer Commission, National Consumer Tribunal, the National Credit Regulator, and National Metrology Institute of South Africa (NMISA).

Table 3: Transfers to entities

Entities (R'million)	Appropriation 2024/25	Budget 2025/26	2024/25 - 2025/26 Change	Entity Budget 2025/26	Transfer as a percentage of the Entity's Budget
1. Companies and Intellectual Property Commission	Self-Funded			753,5	0,0%
2. Companies Tribunal	29,5	31,8	7,8%	35,7	89,1%
3. Competition Commission	426,2	440,3	3,3%	530,8	83,0%
4. Competition Tribunal	40,2	42,6	6,1%	67,8	62,8%
5. Export Credit Insurance Corporation	162,5	167,9	3,3%	519,2	32,3%
6. Industrial Development Corporation	Self-Funded			18 705,2	0,0%
7. International Trade Administration Commission	113,4	118,9	4,8%	122,4	97,1%
8. National Consumer Commission	69,1	71,4	3,2%	76,2	93,6%
9. National Consumer Tribunal	52,0	53,7	3,3%	77,7	69,1%
10. National Credit Regulator	79,1	81,7	3,3%	157,1	52,0%
11. National Empowerment Fund	Self-Funded			635,8	0,0%
12. National Gambling Board	34,6	35,8	3,3%	263,5	13,6%
13. National Lotteries Commission	Self-Funded			800,9	0,0%
14. National Metrology Institute of South Africa	129,6	165,1	27,4%	196,2	84,1%
15. National Regulator for Compulsory Specifications	144,6	149,2	3,2%	520,1	28,7%
16. South African Bureau of Standards	354,8	364,5	2,7%	948,7	38,4%
17. South African National Accreditation System	32,1	29,9	-7,0%	144,3	20,7%
18. Takeover Regulation Panel	Self-Funded			34,0	0,0%

Source: National Treasury (2025b: 845-6)

However, the other entities such as the Export Credit Insurance Corporation, National Gambling Board, National Regulator for Compulsory Specifications (NRCS), South African Bureau of Standards (SABS) and South African National Accreditation System (SANAS), are less reliant on the transfers, with transfers accounting between 14 per cent and 38 per cent of each entity's annual budget.

With the exception of the SANAS, each of the entities' budgeted transfers has increased. SANAS' budgeted transfer is 7 per cent or R2,3 million less than in the 2024/25 financial year. On the other hand, the NMISA had the largest increase in its budgeted allocation compared to the 2024/25 financial year. The increase is approximately 27 per cent or R35,5 million. However, NMISA has not been allocated a transfer for capital expenditure in this financial year

as in the past few years. According to the medium-term expenditure estimates, NMISA will receive its next capital allocation in the 2027/28 financial year.⁴¹

- **Transfers to Public corporations and private enterprises**

Transfers to public corporations and private enterprises account for the largest share of transfers. These as they include incentive payments, as well as transfers to organisations that support the country's industrial development. The budgeted allocation for this line item is R7,7 billion compared to R6,1 billion in the 2024/25 financial year, representing a 24,6 per cent increase. The public corporations supporting industrial development objectives include the Council for Geoscience, the National Productivity Institute, Protechnik Laboratories, the Council for Scientific and Industrial Research (CSIR), the Intsimbi Future Production Technologies Initiatives, the Automotive Supply Chain Competitiveness Initiative, Trade and Industrial Policy Strategies, the Centurion Aerospace Village, Proudly South African, the Black Business Council, and the IDC. Transfers to public corporations mainly comprise of transfers to the IDC.

While the IDC is a self-funded entity, it receives a transfer for programmes or funds that it administers on behalf of the DTIC. In the 2025/26 financial year, budgeted transfers to the IDC are approximately R1,94 billion, an increase from R1,46 billion in the previous financial year. Transfers to the IDC over a 5-year period are depicted in the table below.

Table 4: Transfers to the IDC for sector programmes

Sector Programme (R'million)	2021/22	2022/23	2023/24	2024/25	2025/26
Regional industrial development	-	15,0	21,0	20,7	23,5
Sector programmes	487,4	599,5	534,8	218,2	537,1
Social Employment Fund	800,0	861,6	787,9	1 130,0	1 292,0
Tirisano Construction Fund Trust	46,2	64,4	68,3	53,8	56,2
Downstream Steel Industry Competitiveness Fund	37,7	39,6	38,7	37,6	38,8
TOTAL	1 371,3	1 580,0	1 450,8	1 460,2	1 947,5

Source: National Treasury (2025b: 845-6)

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

⁴¹ National Treasury (2025b: 844)

For the 2025/26 financial year, approximately R47,8 million will be transferred to international organisations for the country's membership to these organisations. A detailed breakdown of the transfers over a five-year period is shown in the table below.

Table 5: Transfers to Foreign governments and international organisations

Organisation (R'million)	2021/22	2022/23	2023/24	2024/25	2025/26
Organisation for the Prohibition of Chemical Weapons	2,9	3,2	3,7	4,4	4,6
World Trade Organisation	14,2	15,4	18,8	18,9	19,7
United Nations: Treaty on the Prohibition of Nuclear Weapons	0,3	0,0	0,0	1,7	1,8
United Nations Industrial Development Organisation	5,2	5,2	6,4	8,8	9,2
Treaty organisations for metrology	2,0	1,9	2,2	2,3	2,4
World Intellectual Property Organisation	5,7	6,4	7,5	7,3	7,0
International Financial Reporting Standards Foundation	0,0	2,8	0,0	3,1	2,9
TOTAL	30,3	35,0	38,5	46,6	47,8

Source: National Treasury (2025b: 846)

- **Capital Transfers**

Capital transfers for the 2025/26 financial year will be R1,2 billion. This is an increase of 105,6 per cent compared to the 2024/25 financial year. A detailed breakdown of the capital transfers is shown in Table 6 below.

Table 6: Capital Transfers

Capital Transfer (R'000)	2021/22	2022/23	2023/24	2024/25	2025/26
Various institutions: Critical infrastructure programme: Bulk infrastructure	113 574	245 423	98 862	103 555	153 088
Protechnik Laboratories: Capital	-	1 103	1 667	1 801	1 882
Council for Scientific and Industrial Research: Aerospace industry	29 967	39 387	35 000	37 691	38 941
Various institutions: Critical infrastructure programme: Industrial parks	84 262	11 294	32 612	155 976	49 791
Various institutions: Special economic zones	1 670 088	357 851	893 997	270 026	926 468
Total	1 897 891	655 058	1 062 138	569 049	1 170 170

Source: National Treasury (2025b: 845-6)

The SEZ and Industrial Park Revitalisation Programmes are two of the key programmes of the DTIC aimed at creating inclusive economic growth. It is therefore important to note the

transfers to these programmes. The SEZs' capital transfer is the largest of all the capital transfers at R926,5 million for the 2025/26 financial year. It is important to note that the budgeted capital transfer for this programme has significantly increased compared to the 2024/25 financial year but is approximately half of the expenditure in the 2020/21 financial year (R1,97 billion). The budget allocated for the Critical Infrastructure programme for Industrial Parks is R49,8 million, compared to R155,98 million in the 2024/25 financial year.

4. Key issues raised by the Committee during its deliberations

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

- 4.1 ***Clarifying the Status and Direction of the National Growth Path:*** The Committee expressed concern about the status and content of the National Growth Path, as referred to by the DTIC, given the failure of the earlier New Growth Path to deliver significant economic growth. It noted that there appeared to be limited information available on this framework. The Committee enquired whether the DTIC could provide clarity on its status and whether it has been presented to Cabinet. Furthermore, the Committee sought to understand how the National Growth Path differs from the previous one and what elements are intended to drive inclusive and sustainable economic development. The Director-General informed the Committee that the National Growth Path is currently being developed, led by the Presidency, with input from National Treasury and the DTIC. As it is an evolving document, it would not be prudent or appropriate to discuss its content prematurely. He informed the Committee that once the process was finalised, the document would be presented for formal interaction, and he requested that any discussions thereon be deferred until the appropriate time.
- 4.2 ***Ensuring Inclusion in the Decarbonisation, Digitisation and Diversification Agenda:*** The DTIC's strategic focus on decarbonisation, digitisation and diversification reflects global trends and is necessary for South Africa's long-term competitiveness. However, this transition carries the risk of reinforcing/worsening inequality and exclusion of vulnerable groups. While the DTIC's commitment to upskill 10 000 young people in digitisation was a good beginning, the figure appeared to be modest given the scale of digital transformation required. The Committee enquired what specific measures the DTIC was implementing to prevent exclusion and inequality as it advances the decarbonisation, digitisation, and diversification agenda. The

DTIC informed the Committee that it recognises the risk that vulnerable groups may be excluded from the benefits of economic growth. Consequently, all of the DTIC's programmes incorporate specific measures to ensure participation by women, youth, persons with disabilities, and black South Africans. These measures include targeted provisions within the its procurement processes, incentive schemes, competition settlement agreements, and the Transformation Fund, all aimed at promoting equitable access to opportunities and resources.

- 4.3 ***Defining Structural Reform within DTIC's Mandate:*** The term "structural reform" is often used in policy discourse but remains contested and poorly defined. It is commonly associated with neo-liberal concepts such as privatisation and deregulation; however, the meaning in relation to the mandate of the DTIC remains ambiguous and unclear. Thus, it was difficult to assess the DTIC's strategic intent or policy shift under the banner of structural reform. The Committee requested the DTIC to define "structural reform" within the context of its mandate, and what specific policy or institutional changes it plans to implement under this framework. The DTIC informed the Committee that it, aligning with Operation Vulindlela, viewed structural reforms as essential to addressing South Africa's unique, long-standing supply-side constraints, such as energy and logistics infrastructure, economic concentration, and inequality, which limited growth relative to peer economies such Mexico, India and Thailand. These constraints, reflecting unique characteristics of the South African economy, are structural in the sense that they arise as a result of the underlying structure of the economy and cannot be resolved solely through interventions on the demand-side of the economy.

The DTIC's priorities within this framework include:

- Reducing the cost of doing business, including cutting regulatory red tape;
- Tackling market concentration, with an enhanced role for the Competition Commission to improve competitiveness in priority sectors;
- Promoting inclusive growth by integrating SMMEs and black-owned enterprises into value chains to expand domestic consumer demand and stimulate industrial investment; and
- Revitalising the industrial sector through a coordinated, government-wide Industrial Policy, recognising the manufacturing sector's potential for job creation, export growth, and technological advancement.

This approach reflects a commitment to targeted structural reforms that unlock growth potential and drive inclusive industrial development.

- 4.4 ***Strengthening Accountability and Reform in Underperforming Incentive Programmes:*** The DTIC's 2025/6 APP identifies structural reforms, which will underpin an improvement in its expected outcomes. This aligns with the broader economic policy focusing on removing impediments to growth and promoting industrialisation, and inclusive economic growth and development. The Incentives, and Transformation and Competition Programmes received significant fiscal allocations, reflecting more than 60 per cent of the DTIC's allocated budget. However, despite this, the actual return on investment had been insignificant based on performance in the 2024/25 financial year. Given the DTIC's perceived poor historical performance in these Programmes in terms of job creation and target achievement, the Committee enquired what reforms or accountability measures would be implemented in the 2025/26 financial year to ensure that these core programmes deliver measurable, cost-effective returns aligned with South Africa's structural transformation and job creation goals. The DTIC informed the Committee that it would tighten its monitoring function to ensure that transformation and competition interventions that commit to creating and sustaining jobs are adhered to. Furthermore, it was establishing the Transformation Fund, which is aimed at aggregating funding interventions under B-BBEE and Competition instruments to ensure that they are impactful. It should be noted that during the 2024/25 financial year, the DTIC through its Incentives Branch, approved R2,37 billion in applications for projects with an overall projected investment of R13,2 billion that will be generated in the next two to five years. Effectively, a project will invest about R5 for every R1 incentivised by the Branch. In terms of disbursements, the Branch disbursed R4,09 billion to projects that reported the creation of 11 662 new jobs. From the total disbursement of R4 billion, over R1 billion was disbursed to projects located outside the five main metros and R979,8 million to SMMEs, women- and youth-owned projects. As incentives target investment, highly technologically advanced projects may not create high numbers of jobs due to robotics; however, its outputs may culminate in better quality products which is exportable, etc. Therefore, to strike a balance between investment and jobs is difficult. The DTIC may elevate its marketing efforts to targeted companies with high numbers of jobs. Furthermore, the DTIC is increasing its focus on job intensive sectors of hemp, agro-processing and furniture. The reported jobs are limited to direct

jobs supported by approved projects, and they do not reflect indirect jobs created or supported due to demand generated from these projects.

- 4.5 ***Enhancing Intergovernmental Coordination for SMME Support:*** The success and the effectiveness of industrial policy depends strongly on both horizontal (across departments) and vertical (across spheres of government) coordination, particularly where mandates overlap. The support and development of small business is jointly the responsibility of the Department of Small Business Development (DSBD) and the DTIC. However, without a clear and coordinated framework for collaboration, efforts can become fragmented or duplicated, thereby reducing its effectiveness, especially for the identified industries in the APP. Given these challenges, the Committee enquired about the mechanisms in place to ensure effective coordination between the DTIC and the DSBD to maximise the impact of support for small businesses in the industries identified in the APP. The DTIC informed the Committee that it would closely collaborate with the DSBD to significantly improve the SMME landscape, with a specific focus on supporting black-, women-, and youth-owned enterprises. This collaboration is vital for structural transformation and for boosting South Africa's manufactured exports. In addition, progress will be driven through platforms such as clusters, inter-Ministerial committees, interdepartmental meetings, the National Joint Operational and Intelligence Structure, and Operation Vulindlela.
- 4.6 ***Aligning State-Owned Enterprises (SOEs) with DTIC's Industrialisation Priorities:*** SOEs are critical players in priority sectors identified by the DTIC for industrialisation. The development role of the SOEs is often underutilised due to limited coordination and strategic alignment with departmental priorities. To achieve its objectives as outlined in the APP, the DTIC must ensure that SOEs not only align with its sectoral goals but also contribute resources and capabilities, especially capital investment, towards shared outcomes. In light of the above, the Committee enquired what coordination mechanisms/measures exist between the DTIC and key SOEs to ensure alignment with the DTIC's APP priorities, and how does it leverage SOE capital and capacity to support sectoral developmental goals. The DTIC informed the Committee that it is collaborating closely with Eskom and the IDC to strengthen local capacity for expanding the transmission network. Transnet and the DTIC actively participate in Work Stream 5 of the National Logistics Crisis Committee, which oversees the implementation of a roadmap to resolve freight logistics challenges and restore the efficiency and competitiveness of South

Africa's port and rail network. Additionally, the DTIC works with other key SOEs and companies, including Sasol and Denel.

4.7 *Reconciling Reindustrialisation Goals with Low Growth Projections:* In the DTIC's presentation, it references support for growth in the manufacturing sector of 1 per cent per annum. This appears to contradict South Africa's stated goal of reindustrialisation. To address decades of deindustrialisation, and for reindustrialisation to succeed, the manufacturing sector would require a higher annual growth rate. Given South Africa's goal to reindustrialise, the Committee enquired how the DTIC reconciled its reindustrialisation goals with its budget projections, and whether there was a plan to review and realign funding to effectively achieve its reindustrialisation objectives. It also enquired whether the target of 1 per cent growth in the manufacturing sector would be adequate, as South Africa probably required Gross Domestic Product (GDP) growth of between 3 and 5 per cent to address challenges of unemployment and structural inequality. The DTIC informed the Committee that the average manufacturing value-added (MVA) growth between 2010 and 2024 was approximately 0,5 per cent. To support a targeted 3 per cent GDP growth by 2029, the DTIC commissioned Quantec to model manufacturing sector growth projections. According to the DTIC, Quantec's analysis projected an average MVA growth of 0,99 per cent, rounded up to 1 per cent. However, in the context of a historically low growth base, the DTIC is of the view that achieving an average MVA growth of 1 per cent is both feasible and practical in advancing value-added production.

