Friday, 12 June 2026]

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ANNOUNCEMENTS, TABLINGS AND COMMITTEE REPORTS

FRIDAY, 12 JUNE 2026

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(1) The following paper is referred to the **Joint Standing Committee on Financial Management of Parliament** for consideration:

(a) The Draft Annual Performance Plan and Budget of Parliament of the Republic of South Africa for 2027/28.

(2) The following papers are referred to the **Portfolio Committee on Forestry, Fisheries and Environment**:

(a) Government Notice No. 7461, published in *Government Gazette* No. 54665, dated 12 May 2026: Proposed amendments to the list of waste management activities that have, or are likely to have, a detrimental effect on the environment, in terms of the National Environmental Management: Waste Act, 2008 (Act No. 59 of 2008).

(b) Government Notice No. 7486, published in *Government Gazette* No. 54694, dated 15 May 2026: Criteria to be considered when determining an appropriate fine in terms of section 24G of the National Environmental Management Act, 1998 (Act No. 107 of 1998).

(3) The following paper is referred to the **Portfolio Committee on Justice and Constitutional Development**:

(a) Amendment of Regulations relating to Debt Collectors, 2003, submitted in terms of the Debt Collectors Act, 1998 (Act No. 114 of 1998).

(4) The following paper is referred to the **Portfolio Committee on Trade, Industry and Competition** for consideration and report:

(a) South Africa’s Industrial Development Strategy – 2026.

TABLINGS

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1. The Minister of Transport

(a) Memorandum of Understanding (MoU) between the Government of the Republic of South Africa and the Government of the Republic of Mozambique on

Cooperation in Transport Related Matters, tabled in terms of section 231(3) of the Constitution of the Republic of South Africa, 1996.

(b) Explanatory Memorandum to the Memorandum of Understanding (MoU) between the Government of the Republic of South Africa and the Government of the Republic of Mozambique on Cooperation in Transport Related Matters.

COMMITTEE REPORTS

National Assembly

1. REPORT OF THE PORTFOLIO COMMITTEE ON EMPLOYMENT AND LABOUR ON THE THIRD QUARTERLY REPORT REGARDING THE PERFORMANCE OF THE DEPARTMENT OF EMPLOYMENT AND LABOUR AND ITS ENTITIES IN MEETING STRATEGIC OBJECTIVES FOR 2025/26, DATED 10 JUNE 2026

1. INTRODUCTION

The Portfolio Committee on Employment and Labour (the Committee), having considered the third-quarter performance reports of the Department of Employment and Labour (DEL) and its entities for the 2025/26 financial year, reports as follows. The Committee convened formal oversight engagements with the Department and its public entities to assess performance for the financial year. The report covers both financial expenditure under Vote 31 and non-financial performance against the 2025/26 Annual Performance Plan (APP), as presented to the Committee on the 04, 11 and 18 March 2026. These engagements form part of the Committee's constitutional obligation, in terms of sections 55(2) and 92 of the Constitution of the Republic of South Africa, to scrutinise and oversee executive action and ensure accountability in the use of public resources. The 2025/26 financial year represents the first year of implementation of the Department's 2025–2030 Strategic Plan and the corresponding Annual Performance Plan (APP). As such, the third quarter is critical.

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

Employment Equity Act (1998); the Occupational Health and Safety Act (1993); the Employment Services Act (2014); and the National Minimum Wage Act (2018).

Policy Mandate of the Department

- Improved economic efficiency and productivity.
- Creation of decent employment.
- Promoting labour standards and fundamental rights at work.
- Providing adequate social safety nets to protect vulnerable workers
- Sound labour relations.
- Eliminating inequality and discrimination in the workplace.
- Enhancing occupational health and safety awareness and compliance in the workplace.
- Give value to social dialogue in the formulation of sound and responsive legislation and policies to attain labour market flexibility for the competitiveness of enterprises, which is balanced with the promotion of decent employment.

2. THE THIRD QUARTER PERFORMANCE REPORT OF THE DEPARTMENT OF EMPLOYMENT AND LABOUR

2.1. Programmes of the Department

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

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

2.2. The Department's Non-Financial Performance Q3 of 2025/26

The Department reported on the third-quarter non-financial performance, as reflected in Table 1.