4.8 *Evaluating Adequacy of Manufacturing Growth Targets:* The manufacturing sector is a critical engine of economic growth, employment, exports, and technological innovation. The DTIC noted that one of the MTDP's targets is to increase manufacturing sector growth from a 0,5 per cent baseline to 1 per cent growth over the five-year period. The Committee enquired what concrete interventions would be scaled up to ensure manufacturing plays a critical role in the country's economic recovery. The DTIC informed the Committee that it continues to assess a range of policy instruments, informed by both domestic and international experiences, such as the Price Preference System (PPS) for scrap metal and the scrap metal export tax. Ongoing initiatives also include improving access to affordable energy and logistics infrastructure. Additionally, the DTIC stated that engagements with regional partners who have implemented mineral beneficiation measures—such as Namibia's raw lithium export ban—further enrich South Africa's strategic approach going forward. The DTIC is conscious of the strengths and

limitations of various options and informed the Committee that it is carefully assessing different approaches to target those most likely to yield positive outcomes. It further informed the Committee that it holds regular engagements with a broad range of industries across the mineral value chain, with notable developments emerging in battery-related value chains for EVs, renewable energy, and battery storage. The DTIC also indicated that the IDC is actively involved, and that additional support mechanisms—including international funding and potential fiscal reforms—are being explored.

- 4.9 ***Coordinated Implementation of Mineral Beneficiation Policies:*** The issue of beneficiation, the value-added processing of South Africa’s natural resources, is central to the country’s economic transformation and industrialisation goals. One of the mechanisms South Africa could use to facilitate beneficiation of key minerals would be the use of export restrictions on raw minerals, namely export bans or taxes. However, several critical considerations should be taken when introducing such restrictions, such as the timing of the restrictions, the readiness of local industries to process these minerals rather than export it in its raw form, and capacity and demand for the processed products, among others, before moving forward with such a policy. The Committee enquired how the DTIC would be coordinating the implementation of export restrictions in relation to the beneficiation policy, to ensure businesses would be ready to beneficiate these minerals locally. In addition, were there specific companies or industries being engaged to take up the beneficiation opportunities, and what specific support, namely financial, infrastructural or market access, would be provided to ensure a smooth transition and mitigate any risk to exports. The DTIC informed the Committee that it continues to assess a range of policy instruments, informed by both domestic and international experiences, such as the PPS and the scrap metal export tax. Ongoing initiatives also include improving access to affordable energy and logistics infrastructure. Additionally, it stated that engagements with regional partners who have implemented mineral beneficiation measures further enrich South Africa’s strategic approach going forward. The DTIC is conscious of the strengths and limitations of various options and informed the Committee that it is carefully assessing different approaches to target those most likely to yield positive outcomes. It further informed the Committee that it holds regular engagements with a broad range of industries across the mineral value chain, with notable developments emerging in battery-related value chains for EVs, renewable energy, and battery storage. The DTIC also indicated that the IDC is actively involved, and that additional

support mechanisms, including international funding and potential fiscal reforms, are being explored.

4.10 *Establishing a Beneficiation Index for Strategic Minerals:* South Africa holds some of the world's richest deposits of critical and strategic minerals — including platinum group metals (PGMs), manganese, chromium, iron ore, coal, and rare earth minerals. Beneficiation has been a key pillar of industrial policy and the DTIC's strategic vision. However, actual progress in this area has been inconsistent, fragmented, and often difficult to measure. Given the government's renewed focus on mineral beneficiation as a core pillar of industrial policy, the Committee enquired whether the DTIC would consider developing a formal Beneficiation Index to measure progress across key mineral value chains like chrome, manganese, and PGMs. The DTIC fully supported the Committee's proposal and would take it into consideration as part of its ongoing work. Additionally, the DTIC informed the Committee that it actively participates in all platforms involved in the development of South Africa's Critical Minerals Strategy and related listings, which were publicly released on 20 May 2025 by the Department of Mineral and Petroleum Resources. The DTIC is of the view that certain responsibilities will be assigned to it and that it will assess these—together with the Committee's recommendations—as part of its broader departmental response. This process is expected to contribute meaningfully to advancing mineral beneficiation and further aligning regional integration efforts with national strategic priorities

4.11 *Addressing Structural Constraints to Industrialisation:* The manufacturing sector faces several impediments including underperforming network sectors related to rail, logistics and infrastructure; unnecessary red tape; and under-serviced township-based industrial parks. The Committee enquired how the DTIC would ensure the effective implementation of its industrialisation targets given these constraints faced by industry that fall outside of its control. The DTIC informed the Committee that, in response to persistent constraints on inclusive industrialisation, government would prioritise the development of a unified National Industrial Policy in the 2025/26 financial year, led through a coordinated approach across all government departments. The policy aims to address unemployment, low growth, and inequality by ensuring alignment across departments on socioeconomic and structural transformation goals. Key priorities include addressing foundational challenges such as inefficiencies and high costs in electricity, water, and transport infrastructure. According to the DTIC, the policy seeks to

align decisions in these sectors with industrial development objectives, enhance the reliability and affordability of core infrastructure, and stimulate demand through structural reforms. In addition, the DTIC indicated that improving regulatory efficiency will be a central focus—this includes streamlining licensing systems and strengthening government capacity to support priority projects. Accordingly, it would play a coordinating role within the Economic Cluster and leverage existing structures, such as the Presidential Economic Advisory Council, to monitor and support the implementation of industrial measures, including master plans and interventions in strategic sectors.

- 4.12 ***Response to Threats Facing the Domestic Steel Industry:*** In 2024, ArcelorMittal South Africa (AMSA) announced the impending closure of its long steel operations in Newcastle, KwaZulu-Natal, which posed a significant threat to South Africa’s domestic steel manufacturing capacity. In light of this, the Committee enquired what specific and immediate measures the DTIC intended to implement under its Sectors Programme to safeguard local steel production capacity, secure jobs, and strengthen the domestic steel value chain. The DTIC informed the Committee that it is developing support packages to assist AMSA and the broader steel industry, with the primary aim of preserving jobs and production capacity. Measures under consideration include reviewing trade policies, boosting demand through public procurement to stimulate local consumption, and address high electricity costs.

Since the adoption of the Steel and Metal Fabrication Master Plan, over 20 trade measures—including import tariffs, safeguards, and anti-dumping duties—have been implemented, primarily targeting downstream value-added steel products. In March 2025, the ITAC issued a notice inviting public comment on the most extensive steel tariff review in over 20 years, covering steel products under Chapters 72, 73, 82, and 83 of the Customs and Excise Act. The goal is to implement a comprehensive tariff approach that leverages the steel value chain’s linkages and addresses trade diversions caused by global geopolitical tensions. Initial recommendations are expected by July/August 2025.

Additionally, the DTIC is working closely with Eskom and the IDC to ensure local capacity supports the planned expansion of the transmission network. It further stated that, in anticipation of the implementation of the new Public Procurement Act (Act No. 28 of 2024), it is conducting research and engaging with industry stakeholders to designate certain steel-

intensive products for local procurement and implement local content requirements, thereby supporting domestic manufacturing.

The government is also committed to supporting the steel industry's transition to green technologies, including investments in Direct Reduced Iron and Electric Arc Furnace technologies to promote cleaner, more sustainable steel production. As part of this effort, the DTIC noted that the United Nations Industrial Development Organization (UNIDO), through its Mitigation Action Facility, is finalising a €25 million fund, to be managed by the IDC over the next five years, aimed at accelerating decarbonisation in South Africa's steel sector. Following a successful second round of assessments, South Africa was selected as one of seven countries to advance to the detailed feasibility phase. According to the DTIC, the fund would offer a combination of grants and concessional loans to support the adoption of low-carbon production technologies. These investments are expected to foster a more competitive, dynamic, and inclusive steel sector, supporting sustainable growth and job creation.

In response to the potential closure of AMSA's Newcastle operations, several coordinated interventions have been undertaken:

- The DTIC supported AMSA's application for a reduced electricity tariff under the Negotiated Pricing Agreement framework. Although Eskom assessed the application, it was ultimately found not to meet the minimum eligibility requirements.
- The Department of Transport and Transnet have been engaged to present an official position on a proposed support package to AMSA, which is crucial for addressing logistics and freight-related costs.
- The IDC has been tasked with advising on the status of appointing a Transaction Advisor to support the mobilisation of R3 billion, required to sustain AMSA's operations over the next 12 months.
- The Department of Employment and Labour is expected to provide an update on a Temporary Employer/Employee Relief Scheme funding proposal, tailored to support AMSA workers during this crisis period.
- The ITAC is reviewing the current scrap metal policy, including the PPS and the proposed export tax on scrap metal. It will submit its findings and recommendations to the Minister for consideration.

These multi-departmental interventions reflect government's commitment to maintaining strategic industrial capacity and safeguarding employment within the steel sector.

- 4.13 ***Localising Industrial Capacity in Renewable Energy and EVs:*** The presentation did not provide a clear indication of South Africa's strategic role regarding renewable energy and EVs. Currently, China dominated the landscape with minimal local content or manufacturing participation and the South African automotive sector faces disruptions from the global shift towards EVs. Given the growth of the renewable energy and EV sectors, the Committee enquired what mechanisms the DTIC has implemented to localise and build industrial capacity in the renewable energy and EV sectors, rather than being a consumer of imported technologies. According to the DTIC, its core instrument for localising and strengthening industrial capacity in the automotive sector is the Automotive Production Development Programme (APDP). In support of this, the DTIC informed the Committee that it is finalising amendments to implement the legislative framework for APDP 2, in alignment with the EV White Paper, to enable the inclusion of EVs and related components, such as locally manufactured EV batteries. Additionally, National Treasury has gazetted the Taxation Laws Amendment Act, 2024, which introduces an accelerated depreciation tax allowance for qualifying investments in the production of electric and hydrogen-powered vehicles. Effective from 2026, the allowance will apply to assets such as buildings, machinery, and equipment primarily used in vehicle production.
- 4.14 ***Assessing South Africa's Competitive Advantage in Battery Manufacturing:*** The DTIC has identified battery value chains, such as green industrialisation, EVs, and mineral beneficiation strategies, as priority areas due to the country's abundant reserves of critical mineral inputs for battery manufacturing. This is part of its push to position the country as a critical minerals-to-energy solutions hub. However, there is a risk associated within the global battery sector, with a Swedish company, Northvolt, liquidated despite significant investment. Given the high failure rate and capital intensity of global battery manufacturing projects, the Committee enquired what South Africa's realistic competitive advantage is within this space beyond mineral endowment. Furthermore, how the DTIC would de-risk investments, attract the right partners and ensure demand to make local battery manufacturing viable. The DTIC informed the Committee that, in addition to South Africa's mineral resources, several government policies—such as the EV White Paper, the APDP, the Renewable Energy Master Plan, the Just

Energy Transition Investment Plan, and the Green Hydrogen Commercialisation Policy—support and incentivise local battery manufacturing for EVs and renewable energy storage. The DTIC further informed the Committee that investor interest is growing, particularly in precursor materials for EV batteries, with the IDC actively investing in the battery value chain. While full-scale local cell production remains a long-term objective due to the high cost of refining infrastructure, the DTIC noted that South Africa already has a mature battery manufacturing sector that uses imported cells. According to the DTIC, this sector includes local firms with intellectual property and expertise—especially in battery management systems and assembly—which are already exported globally. Battery storage deployment is also widespread in commercial and industrial applications. However, the DTIC expressed the view that transitioning from mineral beneficiation to full cell production will depend on securing diverse investment and demonstrating competitive advantages in refining and production capabilities.

- 4.15 ***Expected Outcomes from Cannabis and Hemp Sector Growth Targets:*** The DTIC had set a target of 10 per cent annual growth for South Africa’s cannabis and hemp industry, thereby positioning it as a high-potential emerging sector under the reindustrialisation agenda. The Committee enquired about the tangible economic, employment and rural development outcomes the DTIC expected from its annual cannabis growth target, and whether any provinces had been prioritised/identified for support under this sector strategy. The DTIC informed the Committee that it has set an ambitious target of 10 per cent annual growth for South Africa’s cannabis and hemp industry, aligning this goal with broader strategic objectives to strengthen global partnerships, boost exports, attract investment, and improve market access for South African products. Currently, the draft Cannabis Master Plan—still under development—provides the strategic framework for nurturing the domestic cannabis industry, encompassing hemp and cannabis. This plan involves collaboration across multiple government departments focusing on nine key areas, including establishing a robust regulatory framework, enhancing enforcement, attracting investment, and expanding cultivation and manufacturing capacities. As part of immediate actions and regulatory reforms, the plan proposes to formally integrate small-scale growers into regulated cannabis value chains by organising them into licensed groups and providing both technical and financial support. The draft National Cannabis Master Plan estimates that a formalised cannabis industry could be worth approximately R28 billion and generate between 10 000 and 25 000 jobs. A key emphasis is placed on empowering previously disadvantaged community enterprises by developing supportive markets and

incentives to promote industrialisation and commercialisation within the sector. Importantly, the plan aims to assist the estimated 900 000 small-scale cannabis farmers in South Africa to overcome barriers to entry and participate meaningfully in the formal economy.

- 4.16 ***Legislative Reform for Cannabis and Hemp Commercialisation:*** The DTIC recently assumed responsibility for the Cannabis Master Plan, signalling an intent to drive the commercialisation of the cannabis and hemp sector. However, a major legal barrier remains with the continued classification of cannabis as an illegal substance under the Drugs and Drug Trafficking Act (Act No. 140 of 1992), effectively preventing the commercial cultivation, processing and trade. Meaningful reform requires interdepartmental coordination, particularly with the Department of Justice and Constitutional Development (DoJCD), to align legislation with policy intent. The Committee enquired what specific steps the DTIC was taking, in collaboration with the DoJCD, regarding the amendment of the Drugs and Drug Trafficking Act to enable legal commercialisation of cannabis and hemp in line with the Cannabis Master Plan. The DTIC informed the Committee that the Minister has begun consultations with the Ministers of Justice and Constitutional Development, and of Agriculture, to finalise the Cannabis for Private Purposes Regulations. Letters have been sent to the relevant departments to initiate discussions on the necessary legislative amendments, which are key to enabling the commercialisation of cannabis and hemp. However, the draft regulations have not yet been gazetted, as the DOJCD was still engaging stakeholders on contested issues such as cultivation and possession limits. Broader public participation would commence once internal consultations were concluded.
- 4.17 ***Interdepartmental Engagement on Cannabis Legalisation:*** The Committee noted that both cannabis and hemp remain scheduled substances under the Drugs and Drug Trafficking Act, posing a significant barrier to commercialisation and industrial development in the cannabis sector. The Committee enquired whether any specific engagements have taken place with the DoJCD to amend the Act in a manner that would enable the commercialisation of cannabis and hemp, thereby aligning it with the Cannabis Master Plan and broader industrial policy goals. The DTIC acknowledged that legislative and regulatory reforms to enable the cannabis sector depends on the publication of regulations under the Cannabis for Private Purposes Act. Both this Act and the Drugs and Drug Trafficking Act fall under the jurisdiction of the DoJCD. It has been engaging the DoJCD to coordinate these matters but cannot commit to timeframes on their behalf. It was expected that the relevant regulations would be published for public

comment by either the end of this quarter or early next quarter, depending on the resolution of specific issues raised by the Ministers that the DoJCD was currently addressing.

4.18 *Operationalising the Single Access Point for Industrial Financing:* The DTIC has introduced an integrated industrial financing single access for grant and other funding. This is expected to simplify and streamline financial support for businesses and reduce inefficiencies caused by navigating the incentives and products of multiple development finance institutions (DFIs) within the DTIC Group. The Committee requested the DTIC to clarify how the proposed single point access for industrial financing would work in practice, and which institution would be responsible for managing it. The DTIC informed the Committee that the current Industrial Financing Website, hosted by the IDC, would be reengineered into a modern, centralised hub integrating the industrial funding schemes of the DTIC, the IDC, and the NEF. This redesigned platform will consolidate and streamline access to funding information, tools, and application processes, making it easier for entrepreneurs, SMMEs, and corporates to navigate and engage with industrial financing opportunities.

4.19 *Composition and Sectoral Focus of Investment Target:* The DTIC reported that it would be aiming to attract R450 billion in investment during the 2025/26 financial year. The nature of the investment, namely whether it is greenfield investment (new capital investments), or brownfield investment (expansion of existing investment), and the sectors driving the investment pipeline were important in determining the impact on the economy. The Committee enquired how this targeted investment would be constituted in relation to greenfield versus brownfield investment, and which sectors would be leading this pipeline. The DTIC informed the Committee, that while there is no definitive split between Greenfield FDI and Brownfield Domestic Direct Investment (DDI), the trend over the past three years has shown a fairly even 50/50 distribution. According to the DTIC, the trend is expected to continue, despite current geopolitical dynamics. Investment efforts remain focused on key sectors, including:

- Renewable Energy (Wind, Solar, Green Hydrogen);
- Automotive and EV Components;
- Advanced Manufacturing and Chemicals;
- Aerospace, Defence, and Medical Devices; and
- Mining Equipment and Logistics.

4.20 *Addressing Geographic Disparities in Incentive Disbursement:* For the 2025/26 financial year, the DTIC has allocated R5 billion in incentives across schemes such as industrial financing, SMME support, and sector development. Historically, there has been a concentration of disbursement in major urban areas, leaving rural, township, and underdeveloped provinces with limited funding. This contradicted government priorities of spatial transformation, inclusive economic development and revitalisation of rural and township economies. Therefore, the Committee enquired what concrete measures the DTIC would implement to ensure equitable geographic distribution of incentives, especially to prevent overconcentration in urban areas. The DTIC informed the Committee that it prioritises geographic spread of its support programmes; however, it faces challenges due to a low number of or non-forthcoming applications. It emphasised that geographic spread is a key criterion in approving specific incentives and is highlighted when incentives are developed or amended. However, the DTIC recognises the need for a balanced approach between geographic reach and attracting investment that creates jobs, taking into account project owners' preferences and return on investment.

Furthermore, the DTIC informed the Committee that its outreach programme will not be limited to metro and district municipalities but will also extend beyond them. To achieve this, the DTIC will adopt a multi-pronged approach:

- *Empowerment Workshops:* Targeted sessions for Local Economic Development officials across all municipal levels to build capacity, share best practices, and provide information about available incentives.
- *Stakeholder Partnerships:* Collaborating with provincial government departments to co-host outreach events across provinces, thereby enhancing reach and promoting inclusive, effective engagement.
- *Collaboration with Provincial Governments:* Supporting outreach initiatives that align with provincial economic priorities and broader development strategies.

Through these efforts, the DTIC aims to broaden awareness of and increase the impact of its Incentives Programme among all relevant stakeholders.

4.21 *Reduced GBS Job Creation Target Despite Sector Growth:* The Committee noted that the GBS sector experienced significant growth in 2024. However, the GBS incentive target was

reduced from 50 000 jobs created and sustained to 4 000 jobs created. The Committee enquired what the reasons behind this decision were, namely whether it was due to fiscal constraints, programme under-performance, or other factors. Additionally, it asked what strategies are being implemented to ensure that this job creation target is achieved or exceeded. The DTIC informed the Committee that 5 000 new jobs had been created, and 28 000 jobs had been sustained during the 2023/24 financial year in the GBS sector. In the 2024/25 financial year, 4 600 new jobs had been created and 33 000 jobs sustained with a revised target of 4 000 jobs for the current financial year. This adjustment aligns with both budget allocations and actual company applications. The reduction in the job creation target results from a refined distinction between newly created and sustained jobs and does not indicate a decline in sector performance. It should be noted that the shift in the GBS KPI reflects a change in how job numbers are tracked, not in the actual performance of the sector. Previously, both new and sustained jobs were counted; however, under the revised APP, only newly created jobs per financial year will be measured. Despite strong industry demand and their projected growth rate of 22 per cent based on the GBS Sector Value Proposition Report, efforts to expand and support new job creation remain constrained by limited budget availability. The DTIC reported that it is managing a R1,2 billion backlog in GBS approvals, which is affecting current operations and efforts to secure additional funding.

- 4.22 ***Provincial Distribution and Performance in GBS Job Creation:*** In addition, regarding the target of 4 000 new GBS jobs, the Committee enquired which provinces are leading in job creation and what factors contribute to the outperformance of certain provinces over others. The DTIC informed the Committee that in terms of job creation and sustainability in the GBS sector, the leading cities are Cape Town, Durban and Johannesburg. It highlighted that emerging Tier 2 cities, like Gqeberha and George, are also growing in importance and Tshwane in terms of complex jobs. The key factors driving growth and job creation in these cities included stable and appropriate infrastructure (including transport, security and facilities) and availability of talent. Furthermore, due to intense competition for jobs in major cities, there is a trend towards relocating work closer to where employees live, including adjacent to townships. This movement is seen as vital for revitalising township economies, with examples in both Gauteng and Cape Town. In addition, the DTIC informed the Committee that operators are interested in collaborating with provinces to develop new support programmes beyond the existing DTIC incentive grants, given current fiscal constraints. Some provinces lack funding but may

contribute through regulatory or other mechanisms. Discussions with provinces are ongoing to explore these options.

4.23 *Review of Film Incentive Scheme Amid Stakeholder Concerns:* There have been recent changes to the Film and Television Production Incentive Scheme with several concerns being raised from both local and international stakeholders about its operation. They were of the view that the previous incentive model was more effective and competitive in attracting substantial foreign investment and supporting the local film industry. It appeared that the new framework was less competitive, potentially risking withdrawal of future international investments. Therefore, there may be a policy misalignment, where a revised incentive may have the unintended consequences of undermining the policy objectives. The Committee enquired what the rationale had been behind the DTIC's decision to change the film industry's incentive scheme, and whether the DTIC would commit to a formal review given the negative feedback. The DTIC informed the Committee that it has initiated a review of the incentive guidelines to lower the threshold from R50 million to R25 million, due to budgetary constraints and to reinforce compliance with the relevant legislative requirements applicable to the industry. The DTIC also informed the Committee that engagement with the industry on these proposed changes is currently underway.

4.24 *Strengthening Coordination for Industry-Aligned Research and Development (R&D):* R&D is essential for advancing industrial capability, improving productivity, and fostering innovation in strategic sectors. In this regard, there is a need for the DTIC to work closely with the Department of Science, Technology and Innovation (DSTI) to align industrial policy with scientific technological advancement. This includes leveraging the work of the numerous technological stations and research institutions designed to support sector-specific innovation and skills development. Without deliberate collaboration, R&D initiatives may remain disconnected from industrial needs, limiting their impact on economic growth and competitiveness. Therefore, the Committee enquired what the DTIC was doing to strengthen coordination with the DSTI to enhance R&D capacity, and how outputs of DSTI's technological stations were being integrated into its industrial strategy for sectors like mining and manufacturing. The DTIC informed the Committee that, in partnership with the DSTI, it has developed and is currently implementing the National Technology Commercialisation Strategy. This includes mapping the national technology and commercialisation infrastructure, covering

Technology Innovation Agency Technology Stations, Small Enterprise Development and Finance Agency (SEFDA), private incubators, and enterprise development facilities. According to the DTIC, this process revealed significant gaps in public-good infrastructure, such as clinical trial facilities and internationally accredited testing laboratories (e.g. for CE Mark certification). However, the DTIC stated that there has been no targeted integration of this infrastructure into Sector Master Plans or commercialisation initiatives.

4.25 *Promoting R&D Investment for Industrial Transformation and Growth:* It is a well-established economic principle that investment in R&D is positively correlated with GDP growth, industrial competitiveness and economic diversification. Higher productivity, technical advancement, and export sophistication are observed in countries that consistently invest in R&D. The DTIC, as the custodian of industrial policy, plays a critical role in stimulating private and public R&D investment, especially in programmes that support innovation, technology localisation and industrial upgrading. Given the link between R&D investment and growth, and in light of the DTIC's structural transformation goals, the Committee enquired about the DTIC's specific allocation for R&D investment, and how it intends to promote innovation, industrial upgrading, and long-term economic competitiveness. The DTIC informed the Committee that the budget for fostering innovation, technology, and competitiveness in technological businesses is managed by the Incentives Branch of the DTIC. Two key incentive programmes currently offered are (i) the Support Programme for Industrial Innovation (SPII); and (ii) the Technology and Human Resources for Industry Programme (THRIP). These programmes focus on supporting technology and prototype development to help sustain existing businesses, introduce new products to the market, and create new industries. However, a funding gap exists in the commercialisation phase, which is high-risk and capital-intensive, requiring significantly more funding than what SPII and THRIP currently provide.

4.26 *Clarity on DTIC's Role in the Digital Venture Capital Fund:* The DTIC has reported that a new Digital Venture Capital Fund would be established by the Research Programme in partnership with industry. The Fund seeks to stimulate investment in tech start-ups through first loss funding and Venture Capital industry mobilisation. The Committee sought clarity on the DTIC's role in relation to the Fund and how the Fund would be coordinated with provincial government to ensure accessibility by local innovators. The DTIC informed the Committee that it would conduct an international benchmarking study on Venture Capital Funds for digital

innovations to inform the creation of a fund aimed at addressing infrastructure gaps and bridging the digital divide between urban, township and rural areas.

4.27 *Alignment of Venture Capital Guidelines with Start-up Ecosystem and Policy:* To stimulate investment in tech start-ups, subsequently, the abovementioned KPI was amended to develop Digital Venture Capital Fund Guidelines instead of establishing a Fund. The intention of such funds is to support start-ups led by designated groups and to ensure the inclusion of under-served areas. The Committee enquired whether the DTIC could provide clarity on how the proposed Venture Capital Fund Guidelines would interact with or align to the DSBD's initiatives, particularly in relation to the Start-up Act. It also questioned whether there had been engagement with stakeholders such as the South African Venture Capital Association and other members of the start-up ecosystem. Additionally, the Committee asked whether any legislative or regulatory reforms, such as exchange control policies affecting intellectual property, may be required to support start-up growth in South Africa. The DTIC informed the Committee that initial research had been conducted, in collaboration with the Department of Communications and Digital Technologies. This had identified a gap in venture capital support for companies in the digital economy. Initially, the APP tabled in March 2025 had envisioned a formal venture capital mechanism, the initiative has now been reframed as a "global scan" to benchmark international best practices, identify support gaps, and determine cost-effective and efficient solutions. The DTIC further reported that the goal is to ensure that digital economy firms can access the same level of support as those in the manufacturing or agricultural sectors, particularly for developing new software, platforms, or digital products. It emphasised that the initiative aims to complement—not duplicate—existing efforts, particularly those of the DSBD, which focuses on youth-led start-ups. The DTIC will continue to collaborate with other departments through the Economic Cluster to develop a tailored and coordinated response.

In addition, the DTIC acknowledged the relevance of exchange controls to start-up innovation and venture capital activity. A key area of focus identified in intellectual property protection was addressing legislative, regulatory and policy measures that would ensure that South African innovators could secure legal protection for their innovations, both locally and with international recognition. According to the DTIC, this is essential for creating an enabling environment for start-ups, especially those in the digital economy.

4.28 ***Timelines and Publication of Venture Capital Policy Framework:*** Furthermore, the Committee referred to the annual target for the venture capital guidelines to be published, as being too long. Based on a Google-sponsored report on African start-ups, many other African countries have already released similar policies. The acceleration of policy development in this regard was important to better identify high-growth businesses across sectors, support job creation, and improve competitiveness. Therefore, it enquired whether a Venture Capital Green Paper would be published by the end of the financial year, and whether the DTIC would reconsider the timeframe for releasing the venture capital guidelines. The DTIC acknowledged the concern about the lengthy timeline for the global study on venture capital. It informed the Committee that the initial plan was for this to be conducted over four months, focusing on how other jurisdictions support the digital economy. However, it has committed to shortening the timeline for the “global scan” to two months by fast-tracking the procurement process. It indicated that its goal remains to complete the study, identify gaps, recommend interventions, and allow for public consultation within the financial year. The global scan to identify gaps (if any) in South Africa’s venture capital market for the digital economy would be fast-tracked and concluded within three months of the appointment of the consultants. It was important to note that the fund was specifically targeting the needs of the digital economy given its importance to future economic growth. If the research indicated the need for a venture capital fund, then multistakeholder consultation within government and with the financial services sector would be required. Under these circumstances, it would not be possible to fast-track the fund guidelines.

4.29 ***Incentive Gaps in the SEZ Programme:*** With regard to SEZs, there appeared to be a lack of clarity and coherence in how their strategic value was being articulated, as well as the preferential treatment offered to businesses located in the SEZs. While there has been mention of an export-driven focus, this objective is not consistently evident across the newly designated SEZs in the tabled Strategic Plan. Furthermore, there appears to be inconsistent approval of tax incentives by National Treasury across SEZs. Thus, contrasting with the DTIC’s view that such incentives are crucial for attracting investment and stimulating economic activity within SEZs. The Committee sought clarity on the DTIC’s rationale for offering preferential treatment within SEZs. Given the DTIC’s commitment to SEZ development, it further enquired what specific measures are being considered to resolve the impasse with National Treasury regarding tax incentives, and how it planned to ensure that SEZs are strategically differentiated and aligned

with export-led growth. The DTIC informed the Committee that the failure of the Industrial Development Zones Programme has been attributed to the lack of financial incentives. A 2008 review found that incentives were a key component in the competitiveness of SEZs and in attracting both FDI and DDI. While the DTIC is tasked with growing investment, National Treasury prioritises fiscal sustainability. Accordingly, the DTIC and National Treasury has established a Working Group on SEZ implementation. Key focus areas include SEZ tax incentives, sunset clauses, and the principles guiding the application of tax incentives. The working group is chaired by National Treasury's Chief Director for Economic Services, and has led to the creation of internal task teams within National Treasury to address these issues.

4.30 *Measuring Export Competitiveness in SEZ-Linked Trade Corridors:* SEZs were increasingly positioned as part of integrated trade corridors aimed at enhancing export competitiveness, attracting FDI and DDI, as well as linking logistics, infrastructure, and value chains across regions. The Committee enquired what specific metrics the DTIC would use to ensure that SEZ-linked trade corridors were enhancing export competitiveness beyond attracting direct investment flows. The DTIC informed the Committee that it is currently developing a concept document detailing the implementation of SEZ-linked trade corridors and the metrics to monitor their progress. The National SEZ Project Management Unit would lead the implementation, monitoring, and evaluation of these trade corridors.

4.31 *Spatial Distribution and Infrastructure Gaps in SEZs and Industrial Parks:* The Investment and Spatial Industrial Development Programme manages the development of SEZs, and industrial parks, with a focus on revitalising industrial capacity, especially in underdeveloped and rural provinces. However, it was unclear what the provincial breakdown was of new versus existing SEZs, industrial parks under revitalisation, and new industrial hubs aimed at township and rural economies. The Committee requested the DTIC to provide a full provincial breakdown of new and existing SEZs and industrial parks being developed, especially those aimed at rural economic development. The DTIC informed the Committee that, with the exception of a few industrial parks located in urban areas within Gauteng, over 90 per cent of the prioritised 45 Industrial Parks were situated in underdeveloped, predominantly rural areas. These locations often face significant challenges, particularly poor connectivity to major industrial corridors, which hampers logistics efficiency and limits integration into broader value chains. To address these issues, the DTIC is working to co-develop critical bulk infrastructure—

including energy, water, roads, and related services—outside the boundaries of the industrial parks, in partnership with municipalities and local companies. This is being implemented through the Critical Infrastructure Programme and other support mechanisms designed to enable the industrial parks to operate as viable economic hubs. Furthermore, the DTIC stated that it collaborates closely with key stakeholders such as the Municipal Infrastructure Support Agency, the Department of Co-operative Governance and Traditional Affairs, the Department of Transport, Eskom, and other relevant departments and agencies to ensure a coordinated, cross-government approach. The goal is to align infrastructure development with both industrial and socioeconomic imperatives, thereby enhancing the competitiveness, accessibility, and long-term sustainability of these industrial parks within the national economy.