Table 1: Non-Financial Performance per Branch in Q3 of 2025/26

Programme	Q3 Planned Targets	Q3 Achieved	Q3 Not Achieved	Achievement Rate	Key Performance Observations

Programme 1: Administration	9	5	4	56%	Underperformance due to delays in digital transformation (only 20% implementation) and slow filling of funded vacancies
Programme 2: Inspection & Enforcement Services (IES)	4	4	0	100%	All Q3 indicators were achieved, exceeded inspection targets and maintained high enforcement compliance rates.
Programme 3: Public Employment Services (PES)	4	3	1	75%	Overachievement in employment opportunities registered; underperformance in work-seeker registrations due to Diphetogo system data capture challenges
Programme 4: Labour Policy & Industrial Relations (LP&IR)	3	3	0	100%	All Q3 targets achieved; stable performance in policy and social dialogue functions.
Core Department Total	20	15	5	75%	Slight decline compared to previous quarters
DEL Group	70	57	13	81%	Overall group

(Including Entities)					performance remains above 80% but reflects a gradual downward trend.

Source: Presentation to the PC on Employment and Labour dated 04 March 2026

The Department achieved 75% (15 out of 20) of its planned targets in Quarter 3, while the broader DEL Group achieved 81% (57 out of 70 targets). Although this reflects that most outputs were delivered, performance shows a gradual decline compared to earlier quarters and prior financial years. The trend suggests emerging implementation pressures rather than isolated underperformance. Programme-level results reveal structural imbalances. Inspection and Enforcement Services (IES) and Labour Policy & Industrial Relations (LP&IR) both achieved 100% of their Q3 targets. IES performance demonstrates strong operational capacity in frontline enforcement, with inspection and compliance indicators exceeding targets. LP&IR performance indicates stability in policy coordination and social dialogue oversight. These two programmes reflect functional effectiveness in core regulatory and institutional roles.

In contrast, the Administration recorded only 56% achievement, which is materially below acceptable performance standards. Underperformance in digital transformation (only 20% implementation of planned solutions) and slow vacancy filling signal internal capacity and governance constraints. As the Administration underpins corporate services, ICT, and human resources, weaknesses in this programme have cross-cutting implications for the entire Department. Public Employment Services (PES) achieved 75% of its Q3 targets, reflecting mixed performance. While employment opportunities registered significantly exceeded targets, the shortfall in work-seeker registration due to Diphetogo system data capture challenges raises concerns regarding data integrity and performance reliability. The system instability introduces risk not only to performance reporting but also to evidence-based labour market planning. The Department's non-financial performance indicates operational strength in enforcement and policy functions but institutional fragility in administrative systems and ICT governance. The downward trend in overall performance, combined with digital implementation delays and human resource constraints, suggests that without corrective intervention, performance sustainability may be compromised in the final quarter of the financial year.

2.3. The Department's Financial Performance

The Department reported on the third-quarter financial performance as reflected in Table 2.

Table 2: Financial Performance per Programme in Q3 of 2025/26

Programme	Original Budget (R'000)	Expenditure as at 31 Jan 2026 (R'000)	Available Budget (R'000)	% Expenditure	Key Observation
Programme 1: Administration	1 098 733	858 043	240 690	78%	Underspending mainly due to vacancies; pressure on travel, legal costs and fleet services
Programme 2: Inspection & Enforcement Services (IES)	664 352	445 113	219 239	67%	Underspending linked to vacant posts
Programme 3: Public Employment Services (PES)	1 056 556	1 027 491	29 065	97%	High expenditure largely driven by transfers (Designated Groups, GTAC)
Programme 4: Labour Policy & Industrial Relations (LP&IR)	1 333 496	1 294 021	39 475	97%	Expenditure driven by transfer of final tranche to CCMA (R1.016 billion)
Total	4 153 137	3 624 668	528 469	87%	Slightly above the proportional spending benchmark (83%

					time elapsed)

Source: Presentation to the PC on Employment and Labour dated 04 March 2026

As of 31 January 2026, the Department had spent 87% of its R4.153 billion allocation, slightly above the 83% time-elapsed benchmark. While this suggests overall spending is broadly on track, programme-level trends reveal material imbalances. Inspection and Enforcement Services (IES), a core regulatory function, has spent only 67% of its allocation due to persistent vacancies. This under-execution in frontline operations raises concerns about workforce planning and the long-term sustainability of enforcement performance. Similarly, Administration expenditure stands at 78%, reflecting vacancy-related underspending, although pressures in travel and legal costs indicate potential inefficiencies in operational spending.