- 4.32 *Reassessing the Viability and Governance of Legacy Industrial Parks*: South Africa's industrial parks were originally established under apartheid-era spatial planning, often in locations that may no longer align with current economic and industrial priorities. Many of these parks are now in a state of disrepair, with minimal investment and limited impact. Despite repeated calls for revitalisation, progress has been slow, largely due to unclear funding commitments and fragmented responsibilities across national, provincial, and local government structures. Without a coordinated approach and proper needs assessment, continued investment in outdated locations risks wasting public resources and missing real economic opportunities. The Committee enquired whether a comprehensive analysis has been conducted to assess whether industrial parks are still viable investment hubs, and how the DTIC would ensure coordinated funding and governance for their revitalisation. The DTIC informed the Committee that all industrial park applications undergo a due diligence assessment using tools and methodologies developed in collaboration with national and international partners—including the CSIR, UNIDO, the Swiss State Secretariat for Economic Affairs (SECO), and German Corporation for International Cooperation (GIZ)—and through consultations with provinces via workshops and conferences. The governance of Industrial Parks has been extensively discussed. The adopted implementation framework designates the DTIC as a co-leader, alongside the relevant provincial agency or applicant. It also mandates the participation of private tenants and investors through local Industrial Park Oversight Committees. According to the DTIC, these Committees will oversee park operations, performance, and monitoring, with their terms of reference to be finalised in the second quarter of the 2025/26 financial year.

- 4.33 ***Diversifying Industrial Parks for New Growth Sectors:*** Industrial parks were once key sources of regional employment and industrial activity. However, currently many of these parks are underutilised or derelict, despite their location near key infrastructure such as national roads, ports, airports and SEZs. The revitalisation of these parks could present a strategic opportunity for local and regional economic development. The Committee enquired about the plans the DTIC has to invest in and diversify the industrial parks where they are strategically located and have potential for new economic opportunities such as agro-processing or green industries. The DTIC informed the Committee that it collaborates with multiple departments and agencies to diversify into new industrial opportunities and strengthen existing ones. These include the Department of Forestry, Fisheries and the Environment, the DSTI, the CSIR/National Cleaner Production Centre, UNIDO, SECO, and GIZ. These entities form part of the DTIC-led National Industrial Parks Steering Committee, which is responsible for coordinating and aligning resources for industrial parks. According to the DTIC, as part of these initiatives, agro-processing and green industries are already being implemented.
- 4.34 ***Strengthening National/Provincial Coordination in Industrial Park Revitalisation:*** Industrial parks are intended to serve as catalysts for regional economic development, but many remain in a state of neglect, as observed during recent oversight visits by the Committee. One of the key impediments is the apparent disconnect between national and provincial governments in planning, resourcing, and managing these parks. Without effective coordination and alignment with provincial development strategies, national efforts to revitalise industrial parks risk being poorly implemented or failing to meet local economic needs. The Committee enquired what mechanisms the DTIC has established with provincial governments to align the revitalisation of industrial parks with provincial development strategies and to ensure effective implementation. The DTIC informed the Committee that it collaborated with provinces and their agencies on all industrial park revitalisation applications to ensure alignment with priority sectors, funding availability, and to clearly define roles. In addition, it engages with provincial and municipal authorities to ensure that industrial parks are incorporated into Integrated Development Plans and Provincial Growth Strategies. This approach helps to mainstream strategic objectives and secure appropriate funding for industrial parks.
- 4.35 ***Readiness of Priority Industrial Parks for Development:*** As part of its Industrial Parks Revitalisation Programme, the DTIC has identified 10 industrial parks for development into

competitive infrastructure platforms for supporting diversified sectors for the 2025/26 financial year. This is expected to stimulate regional industrialisation, support SMMEs, and create jobs in economically disadvantaged areas/regions. However, upgrading industrial parks in rural areas often faces structural and institutional constraints. Therefore, the Committee enquired whether the DTIC could confirm that these industrial parks have secured land ownership, basic infrastructure (such as water, electricity and roads), and municipal support. The DTIC informed the Committee that all 10 industrial parks are brownfields that have all regulatory approvals/authorisations as industrial spaces, in place. Land ownership and basic infrastructure provisions are also provided for. Application Support is endorsed and supported by local Municipalities, especially for those that are owned by Municipalities.

- 4.36 ***Ensuring Reliable Municipal Services for Industrial Park Sustainability:*** South Africa's Industrial Parks Revitalisation Programme aims to upgrade and repurpose existing industrial parks, particularly in underdeveloped and rural areas, to foster regional industrialisation, SMME growth, and employment. While the development of the 45 industrial parks into competitive infrastructure platforms for supporting diversified sectors and linking these to value chains in township and rural areas and their enterprises is promising, past oversight visits by the Committee have consistently flagged a recurring challenge of poor municipal infrastructure and service delivery. This has undermined the viability and attractiveness of these parks. Given the critical role of municipal infrastructure in sustaining the operations of industrial parks, the Committee enquired about the mechanisms the DTIC has considered would ensure effective coordination with local government to guarantee reliable service delivery, including water, electricity, refuse collection, and road maintenance, and prevent these parks from becoming underutilised or abandoned. The DTIC informed the Committee that, as part of the Industrial Parks Revitalisation Programme, it is in the process of formalising agreements with provincial agencies and municipalities applying for support. According to the DTIC, applicants are required to commit to supporting regulatory frameworks, maintaining infrastructure, facilitating private sector participation, and enforcing relevant by-laws to ensure the development of a sustainable industrial ecosystem. To strengthen implementation and long-term impact, the Oversight Project Steering Committee (PSC) will continue its work beyond the construction phase. This includes supporting local economic development units in building the capacity and skills necessary to manage and sustain industrial development initiatives at the municipal level. The PSC, established during the revitalisation phase, is a multi-disciplinary team consisting of

representatives from various government departments and private sector stakeholders involved in—or affected by—industrial park developments.

4.37 *Integrating Township Economies into Formal Industrial Development:* The township economy represents a massive yet underleveraged source of entrepreneurial activity, informal commerce, and labour potential. It has largely been marginalised from formal industrial development plans, investment strategies, and spatial economic policy — including the DTIC’s industrial park initiatives, SEZ rollouts, and demand-led skills development programmes. Although the DTIC’s 2025/26 plans refer to “spatially inclusive growth” and support for industrial parks and demand-led training, there is no clear target for township locations or township-based enterprises in these interventions. The Committee enquired how many industrial parks, or demand-led skills initiatives would be directly located in or targeted toward township economies — and what specific strategies are in place to ensure their integration into formal industrial value chains. In response to the Committee’s concerns about the integration of township economies into formal industrial development, the DTIC informed the Committee that it is committed to a more integrated targeted approach in its Industrial Parks Revitalisation Projects. All new projects will now include dedicated precincts for SMMEs, specifically designed to support enterprises transitioning from township or informal backgrounds. These precincts will be refurbished based on demand, and qualifying businesses will receive tailored support through agencies such as the SEFDA and the NEF. Key targets over the MTDP period include establishing:

- 10 Artisanal Centres/Hubs to promote skills development in collaboration with Technical and Vocational Education and Training colleges and local industries, and
- 10 ICT Hubs to provide digital infrastructure for township-based SMMEs.

These initiatives form part of the DTIC’s strategic efforts to integrate township enterprises into industrial value chains.

4.38 *Leveraging Industrial Infrastructure to Support the Digital Roadmap:* One of the Research Programme’s targets for the 2025/26 financial year is to ensure that the Digital Roadmap is approved by the Economic Cluster, as it supports the work of the DTIC as co-chair of the Cluster. The Roadmap is intended to develop shared public digital infrastructure prioritising townships and other under-served areas. The Committee enquired what additional role the

DTIC would be playing to ensure that the Roadmap was effectively implemented, particularly in relation to townships and rural areas. The DTIC informed the Committee that it will support the Department of Communications and Digital Technologies' Digital Roadmap by leveraging SEZs and Industrial Parks to help integrate underdeveloped township and rural areas into the digital economy. According to the DTIC, this will include utilising SEZ land for digital infrastructure and using Industrial Parks for digital skills training and public access to digital services.

4.39 *Prioritising Industrial Development in the Northern Cape:* While the Northern Cape has the sparsest provincial population, it also has one of the highest poverty and unemployment rates in South Africa, particularly among youth and rural populations. Furthermore, it has very limited industrial infrastructure, notably few operational industrial parks, making it difficult to catalyse economic activity and sustainable job creation. The Committee enquired that given the high poverty and unemployment levels in the Northern Cape, and its underrepresentation in South Africa's industrial park network, whether the DTIC has considered prioritising the development of new industrial parks in the province to drive inclusive economic growth and job creation. The DTIC informed the Committee that it has completed the first phase of infrastructure development at the Upington Industrial Park, in collaboration with all spheres of government and the private sector. Future development at the site would be aligned with identified industrial opportunities to ensure targeted support and sustainable growth. In addition, the DTIC was finalising the scope of work and the support application for the Kathu Industrial Park, in partnership with the Northern Cape Economic Development, Trade and Investment Promotion Agency and local private sector stakeholders. Furthermore, it responded that there are plans to explore the development of an industrial node in the Siyathemba Local Municipality, aimed at supporting agro-processing, mineral beneficiation, and the supply of renewable energy components. This initiative is led by the Municipality in partnership with the private sector.

4.40 *Expansion of South Africa's export destinations and products:* The DTIC has set an ambitious target of increasing South Africa's exports to R3 trillion by the 2028/29 financial year, as part of its broader economic recovery, industrialisation, and global competitiveness strategy. Given this target, the Committee enquired which specific products/categories and regions were expected to be the main drivers of this export growth. As part of efforts to diversify and expand

South Africa's global trade footprint, the DTIC informed the Committee that 22 priority markets have been identified. These included key regions such as Africa, the EU, the Middle East, BRICS countries, partners among the Association of Southeast Asian Nations (ASEAN), and North Africa. The priority countries represent a blend of emerging markets, high-demand economies, and long-standing trade partners. Trade promotion efforts are being aligned with South Africa's industrial policy, with a focus on advancing exports in the following sectors: Agriculture and Agro-processing; Clothing and Textiles; Mining and Metals; Automotive; Chemicals and Pharmaceuticals; Services (including retail, banking, and telecommunications); and Steel, Infrastructure, and Energy.

4.41 ***Capacity building of SMMEs in relation to export readiness:*** As part of its 2025/26 APP, the DTIC, under the Export Programme, aims to capacitate 300 entities with export skills and market readiness. This forms part of the government's effort to boost South Africa's export base, especially in priority industrial sectors such as agro-processing, automotives, chemicals, clothing and textiles, and the green economy. The Committee enquired what criteria the DTIC would utilise to identify and select the 300 entities targeted for export capacitation, and how it would ensure equitable representation of SMMEs and black-owned businesses. In addition, it enquired what monitoring and evaluation mechanisms would be used to assess the actual export performance and economic impact of this intervention across the priority sectors. The DTIC informed the Committee that entities participating in export skills and market readiness initiatives are identified through awareness and outreach programmes conducted in collaboration with public and private partners. Selection is based on criteria such as export potential, product and business readiness, alignment with priority sectors, and job creation potential. In addition, to ensure inclusive participation, the DTIC stated that its recruitment efforts specifically targeted designated groups, including black-owned, women-owned, and youth-owned businesses, as well as SMMEs. Furthermore, to enhance monitoring and evaluation, all participating entities are now required to submit follow-up reports, which will be used to track individual progress and assess the overall impact of the interventions.

4.42 ***Filling of Foreign Economic Representative positions at Trade Missions:*** The Minister of Trade, Industry and Competition has acknowledged that 30 Foreign Economic Representative (FER) positions at its Trade Missions are currently vacant. Well-placed FERs are critical to advance South Africa's international trade and investment objectives, as they represent the

DTIC abroad to facilitate market access in their regions, promote exports and investment, and support South African businesses in foreign markets. Given South Africa's R3 trillion export targets by 2029, and ambitions under the AfCFTA and other trade agreements, these vacant posts represent a significant strategic gap. The Committee enquired whether the DTIC had a detailed plan and timeline for filling these vacant positions, and how it would ensure that these posts are prioritised in countries with the highest trade and investment potential. Furthermore, what experience and performance expectations would be applicable to ensure the effectiveness of the appointees. The DTIC informed the Committee that it has approved a framework to fill vacant FER posts, beginning with a phased recruitment targeting eight strategic markets, namely: the United States, Switzerland, Belgium, Ethiopia, Egypt, Ghana, China, and the United Arab Emirates. Accordingly, FERs would be expected to provide market intelligence, identify trade and investment opportunities, negotiate market access, address trade barriers, promote exports and investment, and, where relevant, facilitate strategic partnerships at bilateral, regional, and multilateral levels.

4.43 ***ITAC's capacity to review the tariff book:*** The ITAC has claimed that it is unable to review the tariff book to address outdated tariffs that directly affect the competitiveness of local industries due to budget constraints. This has led to adverse conditions for certain industries, such as the domestic groundnut industry, which collapsed after a five-year delay in tariff adjustment. Given the DTIC's broader mandate of unlocking economic bottlenecks, such inefficiencies raise questions around misalignment in budget priorities and resource allocation. The Committee enquired what the rationale was for not allocating funds within its R11 billion budget to urgently build ITAC's capacity given that a review of the tariff book could have a direct and immediate impact on sustaining many local industries. The DTIC informed the Committee that an additional R3,44 million for the 2025 Medium Term Expenditure Framework (MTEF) was allocated through internal reprioritisation within its baseline, supplementing the ITAC's existing allocation. Despite tight fiscal constraints, including cumulative budget cuts of R3 billion over the 2024 MTEF period, the DTIC continued to align resources with key priorities. Additionally, it indicated that the ITAC has invested in modernising its permit system and expanded its workforce dedicated to this function.

4.44 ***Protecting and strengthening local industries:*** In its presentation, the DTIC referenced the development of a capable state as being central to the protection of local industries by holding

businesses accountable for customs evasion and undervaluing goods, and creating a more equitable marketplace. However, the DTIC's interventions in this regard remain vague and focus primarily on enforcement against customs evasion and undervaluation of goods. This narrow focus falls short of addressing the deeper structural challenges facing local businesses, such as access to capital, technology gaps, barriers to entry and foreign dominance of capital-intensive industries that limit the competitiveness of local industries. The Committee enquired what bold, sector-specific legislative and policy interventions the DTIC has been preparing to implement to protect and strengthen local industry, beyond enforcement, particularly in addressing structural barriers, foreign dominance, and local firms' access to capital and technology. With regard to the metals sector, the DTIC highlighted collaborative efforts with Eskom Distribution, the Powerline and Substation Association, the IDC, the National Transmission Company of South Africa (NTCSA), and National Treasury, focused on addressing supplier performance and capacity challenges. Eskom's pre-qualification procurement strategy, endorsed by National Treasury, supports Technically Evaluated and Accepted Products. In addition, the Eskom incubation programme, led by the DTIC, the IDC, and the NTCSA, fosters new entrants in lattice tower manufacturing to enhance localisation. The DTIC further informed the Committee that the NTCSA has appointed contractors for a R32 billion transmission build programme. Furthermore, Transnet, National Treasury, and the DTIC actively participate in the National Logistics Crisis Committee Workstream 5 to improve freight logistics efficiency by addressing procurement system challenges, including local content and legislative requirements, as part of the Freight Logistics Roadmap, aimed at enhancing port and rail performance.

- 4.45 ***Navigation of geopolitical tensions and the protection of national interest:*** In its presentation, the DTIC referenced trade but does not specifically expand on how it intends navigating current geopolitical tensions and tariff impositions. South Africa should be able to articulate, a clear, independent trade strategy that safeguards its sovereignty and economic interest, while avoiding involvement in geopolitical conflicts. The Committee enquired what South Africa's strategy for responding to global tensions, particularly between the US and China, was and how it ensures that its strategy protects the national interest without compromising diplomatic and economic relations. The DTIC reiterated that government was implementing an expanded export promotion and diversification strategy targeting 22 priority markets, as mentioned above, to safeguard and expand South Africa's global trade footprint amid shifting geopolitical

dynamics. This approach supports key industrial policy sectors and aims to boost value-added exports. According to the DTIC, South Africa's independent trade policy promotes diversified global trade relations and safeguards industrial development. Preferential trade agreements and bilateral engagements support objectives such as attracting investment, promoting technology transfer, and restructuring trade toward higher-value exports. In addition, South Africa maintains strong ties with both China and the United States, seeking to preserve and enhance trade and investment through ongoing diplomatic engagement. South Africa–US relations, anchored in platforms such as the Annual Bilateral Forum and the Strategic Dialogue, have positioned South Africa as the US' largest trading partner in Africa. South Africa has benefitted from preferential access through the African Growth and Opportunity Act (AGOA) and the Generalized System of Preferences (GSP). Together, AGOA and GSP supported 25 per cent of South Africa's exports to the US in 2024. In addition, it emphasised that South Africa's trade relationship with the US remains particularly significant, stating, among others, that:

- The US is South Africa's second-largest export destination globally, while South Africa ranks 43rd as a source of US imports.
- South Africa is the top importer of US goods in sub-Saharan Africa and the largest African investor in the US, with 22 South African companies investing around US\$3,4 billion, creating approximately 6 900 jobs.
- The relationship is mutually beneficial—South Africa is a critical supplier of minerals such as manganese and platinum. More than 25 per cent of US imports in nine out of twelve studied critical minerals come from South Africa.
- Over 600 US firms operate in South Africa, often using it as a base to access the rest of the continent. Their combined investment was estimated at US\$7,9 billion in 2023, supporting approximately 134 600 jobs.

South Africa was continuously working towards strengthening its economic ties with the US through two main efforts:

- *Reviving the TIFA*: Originally signed in 2000 and updated in 2012, the TIFA facilitates structured discussions on trade issues between the two countries. Following a long pause since 2014, efforts are now underway to revive the agreement. The aim is to foster more efficient resolution of bilateral trade concerns through enhanced government-to-government and business-to-business engagement.

- *Supporting Vulnerable Exporters and Exploring Alternative Markets:* With the future of the AGOA uncertain, the South African government continues to advocate for its extension, as it plays a vital role in supporting non-commodity exports—particularly in the automotive sector. In parallel, the government is taking steps to mitigate potential risks by:
 - Promoting exports to high-demand alternative markets;
 - Developing contingency plans for sectors vulnerable to US trade disruptions; and
 - Providing temporary financial relief for exporters affected by market changes.

To further strengthen bilateral ties, President Ramaphosa appointed a Special Envoy, and an inter-departmental process was underway to finalise a broad economic cooperation package. In April 2025, South Africa held high-level engagements in Washington, and departmental efforts were now focused on reviving the US–South Africa TIFA, which has been inactive since 2015. The proposed TIFA agenda includes a bilateral issue resolution mechanism, cooperation on supply chains, digital and SME development, AGOA renewal, trade facilitation, standards alignment, skills development, anti-piracy, competition policy, bilateral and third-market project financing, and potential Chief Executive Officer (CEO) and labour forums.

4.46 *Measures to safeguard export competitiveness given introduction of climate regulations:*

South Africa's economic growth objectives are increasingly at risk due to global geopolitical tensions and trade policy disruptions. This relates to US-China rivalry, tariff wars and protectionist trade measures, including the potential of the non-renewal of the AGOA, as well as the introduction of the EU's Carbon Border Adjustment Mechanism (CBAM), which aims to penalise carbon-intensive exports. The DTIC has indicated certain interventions and initiatives to address possible threats to South African exports, investor confidence and industrialisation plans. Given these external threats, the Committee requested that the DTIC expands on the measures it seeks to implement to safeguard export competitiveness, to maintain trade preferences, and to ensure that the country's industrial policy is aligned with the global climate regulations. To mitigate potential risks to South Africa's exports arising from global geopolitical tensions and trade disruptions, the DTIC highlighted that the government was intensifying its export promotion efforts through a diversification strategy, as mentioned above. Furthermore, to enhance its efforts in addressing export challenges and reducing red tape, the DTIC was updating its Export Barriers Resolution Mechanism. This involves identifying and

resolving export barriers through targeted interventions, as well as ongoing bilateral and multilateral engagements.

In response to the potential negative impacts of US trade measures, the DTIC has identified 16 key markets—drawn from the broader list of 22 priority markets—for an expanded export promotion campaign. These markets include countries across Africa, Europe, Asia, the Americas, and the Middle East:

- Africa: Egypt, Ghana, Kenya, Nigeria
- Europe: France, Germany, Italy, Netherlands, United Kingdom
- Asia: China, India, Japan, South Korea
- Americas: Brazil
- Middle East: United Arab Emirates
- Other: Russian Federation
- Strategic engagements: ASEAN, Algeria, and Morocco

In light of increased volatility in the US market, driven by current US foreign policy developments, the DTIC has intensified consultations with South African businesses to identify additional measures to safeguard local exporters from adverse impacts.

4.47 *Status of ratification of AfCFTA Agreement among Member States:* The Agreement establishing the AfCFTA is hailed as a transformational agreement aiming to boost intra-African trade, industrial development, and continental integration. It is Africa's biggest strategic shift in trade policy, and many commentators liken its potential impact to the emergence of China, as a global economic powerhouse. However, the full implementation of the AfCFTA is necessary, including the ratification and operationalisation of all critical protocols by African Member States. The Committee enquired about the current status of the ratification and implementation of the AfCFTA by the Member States, and what concrete steps, if any, the DTIC has taken to promote the acceleration of the conclusion, ratification and domestication of these protocols at both national and continental levels. The DTIC informed the Committee that 54 of the 55 AU countries have signed the AfCFTA Agreement, with Eritrea being the only country yet to sign. Forty-nine countries have ratified the Agreement and its core principles; however, six countries—Benin, Eritrea, Libya, Somalia, Sudan, and South Sudan—have not ratified it yet.

With regard to tariff liberalisation, the DTIC stated that 48 tariff schedules have been verified by the AfCFTA Secretariat. Three countries, including South Africa, have begun implementing preferential trade based on domesticated tariff offers. As a result, South Africa and the SACU now have new market access to 13 non-SADC countries, while trade with SADC countries continues under the existing SADC Trade Protocol.

Regarding pending and ongoing work, the DTIC noted that the process to finalise the remaining 10 per cent of tariff lines—comprising 7 per cent sensitive and 3 per cent excluded products—was expected to be concluded by October 2025, for adoption by the AU Summit in February 2026. Additionally, 92,4 per cent of the Rules of Origin have been agreed upon, with negotiations still ongoing for key sectors such as textiles, clothing, and automotive products.

On Trade in Services, the DTIC informed the Committee that 50 Member States have submitted offers across five priority sectors: Finance, Communications, Transport, Tourism, and Business services. From these submissions, 24 draft Schedules of Specific Commitments have been provisionally adopted for implementation by the AU Heads of Government. South Africa's schedule, approved in March 2025, was currently undergoing verification for full adoption by February 2026. However, only five East African countries—Burundi, Kenya, Rwanda, Uganda, and Tanzania—have gazetted their adopted Schedules of Specific Commitments.

At the AU Summits held in 2023 and 2024, the AU adopted Phase 2 Protocols covering: Competition Policy, Investment, Intellectual Property Rights (IPR), Digital Trade, and Women and Youth in Trade. These protocols require ratification by at least 22 Member States to enter into force. South Africa has approved two protocols—Competition Policy, and Women and Youth in Trade—and was in the process of preparing the Digital Trade Protocol for ratification.

Furthermore, the DTIC informed the Committee that technical negotiations were underway, aiming to conclude annexes and regulations related to: IPR, Competition Policy, Women and Youth in Trade, and Dispute Settlement under the Investment Protocol. These negotiations were targeted for completion by October 2025.

4.48 ***Readiness to achieve AfCFTA implementation:*** The DTIC has set an ambitious target of enabling trade with 20 countries under the AfCFTA within the current financial year. This was an increase from the baseline of eight participating countries. This would require both domestic preparedness and external facilitation of readiness across the continent. Specific barriers to effective implementation were the use of non-tariff barriers, including inefficient customs practices, poor infrastructure, regulatory misalignment, and corruption. These structural impediments have delayed intra-African trade and remain the single largest hurdle to realising the AfCFTA's potential. The Committee enquired what South Africa's current level of institutional and operational readiness was to achieve its target of enabling trade with 20 AfCFTA Member States, and of these 20 countries, how many were currently ready in terms of tariffs, logistics and standards. In addition, whether South Africa had any role to play to assist these countries' readiness to trade under the AfCFTA. It also enquired what specific measures the DTIC was implementing to mitigate against persistent non-tariff barriers, especially among these 20 countries. Furthermore, what specific measures would the DTIC implement to support both local businesses and partner countries to access and effect inclusive trade in these new markets. The DTIC informed the Committee that South Africa continues to make significant progress in its implementation of the AfCFTA, while working to ensure that local businesses—especially SMMEs, women, and youth—are well-positioned to benefit from the new trade opportunities it presents.

According to the DTIC, 13 non-SADC countries have begun implementing the AfCFTA, while others that have adopted tariff schedules are at varying levels of readiness. Only countries that have officially gazetted their AfCFTA tariff schedules are included in Schedule 1 of the South African Customs and Excise Act, creating an incentive for others to fully domesticate their commitments to access the South African market on preferential terms.

Regarding non-tariff barriers, the DTIC stated that Annex 5 of the Protocol on Trade in Goods outlines a structured approach to identifying and progressively eliminating non-tariff barriers, which are often a significant barrier for SMMEs. In addition, the non-tariff barrier resolution mechanism is open to all economic operators and includes the following institutional structures: (i) the AfCFTA Sub-Committee on Non-Tariff Barriers ; (ii) the Non-Tariff Barriers Coordination Unit; (iii) the National Monitoring Committee; and (iv) National Focal Points.

Furthermore, the AfCFTA Non-Tariff Barrier Online Reporting Mechanism, available at <https://tradebarriers.africa>, enables private sector actors to lodge complaints and track progress. In addition to AfCFTA mechanisms, South Africa also engages bilaterally to address non-tariff barriers in key markets and provides channels for the private sector to raise such issues with government. The DTIC has also developed various instruments and programmes to support broader participation in international trade, particularly under the AfCFTA. These include:

- Export Promotion Initiatives that link South African businesses with international buyers to boost regional and global value chain integration;
- Export Development and Trade Facilitation, targeting new entrants and youth-led businesses, including participation in trade missions and sustainable product fairs;
- Exporter Development Training Programmes, designed to help businesses understand and leverage AfCFTA provisions to increase value-added exports;
- The Export Help Desk, offering market intelligence, trade data, and resources to support SMMEs in navigating global markets; and
- Outreach and awareness campaigns, conducted in collaboration with provinces and industry stakeholders, aimed at building capacity and knowledge of the AfCFTA—particularly among youth-owned enterprises.

Currently, South Africa was in the process of establishing an AfCFTA National Implementation Committee. According to the DTIC, this Committee would coordinate efforts between government and the private sector to:

- Maximise market access opportunities under the AfCFTA;
- Prioritise industrial and infrastructure development projects;
- Enhance the role of women, youth, and rural enterprises through the AfCFTA Protocol on Women and Youth in Trade; and
- Ultimately, increase value-added exports and strengthen South Africa's competitiveness in regional and global value chains.

Accordingly, these comprehensive efforts reflect South Africa's strong commitment to ensuring that the AfCFTA delivers inclusive and sustainable economic benefits.

4.49 *Strategy to leverage Brazil, Russia, India, China, and South Africa (BRICS) for industrial development:* BRICS is a strategic multilateral alliance to promote economic and political

cooperation. However, the presentation made no reference to any plans pertaining to deepening the economic relationship among BRICS Member States. Without a formal/structured approach, BRICS risked remaining a platform for political dialogue, rather than becoming a vehicle for concrete economic cooperation with a formalised trade strategy. The Committee enquired whether the DTIC has a concrete strategy to leverage BRICS for trade and industrial development, and how would it move beyond conference-level engagements to formalised economic collaboration. The DTIC stated that a key pillar of BRICS cooperation is the BRICS Business Council (BBC), which fosters economic collaboration by strengthening business, trade, and investment ties among Member States, while facilitating regular dialogue between business communities and governments. The South African Chapter of the BBC comprises working groups focused on key sectors such as infrastructure, digital economy, energy, manufacturing, agribusiness, and trade. According to the DTIC, South Africa's BRICS engagement is rooted in strong bilateral ties and practical cooperation aimed at enhancing trade in higher-value products and supporting sustainable industrial development. Recognising divergent policy positions within BRICS, South Africa adopts a pragmatic approach focused on:

- Increasing value-added exports;
- Integrating South African manufacturing into BRICS value chains;
- Attracting technology and promoting innovation, R&D, skills development, and support for the AfCFTA;
- Accessing New Development Bank funding for industrial and infrastructure projects;
- Advocating for trade rule reform to preserve industrial policy space;
- Engaging BRICS+ members to leverage complementarities;
- Promoting inclusive growth, Fourth Industrial Revolution opportunities, MSMEs, and empowerment of women and youth;
- Exploring new areas of economic cooperation; and
- Challenging restrictive policies by developed nations that undermine development and multilateral principles.

The realisation of these objectives is contingent on the agenda set by the rotating BRICS presidency.

4.50 ***EU's imposition of non-tariff barriers on agricultural exports:*** The EU is South Africa's largest agricultural export market, particularly for citrus fruits. However, South African exporters are increasingly constrained by non-tariff barriers, particularly stringent sanitary and phytosanitary (SPS) regulations. These regulations often appear to be disproportionate and are viewed by the South African citrus industry as protectionist tools used to shield EU producers. The Committee enquired how the DTIC addresses non-tariff barriers imposed by the EU especially those affecting citrus and other agricultural exports. The DTIC informed the Committee that Non-Tariff Barriers imposed by the EU are addressed through the Trade and Investment Dialogue, a bilateral forum between South Africa and the EU dedicated to resolving trade-related concerns and obstacles. For the citrus trade dispute, a dedicated Steering Committee—comprising representatives from industry and relevant government departments led by the Department of Agriculture—has been established to coordinate South Africa's response. Accordingly, the DTIC participates in this committee by providing legal expertise, particularly in instances where no mutually agreeable solution is reached. Currently, the matter was being pursued through the WTO Dispute Settlement Mechanism, with the DTIC and the industry jointly leading the process. Furthermore, the DTIC stated that all non-tariff barriers involving the EU or other trading partners were addressed through a coordinated and consultative approach, beginning with submissions from affected industries to government. Depending on the complexity and urgency of the issue, it may be escalated to higher-level forums such as the Joint Cooperation Council, Ministerial Political Dialogue, Joint Parliamentary Committee, or even the Presidential Summit. Where bilateral efforts fail to yield resolution, parties have the option to escalate the matter to the WTO Dispute Settlement Process, in line with international trade protocols.

4.51 ***Public participation in relation to the Transformation Fund's concept document:*** The R100 billion Transformation Fund, as highlighted by the DTIC, is a flagship financial instrument aimed at driving inclusive economic transformation through support for black industrialists, empowerment of women-, youth-, and worker-owned enterprises, and investment in new and emerging sectors. The deadline for public comment on the Transformation Fund's concept note was 7 May 2025, and stakeholders from business, labour, and civil society were invited to make submissions in this regard. The Committee enquired how open the DTIC was to revising the structure of or rationale for the Fund, if the majority of the submissions challenged its rationale or recommended alternative models. In addition, whether the DTIC

intended to hold participatory discussions with stakeholders to ensure that the Fund has legitimacy and broad-based support before implementation. The DTIC informed the Committee that the Transformation Fund concept document was open for public comment until 28 May 2025. In addition, the DTIC was conducting national consultations with a broad range of stakeholders, and all inputs received would be analysed and incorporated to strengthen the implementation of the Fund.

4.52 *Capacity to implement the Transformation Fund:* In terms of the Transformation Fund, increased funding to support transformation would only be effective if the implementing entities have the capacity to manage and deliver programmes efficiently. Without the necessary administrative, technical, and operational capacity/skills, there would be a real risk of underspending, resulting in missed targets and delayed impact. Given the above, the Committee enquired whether the relevant DTIC entities involved in implementing the Fund currently have the capacity to implement the increased transformation funding, and what specific steps are in place to strengthen capacity and avoid underspending. The DTIC informed the Committee that the Fund would be managed in partnership with the private sector to complement the capacity of its entities. Additionally, it would operate through dedicated Special Purpose Vehicles (SPVs) with their own oversight boards, ensuring focused resources and enhanced governance.

4.53 *Concerns regarding the operational framework of the Transformation Fund:* The Transformation Fund is intended to support inclusive economic participation, particularly for historically disadvantaged individuals and businesses, black industrialists, and emerging players in high-potential sectors. With the ambitious targets set, the exact financing model, disbursement mechanisms, and sectoral prioritisation of the Fund remain unclear, which raises concerns around transparency, impact tracking, and strategic alignment. The Committee enquired from the DTIC how the Fund would be financed, and the mechanism through which it would be disbursed, as well as whether sectoral priorities have been set to align with the shift toward high-growth sectors/new economies such as green energy and the digital economy, among others. The DTIC informed the Committee that the Transformation Fund is designed to consolidate various funding commitments that fall under the B-BBEE policy framework—specifically, Enterprise and Supplier Development obligations and the Equity Equivalent Investment Programme. Accordingly, the purpose of the Fund is to support high-growth sectors,

with a strong focus on the green economy, as well as enterprises based in township and rural areas.

- 4.54 ***Target to aggregate and disburse funds under the Transformation Fund:*** The Committee noted that during its engagement on the Transformation Fund, the DTIC acknowledged that it could not meet its target to aggregate and disburse R20 billion under the Fund during the financial year. However, the current revision of the APP did not reflect this shortfall. The Committee enquired why the DTIC had not revised the R100 billion by 2029 target accordingly in the current performance revision. The DTIC indicated that the target was not revised as it did not affect the R100 billion by 2029.
- 4.55 ***Monitoring of disbursement under the Transformation Fund:*** The Committee enquired whether any oversight and accountability mechanisms were being considered to track the disbursement of the annual R20 billion Transformation Fund, and whether it would commit to establishing a publicly accessible disbursement register that detailed beneficiaries by sector, demographics, geographical location, and associated impact indicators. Furthermore, what strategies was the DTIC employing to ensure greater inclusion of women, youth, and persons with disabilities in the Fund and other transformation targets. The DTIC informed the Committee that the Fund would be managed through a SPV, overseen by a board comprising representatives from both the public and private sectors, and supported by an oversight committee responsible for monitoring implementation and reporting on performance. This is to ensure effective governance, targeted disbursement, and measurable impact. In addition, the Fund would prioritise support for designated groups—such as women, youth, persons with disabilities—as well as township- and rural-based businesses and SMMEs. A portion of the Fund is proposed to be ring-fenced specifically for these groups and SMMEs.
- 4.56 ***Return on investment from the Black Industrialist Programme:*** The Black Industrialist Programme received a significant amount of public funding aimed at supporting black-owned manufacturing enterprises. However, recent data suggested that the cost of jobs created through the Programme was approximately R1 million per job. This was substantially higher than similar programmes in countries like Vietnam and India, where jobs created cost approximately between R100 000 and R300 000 per job. The Committee enquired how the DTIC was assessing the return on investment from the Black Industrialist Programme, particularly in terms

of the cost per job, long-term business sustainability, and competitiveness compared to unfunded businesses. The DTIC informed the Committee that since its launch in the 2016/17 financial year, the Black Industrialist Scheme has disbursed R3,79 billion, generating R10 billion in investment, meaning funded projects invested roughly R3 for every R1 incentivised. According to the DTIC, the fund has helped create over 6 300 new jobs, at a cost of approximately R600 000 per job. Furthermore, beyond investment and job creation, the return on investment is also assessed through indicators such as exports, turnover, and additional local output. These metrics, which reflect business competitiveness and sustainability, are monitored annually through claims and surveys and reported in the Industrial Financing Report tabled in Parliament.

- 4.57 ***Coordination role in the Economic Cluster to advance government priorities:*** The DTIC can play an important strategic coordinating role in the Economic Cluster, tasked with driving investment, industrialisation, job creation and transformation. One of the areas that the Cluster should address is interdepartmental policy misalignment, where one department's policy enables business, and another introduces regulatory burdens, which may undermine progress. In the view of Sakeliga and the National Employees Association, the Employment Equity Amendment Act (Act No. 4 of 2022) presents such misalignment. Therefore, the Committee enquired that how is the DTIC, as the co-chair in the Economic Cluster, ensuring that cross-government policy and legislation are aligned with the national imperative to reduce red tape and promote economic investment. In addition, whether it plays a formal role in pre-empting or mitigating the kind of interdepartmental contradictions that undermine business confidence. The DTIC informed the Committee that, as co-chair of the Economic Cluster, it would ensure that all bills and policies undergo proper public consultation and are thoroughly assessed through the Socio-Economic Impact Assessment System to identify and address potential misalignments, risks, and unintended consequences. Additionally, it would ensure adherence to constitutional imperatives regarding redress, through legislation such as the Employment Equity Act and the Broad-Based Black Economic Empowerment Act (Act No. 53 of 2003). Furthermore, in collaboration with other Economic Cluster departments, the DTIC stated that it would oversee the implementation and evaluation of Government's Programme of Action, in support of the Government of National Unity's priority to achieve rapid, inclusive, and sustainable economic growth through industrialisation, transformation, job creation, infrastructure development, and the sustainable use of national resources and endowments.

- 4.58 ***Legislative reforms to enable effective implementation of the DTIC's APP and industrial policy:*** Effective implementation of the DTIC's APP and the forthcoming industrial policy depends not only on funding and coordination, but also on a supportive legislative framework. In other words, the legislative framework should create a conducive environment for business and industrialisation. Therefore, the Committee enquired whether the DTIC has identified key pieces of legislation that must be reviewed, repealed or introduced to enable the effective implementation of its APP and the revised industrial policy framework. The DTIC informed the Committee that, with regard to industrial policy, it has not identified any legislation that requires repeal. However, it has presented its legislative framework on 17 June 2025. Currently, the DTIC is working on several legislative instruments, including the Omnibus Bill, Patents Bill, Designs Amendment Bill, Trade Marks Amendment Bill, International Trade Administration (ITA) Act Amendment Bill, and the Companies Amendment Bill (in collaboration with National Treasury as part of the General Laws Amendment Bill). It is also working on the National Building Regulations and Building Standards Amendment Bill, which includes a constitutional amendment.
- 4.59 ***Legislation earmarked for the Omnibus Bill:*** Regarding the Omnibus Bill or a General Laws Amendment Bill, the Committee enquired whether the DTIC could provide a complete list of Acts being considered for amendment, as well as the rationale for prioritising seven specific regulations and the criteria used in determining these priorities. The DTIC informed the Committee that the Acts to be included in the Omnibus Bill has not yet been finalised, and the initial list shared was only an indication of those being considered. However, it planned to prioritise amendments that effectively reduce red tape and improve the ease of doing business. Furthermore, it was still in the process of determining its priority legislation and expected to have a clearer scope by July 2025. Additionally, ongoing regulatory reforms and amendments to various Acts would continue independently of the Omnibus Bill process. It was currently developing the details around the work on the Omnibus Bill, as there was a myriad of legislation identified needed to be further examined for prioritisation. The prioritised list would then be presented to the Minister to consider towards the end of the first quarter. The process to get stakeholder and role players to work together has been established. The DTIC would submit the list of prioritised legislation once confirmed by the Minister.

4.60 ***Measures to avoid delays in processing the Omnibus Bill:*** The DTIC has committed to reduce the regulatory burdens for businesses by streamlining compliance processes and introducing an Omnibus Bill on red tape reduction aimed at amending or repealing restrictive provisions across multiple laws. The Committee enquired what specific red tape interventions the DTIC would be implementing during the 2025/26 financial year and how its impact and effectiveness would be evaluated. Furthermore, what steps the DTIC would take to mitigate against possible delays in the development of the Omnibus Bill and submission thereof to the Executive Authority within the 2025/26 financial year. To address delays in the Omnibus Bill, the DTIC reported that it would implement action plans with set milestones to ensure adherence to timelines. Additionally, it would conduct consultations, if needed, to streamline the process. Furthermore, it informed the Committee that it will closely monitor the legislative process, proactively identify risks, and implement the necessary mitigating measures. It would also identify specific red tape reduction interventions once the list of prioritised legislation has been finalised.

4.61 ***Court cases in relation to the National Building Regulations and Building Standards Act:*** The DTIC had reported a number of court cases in relation to the National Building Regulations and Building Standards Act (Act No. 103 of 1977), which was considered outdated. The Committee enquired what the financial and reputational costs to the state have been as a result of the DTIC's failure to revise the Act sooner and address legislative gaps as highlighted through these court cases. In its response to questions about the cost of delays in amending the Act, the DTIC informed the Committee that, while no direct cost estimate was available, it acknowledged that legal disputes and court cases—particularly those involving the Cities of Johannesburg and Cape Town—have incurred costs and caused delays. These cases related to the administrative authority of the Minister of Trade, Industry and Competition versus that of municipalities in approving building plans. In response to concerns raised by the Constitutional Court in 2023, regarding Section 29 of the Act, the Minister opted for a full overhaul of the legislation. The revised Act would enable government departments to submit building plans and extend the Act's application to former homeland areas. This approach aims to ensure consistency, constitutional alignment, and legal clarity.

4.62 ***Proposed amendments to the ITA Act:*** The DTIC reported that some of the amendments to the ITA Act (Act No. 71 of 2002) would address regulatory gaps that facilitate fraudulent trade practices. The Committee enquired whether the DTIC could identify the specific legislative

loopholes and regulatory weaknesses within the current Act that enabled fraudulent or illegal import and export activities and explain the reasons for the delay in addressing these anomalies. The DTIC indicated the following matters that arise in the functioning of ITAC that require amendments to the ITA Act to enable ITAC to function more efficiently:

- ITAC's Import and Export Control Unit is involved in, amongst others, enforcement activities resulting from the issuing of import and export permits. Amendments are being proposed to address problems with the attachment and seizure of such goods and the prosecution of individuals in the possession of such goods.
- Amendments are also being proposed to expand the scope of inspections by ITAC to not only cover import and export control inspections but also tariff matters to enable ITAC to better deal with enforcing conditions related to rebate and drawback permits and certificates.
- Part E of the ITA Act arguably only grants powers of investigative search and inspections for import and export control matters, namely entering premises, requesting information, and seizing goods or documents, etc. However, permits and certificates issued by the Tariff Investigations Unit raise require similar enforcement powers provided for in Part E. By means of this amendment, an investigating officer (import and export control official) could also act in tariff matters.
- Amendments are further proposed to include additional investigation-related actions for example by enabling ITAC to issue notices to third parties to obtain evidence.
- A new provision is also being proposed to deal with the forfeiture of attached or seized articles that have no lawful owner, to deal with such articles in a similar manner as provided for in the Criminal Procedures Act (Act No. 51 of 1977).
- Currently, the only enforcement option available to ITAC is the institution of criminal proceedings, even for relatively minor infractions of the Act. A new provision to provide for an administrative penalty in the form of a prosecution avoidance penalty is also being considered.
- Further amendments are also considered to introduce additional criminal offences to deal with cases that have confronted ITAC, such as: (1) goods that have been illegally imported and are in the possession of a third party; (2) the sale of falsified documents; and (3) attempts to improperly influence investigators.
- Furthermore, a new provision is being proposed to deal with the evidentiary presumption in the situation where a party has come into possession of goods imported in contravention of

an import control notice. This approach is similar to the provision regarding stolen goods in the Criminal Procedures Act.

The situations to be addressed through these amendments have developed over time, as the trading and trade policy environment has evolved.

4.63 *Accuracy of performance targets set in relation to implementation capacity:* It appeared that some targets may have been overstated or miscalculated but have not been revised to reflect actual implementation capacity. The Committee enquired whether the DTIC had considered revising other targets that may have been overstated or miscalculated during this review process. It also asked whether the review process could be used not only to report progress but also to correct and recalibrate planning assumptions to ensure credibility and accountability. The DTIC responded that it had made a decision to not revise most targets in the APP, despite internal discussions and consultations with entities. This decision reflected its commitment to delivering on its original performance goals, despite a number of challenges. These targets were set based on the availability of resources and an unchanged budget. While acknowledging that some targets—such as the 4 000 new jobs in the GBS sector—may appear low, it was of the view that most of the original targets remained attainable. Therefore, it preferred to maintain accountability and revisit performance progress in later quarters.

4.64 *Mechanisms to achieve inclusive procurement targets:* The DTIC's procurement targets, particularly around sourcing from women-owned, youth-owned, and black-owned businesses, as well as businesses owned by people with disabilities, are important tools in achieving inclusive economic growth and equity. While these targets have also been clearly reflected in past annual and strategic plans, historical underperformance raises important concerns about the effectiveness of procurement reforms and the mechanisms in place to close the gap. The Committee enquired what the specific challenges had been that led to this historical underachievement, and what mitigation measures were being implemented to ensure that these inclusive procurement goals are met in the current and future planning cycles. The DTIC informed the Committee that one of the key challenges identified has been the low uptake of procurement opportunities by businesses owned by youth, women, and persons with disabilities. This is largely due to structural barriers within the broader procurement system, as well as limited access to information and awareness about available opportunities. In response,

the DTIC has taken steps to improve internal coordination by actively promoting procurement opportunities within the DTIC's branches to ensure that businesses owned by these groups are better informed and positioned to participate. These efforts should be seen as part of a broader drive to make procurement more inclusive and accessible, and to enhance economic participation among historically disadvantaged communities.

- 4.65 ***Monitoring the achievement of job creation targets:*** The DTIC and its entities have a target of facilitating the creation of 60 000 and 1,6 million jobs respectively over the next five years, which aligns with South Africa's broader economic recovery and transformation goals. The Committee enquired about the mechanisms the DTIC Group would employ to monitor not only the quantity but also the quality, inclusiveness, and the sustainability of these jobs, particularly within targeted areas such as SEZs, industrial parks and the emerging digital economy. The DTIC informed the Committee that it and its entities have systems in place, including on-site inspections, to ensure that both the quantity and quality of outputs are properly verified.
- 4.66 ***Rationale for lowering the job creation target:*** In its 2025/26 Annual Performance Plan, the DTIC has lowered its annual job creation target for the Incentives Programme from 10 000 jobs in the 2024/25 financial year to 6 000 jobs, despite the increase of R1 billion in the Programme's budget allocation. The Committee enquired about the specific economic and/or internal operational reasons for the DTIC reducing its annual job creation target. Furthermore, how does the DTIC justify such a shift in terms of value for money and effectiveness. The DTIC informed the Committee that, notwithstanding the increase in budget allocation, it is currently managing a fully committed incentive programme, which limits the support that can be extended to companies. The funds are primarily being used to disburse payments to companies approved in prior financial years, with job creation from those already accounted for.
- 4.67 ***Reduction in imports of rail transport equipment:*** The DTIC set a target to reduce imports of rail transport equipment by 10 per cent in the 2025/26 financial year, as part of its broader localisation and reindustrialisation drive. This aligns with its broader goals to strengthen domestic manufacturing capacity and reduce dependence on foreign suppliers, especially in the rail and transport sectors. The Committee enquired what measurable outcomes from the previous financial year supported the DTIC's current target to reduce rail transport equipment imports by 10 per cent, and whether it had conducted an input content or value chain audit to

guide and validate this target. Furthermore, it queried whether such a reduction in imports would necessarily be attributed to growth in local manufacturing, as it may reflect a decline in overall demand for these products. The DTIC informed the Committee that the 10% import reduction target in the rail sector is a new benchmark, with no prior performance data available. Its success largely depends on the timely awarding of tenders by procuring entities. Furthermore, the Rail Sector Desk is collaborating with relevant state-owned companies to align procurement plans, identify localisation opportunities, and agree on data tracking methods. It is also finalising a local content designation for rail rolling stock, which will guide state procurement and support local industry development. The Director-General acknowledged that the 10 per cent decline in imports could reflect a decrease in business activity rather than an increase in local manufacturing. He reiterated that the DTIC's focus remains on promoting localisation and the designation of products for local procurement. Ideally, a decrease in imports should lead to increased domestic procurement and greater support for local manufacturers. However, multiple factors must be considered when addressing the challenges facing local manufacturing.

4.68 ***Alignment of the entities' APPs with the revised fiscal framework:*** The Committee noted that the presentation highlighted four entities that have revised their APPs given the fiscal framework adopted on 11 June 2025. However, there was a lack of clarity regarding those entities that have not submitted a revised APP. The Committee enquired about the specific mechanisms in place to ensure their alignment, and whether a defined timeframe exists to ensure compliance. The Director-General informed the Committee that the majority of the entities had not submitted changes because the assessment reflected that they were fully aligned with the revised fiscal framework. Only four entities required adjustments. Overall, the Director-General was of the view that all its entities are fully aligned with relevant policies and updates, and no further realignments are expected for the remaining 15 entities.

4.69 ***Strategic utilisation of budget to pursue priorities:*** The R11 billion budget allocation for the DTIC has been positioned as a vehicle to drive economic growth and job creation. However, when adjusted for inflation, the allocation reflects only marginal growth, raising concerns whether it was sufficient to deliver on the much-needed ambitious economic targets to ensure a transformational impact. Hence, the Committee enquired how the DTIC would ensure that it drives meaningful economic growth and job creation, rather than simply sustaining existing

programmes with its current budget allocation. The DTIC informed the Committee that it conducts regular programme reviews to prioritise those programmes with high economic and employment multipliers. In addition, it stated that it is leveraging the full capacity of the DTIC group to support key priorities and improve delivery effectiveness within the current fiscal constraints. To strengthen economic growth and job creation within fiscal constraints, the DTIC informed the Committee that it was actively exploring alternative funding mechanisms to supplement its baseline allocation.

4.70 ***Mechanisms to address fiscal constraints:*** The DTIC was exploring alternative and innovative funding sources to support its programmes. However, it had to do so within the confines of current public financial management regulations. Of particular concern was the requirement that such funding should be deposited into the National Revenue Fund (NRF), rendering it almost impossible to ring-fence and ensure access for direct programme funding. The Committee enquired what specific DTIC programmes would benefit from alternative funding sources, and whether it was engaging the National Treasury to ensure that these funds could be accessed efficiently and not be directed to the NRF. The DTIC informed the Committee that it sought to strengthen its industrial financing support, particularly for localisation and reindustrialisation initiatives, by leveraging alternative funding sources, such as Competition Commission penalty payments, currently being paid into the NRF. Accordingly, the DTIC is exploring mechanisms, including potential reforms or exemptions, to enable more flexible access to and earmarking of these funds for targeted developmental programmes. These efforts also included attracting increased FDI—supported by extending SEZ tax incentives; strengthening DFIs to lower capital costs and improve access to finance for priority sectors; implementing blended finance and enhanced incentive schemes to promote sustainability and scale impact; and partnering with the private sector to leverage additional resources and technical expertise. The DTIC further informed the Committee that it would continue to engage with National Treasury to advance these proposals.

4.71 ***Consequence management for underperformance:*** Each year the DTIC and its entities present their detailed APPs with ambitious targets. However, there appeared to be a recurring implementation gap, with targets missed and recommendations by the Office of the Auditor-General (AG) not fully implemented. The Committee enquired whether consequence management systems had been implemented to hold officials and entities accountable for

underperformance, and whether the DTIC's monitoring and evaluation unit would take any decisive action to enforce accountability where the AG's recommendations have consistently not been implemented. The DTIC informed the Committee that it is committed to strengthening accountability for performance through the implementation of its Performance Management Policy and associated performance instruments. These mechanisms aim to ensure accountability for underperforming departmental officials, with monitoring conducted through quarterly performance reports. Within the DTIC's entities, accountability is enforced through performance agreements, which are aligned with each entity's performance management policy. In addition, following the approval of the entities' APPs, the process of finalising Shareholder Compacts (SCs) is currently underway. These SCs will outline mutual performance expectations between the entities and the Executive Authority, including performance targets and the implementation of audit recommendations.

4.72 ***Mechanisms to strengthen entity governance and accountability:*** The DTIC has set a target to ensure that its entities achieve at least 80 per cent of their targets. However, the Committee has noted and raised several governance challenges within the DTIC and its entities, including unfulfilled executive positions, underperforming boards, and weak stakeholder oversight. One of the mechanisms identified to improve the DTIC's oversight over the entities was the appointment of a Chief Operating Officer (COO) focused on strengthening macro-level governance. Subsequently, the post remains vacant and unfunded. Without clear leadership and a strong governance framework, these entity accountability lapses would most likely persist. Therefore, the Committee enquired that in the absence of a funded COO position, what concrete governance mechanisms are in place to strengthen governance, ensure accountability across all entities, and address vacancies at executive and board levels, as well as persistent underperformance. The DTIC informed the Committee that it has a funded post for the Chief Operating Officer within its organisational structure. However, filling the position is pending ongoing discussions with the Department of Public Service and Administration, which currently questions the justification for the role. Recruitment will proceed once an agreement is reached.

4.73 ***Vacancy rates at the technical infrastructure institutions:*** The technical infrastructure institutions, such as NMISA, NRCS, SABS and SANAS, play a critical role in enabling industrial competitiveness, enforcing product compliance, and regulating fair trade. However,

most of these institutions operate under severe human capital constraints, with vacancy rates as high as 30 per cent, undermining their operational effectiveness. Without fully functioning technical infrastructure institutions, the DTIC's broader industrial strategy cannot be properly implemented, regardless of its design or funding. Therefore, the Committee enquired about what concrete measures are being considered by the DTIC to assist these institutions to urgently fill critical vacancies to ensure its effective delivery of the industrial strategy. The DTIC informed the Committee that it had prioritised filling vacant Board positions and endorsing CEO appointments. However, the responsibility for filling other vacancies is an operational function delegated to the CEOs in terms of relevant legislation, in consultation with Boards where applicable. Therefore, the DTIC is of the view that the appointment of CEOs will bring the necessary stability to these entities.

- 4.74 ***Investigation of forensic cases and protection of whistleblowers:*** The Committee noted the additional target of finalising 65 per cent of forensic cases received up to 31 December 2025 by 31 March 2026. These cases could be received by the Forensic Unit from whistleblowers, the National Anti-Corruption Hotline, the Ministers' office, or Parliament, etc. The Committee enquired what specific processes the DTIC has established to ensure that whistleblower reports are investigated within the planned timeframes and that whistleblowers are protected throughout the process. Furthermore, it raised concerns about the effectiveness of the National Anti-Corruption Hotline (NACH) in addressing corruption complaints, as well as the lack of support for, protection of, and treatment of whistleblowers, especially in high-profile cases linked to the NLC. In addition, why the performance target of cases finalised was set relatively low. The DTIC informed the Committee that it has a whistle-blowing line, which is managed by a senior official who assesses complaints and refers them to the Internal Audit Forensic Investigation Unit. This process is included in the DTIC's APP and is regularly reported on. External service providers support investigations to ensure they are concluded within 16 days. The DTIC stated that whistle-blowers' anonymity is strictly maintained, with only senior managers being aware of the complainant's identity, which is removed before any information is shared. Additionally, whistle-blower protection is outlined in an appendix to the DTIC's Fraud Prevention Policy and Plan.

There were two cases currently that exceeded the 60 days turnaround period due to the complexity of the cases. The target set does not only refer to whistleblowing but to all forensic

investigations. This included allegations regarding the DTIC entities, those received from Parliament, Media, Minister's office etc. He further informed the Committee that the 65 per cent target for completed investigations accounted for the fact that complex investigations could span multiple quarters, and to allow time where calls/cases had been received late in a reporting period.

- 4.75 ***Statistics on the NACH matters being referred to the DTIC:*** The Committee enquired whether the DTIC could provide data on the Hotline's current performance, including the number of calls received and how many have been investigated. Furthermore, the Committee asked what mechanisms are in place to ensure timely investigations and improved outcomes in addressing corruption complaints. The Director-General informed the Committee that the Whistle Blowing Hotline received 22 calls relevant to the DTIC in the previous financial year, many of which were dismissed as they related to phishing, spam e-mails, or tender fraud complaints that did not warrant investigation by the DTIC. It was attended to by posting warning messages on the DTIC website. There were no new NACH cases that were currently in the DTIC's Register, those that were there had all been resolved/investigated and feedback given to Public Service Commission.

5. Conclusions

Having considered the information shared and reports from the DTIC with respect to its 2025/26 budget, and strategic and annual performance plans, the Committee has reached the following conclusions:

- 5.1 The Committee welcomed the revision of the DTIC's key performance indicators ensuring that it aligns with government's priorities of economic growth, transformation and job creation, as well as the fact that these are more impact driven.
- 5.2 In addition, it welcomed the DTIC's commitment to strengthening coordination with the Department of Small Business Development to enhance support for small, medium and micro enterprises, particularly those owned by black, women, and youth entrepreneurs. It emphasised that effective intergovernmental collaboration is essential to avoid duplication,

maximise impact, and ensure policy coherence in advancing the industrial development agenda.

- 5.3 It noted the steps taken by the DTIC to improve its internal coordination to make procurement more inclusive and accessible as part of a broader drive to reverse the low uptake of procurement opportunities by businesses owned by youth, women, and people with disabilities.
- 5.4 The Committee was of the view that infrastructure and logistics are critical to facilitate economic growth and would enable inclusive industrialisation. This requires effective policy and intergovernmental coordination across different spheres of government and with the relevant public entities to address barriers in this regard. It, therefore, welcomed the national industrial policy that is being developed.
- 5.5 The Committee acknowledged the DTIC's ongoing collaboration with key State-Owned Enterprises, including Eskom, Transnet, the Industrial Development Corporation, Sasol, and Denel, to support the implementation of sectoral priorities outlined in its Annual Performance Plan. This includes initiatives such as the joint effort with Eskom and the Industrial Development Corporation to expand transmission infrastructure, and participation in the National Logistics Crisis Committee with Transnet to address freight and port inefficiencies. The Committee emphasised the need for more structured coordination mechanisms to ensure that State-owned Enterprises' investments, infrastructure development, and industrial capacity are strategically aligned with the DTIC's developmental objectives. This alignment is critical to effectively leverage State-owned Enterprises' capital and technical expertise in driving reindustrialisation, as well as enterprise and supplier competitiveness development.
- 5.6 The Committee welcomed the DTIC's collaboration with the Department of Mineral and Petroleum Resources in developing the Critical Minerals Strategy, which aims to increase value addition in the energy and related sectors and support a just transition to a low-carbon economy while meaningfully advancing mineral beneficiation. It requested the DTIC to consider, in consultation with the Department of Mineral and Petroleum Resources, a mechanism to monitor the level of beneficiation in the country given the importance of beneficiation to industrialisation.

- 5.7 In this regard, it welcomed the DTIC's commitment to consider the development of a proposed Beneficiation Index as beneficiation activities remain weak, despite the government's commitment to increasing them. It also acknowledged that the proposed Beneficiation Index would improve the prospects of inclusive economic growth, especially given that extractive industries tend to offer high profitability margins when beneficiation activities are limited.
- 5.8 Given the importance of the steel industry for industrial and infrastructure development, the Committee recognised the need to preserve domestic steel production capacity. Therefore, it welcomed the multi-pronged approach to addressing challenges faced by the industry.
- 5.9 The Committee noted the DTIC's assumption of responsibility for the Cannabis Master Plan and its commitment to advancing the commercialisation of the cannabis and hemp industry. It welcomed the DTIC's ongoing engagements with the Departments of Justice and Constitutional Development and of Agriculture to address key legislative and regulatory barriers, including the amendment of the Drugs and Drug Trafficking Act (Act No. 140 of 1992) and the finalisation of the Cannabis for Private Purposes Regulations.
- 5.10 However, the Committee expressed concern over the delays in gazetting these regulations and the resulting impact on the cannabis and hemp industry to formally participate in the economy. It also acknowledged the strategic intent of the draft Cannabis Master Plan to unlock an estimated R28 billion in economic potential and create up to 25 000 jobs, with a strong emphasis on empowering small-scale and previously disadvantaged growers.
- 5.11 The Committee emphasised the urgency of finalising the necessary legislative framework to support inclusive growth, industrialisation, and the meaningful integration of cannabis and hemp producers into regulated value chains.
- 5.12 The Committee acknowledged the continued growth of the Global Business Services sector and noted that the revised job creation target of 4 000 new jobs reflects a methodological shift in performance tracking, rather than a decline in sector performance. However, given the approximate R1,2 billion backlog in Global Business Services approvals, it encouraged the

DTIC to address the underlying reasons for the backlog as soon as possible to ensure that the sector's expansion is not hampered.

- 5.13 Furthermore, it welcomed the DTIC's identification of leading cities—Cape Town, Durban, and Johannesburg—as key hubs for Global Business Services growth, along with the emergence of Tier 2 locations such as Gqeberha, George, and Tshwane. However, further expansion to other areas would require the provision of adequate infrastructure, talent availability, and township integration to drive inclusive job creation.
- 5.14 Furthermore, the Committee encouraged the DTIC to strengthen its collaboration with provincial governments to co-develop new support mechanisms that can help sustain momentum and unlock the Global Business Services sector's full potential, particularly in light of current fiscal constraints.
- 5.15 The Committee recognised the importance of investment into research and development as an integral part of industrial development and to address structural transformation more broadly. However, South Africa has had a relatively low rate of investment in this regard. In addition, the uptake of innovations into commercial products was a concern.
- 5.16 It welcomed the DTIC's collaboration with the Department of Science, Technology and Innovation in implementing the National Technology Commercialisation Strategy, including the mapping of national innovation infrastructure. However, it expressed concern over the lack of targeted integration of these assets into Sector Master Plans and broader commercialisation initiatives.
- 5.17 While the DTIC's use of incentive programmes, such as the Support Programme for Industrial Innovation and the Technology and Human Resources for Industry Programme, to support technology development and industrial upgrading was acknowledged, the Committee highlighted a persistent funding gap during the commercialisation phase, which continues to be a critical barrier to scaling innovation. It stressed the need for enhanced coordination, increased investment, and the strategic alignment of research and development infrastructure and funding instruments with South Africa's industrial transformation objectives.

- 5.18 The Committee welcomed the DTIC's commitment to targeting investments in high technologically advanced projects to boost economic growth and exports. Further, it urged the DTIC to ensure that where artificial intelligence and robotics displace jobs, the creation of alternative jobs is stimulated.
- 5.19 The Committee acknowledged the DTIC's collaborative approach in developing the Digital Venture Capital Fund, including its initial research conducted with the Department of Communications and Digital Technologies, and the decision to undertake a global benchmarking study to identify international best practices. It noted the initiative's focus on addressing gaps in venture capital support for digital economy firms and promoting inclusiveness for start-ups in under-served areas, while also complementing the efforts of the Department of Small Business Development.
- 5.20 However, the Committee expressed concern over the relatively long timeline to publish the Venture Capital Policy Framework, particularly given the progress made by peer countries. It emphasised the urgency of finalising the guidelines to enable access to funding for high-growth start-ups.
- 5.21 Furthermore, it welcomed the DTIC's recognition of the importance of regulatory and legislative reforms—especially in relation to exchange controls and intellectual property protection—as critical enablers of innovation and competitiveness in South Africa's digital start-up ecosystem.
- 5.22 The Committee welcomed that the DTIC is exploring new export markets given the geopolitical tensions that are impacting on global trade relations. In addition, it supported efforts to diversify South Africa's export basket to include more value-added goods.
- 5.23 It further acknowledged that due to the effects of climate change, there have been changes to national and regional policies to reduce the production of greenhouse gas emissions. However, these policies have a negative impact on South Africa's manufacturing sector given its reliance on coal-generated electricity for production. Therefore, the Committee welcomed the DTIC's efforts to negotiate with its counterparts to either exempt it from the imposition of these regulations or to afford it more time to transition to greener production processes.

- 5.24 Furthermore, it noted the DTIC's efforts to balance the need for industrialisation while exploring and facilitating a green industrialisation path to mitigate the effects of climate change. This should safeguard the competitiveness of South Africa's industrial exports, as more countries adopt similar climate mitigation approaches.
- 5.25 In terms of trade relations with the United States, the Committee noted that there was a risk that the African Growth and Opportunity Act would not be renewed but welcomed government's efforts to develop and negotiate alternative arrangements with the United States. This included (i) reviving the Trade and Investment Framework Agreement to facilitate structured discussions on trade issues; (ii) supporting vulnerable exporters; and (iii) exploring alternative markets.
- 5.26 In terms of addressing export challenges and resolving non-tariff barriers, the Committee welcomed efforts to resolve non-tariff barriers affecting South Africa's citrus exports through the World Trade Organisation's Dispute Settlement Mechanism. It further welcomed the work being done by the DTIC to update its Export Barriers Resolution Mechanism in this regard.
- 5.27 The Committee emphasised the importance of foreign economic representatives in strategic trade missions. It, therefore, welcomed the DTIC's focus on filling vacancies at prioritised trade missions and approving a framework to fill these vacant posts, beginning with a phased recruitment targeting eight strategic markets. It urged the DTIC to expedite the filling of these vacant posts.
- 5.28 The Committee welcomed the progress in implementing the African Continental Free Trade Area, thus far. It also noted ongoing progress made in developing and concluding Protocols under the Agreement establishing the African Continental Free Trade Area, including the two Protocols on Competition Policy and on Women and Youth in Trade currently before Parliament. It encouraged the DTIC to conclude the processes on the remaining Protocols that have been finalised as part of the Agreement for ratification.
- 5.29 The Committee noted the development of a single access industrial financing portal to facilitate easier access to the DTIC Group's industrial financing opportunities, particularly for

small, medium and micro enterprises and entrepreneurs. This could improve access to funding information and ease of doing business in this regard.

- 5.30 The Committee noted that the DTIC was amending the implementation framework for Industrial Parks to improve their governance and economic viability. It emphasised that there should be coordination among the spheres of government in relation to the management of the industrial parks.
- 5.31 The Committee acknowledged that 90 per cent of the DTIC's prioritised 45 industrial parks are in underdeveloped, predominantly rural areas. These rural industrial parks often face infrastructure challenges which hamper logistical efficiencies and limit their integration into broader value chains. Therefore, it supported the DTIC's efforts to co-fund investment through the Critical Infrastructure Programme to address these infrastructure bottlenecks.
- 5.32 Specifically, it welcomed the DTIC's commitment to expedite the completion of both the first phase of infrastructure development at the Upington Industrial Park, as well as the scope of work and support application for the Kathu Industrial Park in response to the persistent rising levels of poverty and unemployment in the Northern Cape.
- 5.33 In addition, the Committee welcomed the DTIC's commitment to developing a concept document detailing the implementation of Special Economic Zone-linked trade corridors and assigning the National Special Economic Zone Project Management Unit to lead the implementation, monitoring, and evaluation of these trade corridors.
- 5.34 In terms of the distribution of incentives, the Committee recognised that there has been a concentration of approvals and disbursements in major urban areas, leaving townships and rural and underdeveloped provinces with limited funding. This concentration of disbursements contradicted government priorities of spatial transformation, inclusive economic development and revitalisation of rural and township economies. Therefore, the Committee welcomed the DTIC's adoption of a multi-pronged approach to broaden awareness of, increase access to and increase the impact of its incentive schemes beyond Gauteng, Western Cape and KwaZulu-Natal and the main metropolitan municipalities.

- 5.35 The Committee noted the progress made in developing the draft concept document on the Transformation Fund. It urged the DTIC to consider stakeholder inputs to strengthen the implementation model being developed to ensure good governance practices and effective monitoring of funds being disbursed.
- 5.36 The Committee acknowledged the DTIC's planned legislative programme; however, it urged the DTIC to finalise long outstanding legislative amendments, such as the Patents Bill, the Designs Amendment Bill, the Trade Marks Amendment Bill, the International Trade Administration Amendment Bill, and the National Building Regulations and Building Standards Amendment Bill.
- 5.37 In addition, the Committee welcomed the DTIC's initiative to introduce an Omnibus Bill to address red tape across different pieces of legislation. It urged the DTIC to submit the list of prioritised legislation, once this has been identified and approved.
- 5.38 The Committee noted that some targets appear to have been overstated or miscalculated, and that the current review of the Annual Performance Plan represented a missed opportunity to revise such targets to reflect actual implementation capacity.
- 5.39 The Committee recognised the impact of fiscal constraints on the ability of the DTIC to advance support for inclusive industrial development. It, therefore, supported the DTIC's efforts to investigate alternative funding sources to supplement its budget allocation. In this regard, it encouraged the DTIC to pursue the matter with National Treasury.
- 5.40 Given a perceived lack of accountability by some of the DTIC entities to the Executive Authority, the Committee remained of the view that a Chief Operating Officer responsible for strengthening macro-level governance was critical given the number of entities under the DTIC. It requested the DTIC to clarify its organisational structure and how the role of a macro-level Chief Operating Officer would interface with other senior management positions in relation to the oversight of the DTIC entities. Furthermore, the DTIC should provide the Committee with a proposal on an alternative model to oversee governance of the entities, if there is no progress in obtaining the requisite approval to appoint a macro-level Chief Operating Officer. In addition, the Committee was of the view that the Minister should provide

a report on the process to rationalise the DTIC entities to streamline management and reduce overhead costs.

- 5.41 The Committee acknowledged the DTIC's implementation of the Performance Management Policy aimed at strengthening accountability for underperforming departmental officials, with monitoring conducted through quarterly performance reports. The Committee further noted the DTIC's process of finalising Shareholder Compacts (SCs), which outline mutual performance expectations between the entities and the Executive Authority, including performance targets and the implementation of audit recommendations.

6. Acknowledgements

The Committee would like to thank Mr P Tau, the Minister of Trade, Industry and Competition, as well as Mr A Whitfield 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 2025 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:

- 7.1 Developing a mechanism to monitor the level of beneficiation in the country, in consultation with the Minister of Mineral and Petroleum Resources, and to report within six months of adoption of this report.
- 7.2 Engaging the relevant Ministries, public entities and the private sector to develop mechanisms to bridge the gap to commercialise particularly state-funded innovations in support of industrialisation and to report on progress within six months of adoption of this report.
- 7.3 Expediting the finalisation of amendments to the framework for Industrial Parks to improve their governance and economic viability and to report on progress within six months of adoption of this report.
- 7.4 Expediting the finalisation of the implementation plan, financing mechanisms, governance structures and performance indicators of the Transformation Fund and report on progress within three months of adoption of this report.

Report to be considered.

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National Council of Provinces

1. REPORT OF SELECT COMMITTEE ON SECURITY AND JUSTICE AND THE PORTFOLIO COMMITTEE ON INTERNATIONAL RELATIONS AND COOPERATION ON THE DRAFT SADC PROTOCOL ON THE REGIONAL PARLIAMENT, 27 JUNE 2025

The Portfolio Committee on International Relations and Cooperation and the Select Committee on Security and Justice, having considered the request for examining and making inputs on the provisions of the Draft SADC Protocol on the Regional Parliament and submit the comments from the Parliament of South Africa as part of the consultations aimed at shaping the Draft Protocol, submit for information the input as it appears in the attached report

Request to be noted.

3. ANNEXURE 1: INPUTS BY THE PORTFOLIO COMMITTEE ON INTERNATIONAL RELATIONS AND COOPERATION AND THE SELECT COMMITTEE ON SECURITY AND JUSTICE ON THE DRAFT SADC PROTOCOL ON THE REGIONAL PARLIAMENT, 27 JUNE 2025.

The Portfolio Committee on International Relations and Cooperation and the Select Committee on Security and Justice, having considered the request for examining and making inputs on the provisions of the Draft SADC Protocol on the Regional Parliament, submit the comments as part of the consultations aimed at shaping the Draft Protocol, for consideration by the National Assembly and the National Council of Provinces.

The Portfolio Committee on International Relations and Cooperation and the Select Committee on Security and Justice reports as follows.

Input on the Draft SADC Protocol on the Regional Parliament

The following improvements were made to the Draft Protocol:

1. The significance of the SADC protocol in advancing regional integration and the role of parliaments in this process was highlighted. Members strongly called for a transformation of the SADC Regional Parliament to gain legislative powers.
2. Members recommended that the SADC Parliament must evolve into a binding law-making body over time and have oversight powers over peacekeeping missions, trade and human rights.
3. Emphasis was made on the need for a more comprehensive description of Parliament's structure, clearer timeframes for committee sittings, and processes for member removal, including provisions for oaths of office and financial oversight.
4. The SADC Parliament could be more comprehensively described so that there's a hierarchical structure, the membership of and the numbers of the various committees are detailed, and the way persons are to be removed or the fillings of vacancies in the event

that such occur, need to be systematically detailed in the document, all of which are presently absent.

5. The document be restructured to provide for the members of Parliament, then the offices of Parliament, then the bodies of Parliament and its duties, and that articles that pertain to those broad headings be grouped there under.
6. The bodies of parliament to include a dedicated youth caucus in the SADC Parliament structure as well as including the involvement of persons with disabilities and ensuring that there is a committee that promotes inclusivity for all.
7. The involvement of the women's caucus in relation to the SADC protocol be noted as an important matter for clarity.
8. There are no timeframes prescribed for the sittings of standing committees. Whilst the executive committee is provided to sit twice a year, it's unclear how often standing committees are going to sit.
9. It is unclear if sessions of those committees and all the sessions of the plenary assembly are going to be open to the public and all the media. In the interest of transparency and facilitating transparent democracies, it is proposed that it be inserted that all sessions are in fact open.
10. The Draft Protocol is silent on processes for the removal of members in the event of anything such as misconduct. It is proposed that reasons to remove members be considered and included in the document. There aren't any oaths of offices prescribed for any membership to the SADC Parliament. It is proposed that be included.
11. Article 26 includes a provision for immunities and privileges, it is proposed that there be a further subclause that includes the waiver of those immunities and privileges in certain instances, and that the draft Protocol itself prescribe those instances.
12. Article 35 provides for withdrawals. It is proposed that an automatic withdrawal provision be inserted to ensure that if a member state withdraws at any point from the SADC treaty,

then its members of parliament membership with the SADC parliament automatically terminated.

13. Article 18 provides for “Organs” as capitalised. Organs are not defined in the Draft Protocol but is defined in the SADC Treaty to mean the “Organ on Politics, Defence and Security Co-operation established by Article 9 of this Treaty”. It is proposed that the Draft Protocol include a definition for “Organs” to mean those are provided for in Article 8 of the Draft Protocol to ensure that the meaning is not conflated with that which is defined in the Treaty itself, given that Article 1 of the Draft Protocol provides that all terms and expressions as defined in Article 1 of the Treaty are to bear the same meaning, unless context otherwise requires.
14. There must be provision for a rules committee. The way the Draft Protocol is structured, every committee is going to prescribe its own rules as it so determines. It is preferable that there be an actual rules committee that prescribes rules for the Parliament. Article 13 provides for a Regional Parliamentary Model Laws Oversight Committee, but that committee is not actually going to provide for the rules and processes of the SADC parliament, it rather provides for the oversight of member states' performances in implementing SADC model rules and policies.
15. Article 17 provides that all decisions are taken by consensus, and in the event of such failure, there's a simple majority. It is proposed that consideration be given that decisions that warrant a two-thirds majority, such as the election of a president or vice president of the plenary assembly, as well as the Secretary-General be considered.
16. Article 23 provides for the Secretary-General to prepare for approval of the Plenary Assembly, the financial rules and regulations for the management of financial affairs of the SADC Parliament. It is noted that the Secretary-General is also the accounting officer for the SADC Parliament, so it would be prudent to ensure that there are external rules of financial regulation that are applicable to avoid self-imposed regulation of the Parliament being weaker than would be prescribed in any other sector. It's further proposed that there be oversight of the financial planning and expenditure of the SADC Parliament, which is an institution of SADC to ensure there are necessary checks and balances.

17. It was also noted that there are SADC financial regulations and therein SADC is defined to include its institutions. It should be clarified within the Draft Protocol that those regulations are going to be applicable to it.
18. It is proposed that consideration be had to whether there should be any relationship between the SADC Parliament and the Pan-African Parliament and parliaments of the regional economic communities and national parliaments, and if so, that a clause be inserted to provide for their cooperation.
19. The Committee recommends that the SADC Regional Parliament must not remain purely consultative but progressively evolve into a binding law-making body. This includes building structured oversight functions over peacekeeping operations, migration, trade protocols, and regional integration mechanisms. In line with Article 13 of the Draft Protocol, transitional provisions should be introduced to commit member states to a phased expansion of legislative competencies, with clearly defined benchmarks, timelines, and periodic reviews.
20. Members propose that the Draft Protocol incorporate dedicated mechanisms for economic diplomacy, including the creation of a SADC Economic Affairs and Trade Committee. This body should be mandated to address regional industrialisation, cross-border infrastructure, beneficiation of minerals, agriculture, and the curbing of illicit financial flows. With Africa losing an estimated \$88.6 billion annually to capital flight, primarily from extractive industries, this Parliament must play a proactive role in protecting the economic sovereignty and developmental interests of the region.
21. The Committee supports the inclusion of youth and women's caucuses but further recommends that the Protocol explicitly ensure representation of aboriginal and indigenous communities, persons with disabilities, and traditional leaders in either advisory or ceremonial roles. In line with the principles of participatory democracy, provisions should also be explored to include observer or associate status for stateless persons and civil society stakeholders from across the region.

22. To strengthen the regional legislative ecosystem, the Committee recommends that the Draft Protocol include a clause to establish structured cooperation between the SADC Parliament, the Pan-African Parliament (PAP), national parliaments, and regional economic community assemblies. This cooperation should cover exchange of model laws, joint summits, and shared training academies. The aim is to harmonise legal frameworks, build institutional capacity, and ensure synergy in addressing continental challenges.
23. It was proposed that an interpretation clause be inserted to regulate the way the protocol is to be interpreted and the authority / person to do so.