In contrast, Public Employment Services (PES) and Labour Policy & Industrial Relations (LP&IR) both reached 97% expenditure in Quarter 3. This high spending is largely driven by transfer payments, including the significant tranche transferred to the CCMA under LP&IR. The front-loading of transfers before year-end reduces fiscal flexibility in Quarter 4 and places greater importance on ensuring that such transfers are closely aligned with performance outputs and accountability mechanisms. While aggregate expenditure appears stable, the imbalance between underspending in operational programmes and high transfer-driven spending signals structural weaknesses in resource alignment, internal capacity management, and strategic prioritisation.

Table 3: Financial Performance by Economic Classification – Quarter 3 (2025/26)
As at 31 January 2026

Economic Classification	Original Budget (R'000)	Expenditure as at 31 Jan 2026 (R'000)	Available Budget (R'000)	% Expenditure	Key Observation
Compensation of Employees	1 598 407	1 286 689	311 718	80%	Underspending due to vacancies
Goods and Services	694 789	667 851	26 938	96%	High spending, mainly driven by travel and subsistence

					(±R150 million)
Transfers and Subsidies	1 738 908	1 638 783	100 125	94%	Most entities received 100% of annual tranches by Q3
Payments for Capital Assets	121 033	31 334	89 699	26%	Significant under-expenditure due to delays in ICT procurement and infrastructure projects
Payments for Financial Assets	–	11	(11)	–	Minor expenditure recorded
Total	4 153 137	3 624 668	528 469	87%	Overall expenditure is slightly above the time-elapsed benchmark

Source: Presentation to the PC on Employment and Labour dated 04 March 2026

The economic classification profile for Quarter 3 reveals structural imbalances in spending composition rather than aggregate fiscal stress. While total expenditure stands at 87% of the budget, the internal distribution across cost drivers signals operational and governance risks. Compensation of Employees is at 80%, reflecting persistent vacancies. This confirms that personnel capacity remains below funded levels. From a service delivery perspective, sustained under-expenditure on staff weakens institutional capability, particularly in enforcement, inspection, and programme administration. Vacancy-driven savings may improve short-term fiscal indicators but undermine medium-term performance stability. Goods and Services expenditure is significantly high at 96%, largely driven by travel and subsistence costs (approximately R150 million). The compression between Compensation (80%) and Goods and Services (96%) suggests a shift from human capital investment toward operational consumption. This raises value-for-money concerns and warrants scrutiny regarding cost containment, prioritisation, and alignment with measurable outputs. Transfers and Subsidies stand at 94%, with several entities having received 100% of their annual allocations by Quarter 3. The front-loading of transfers reduces fiscal flexibility in the final quarter and limits leverage for performance-linked disbursement. It also shifts financial risk to the Department if entities underperform after full tranche transfers.

The most critical red flag is Payments for Capital Assets at only 26%. This reflects delayed ICT procurement and infrastructure projects. Capital under-execution directly affects digital transformation, system modernisation, and long-term productivity. Persistent capital underspending typically results in either rushed year-end expenditure or surrendered funds, both of which indicate planning weaknesses. The economic classification analysis demonstrates that while headline spending appears stable, the Department faces structural weaknesses in staffing, capital execution, and expenditure composition. There is an observable imbalance between operational consumption and long-term capacity investment, which, if not corrected, may erode institutional resilience and service delivery quality.

3. ENTITIES OF THE DEPARTMENT OF EMPLOYMENT AND LABOUR

The entities reporting to DEL are:

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

3.1. Supported Employment Enterprises

Supported Employment Enterprises (SEE) is a government entity under the Department of Employment and Labour (DEL) in South Africa. It is mandated to create employment opportunities for Persons with Disabilities (PWDs) by providing vocational training, skills development, and sustainable job placements within its network of factories and business operations. SEE plays a crucial role in promoting the economic inclusion of PWDs by integrating them into the workforce and ensuring they have access to stable employment. SEE operates 13 factories across South Africa, specialising in the production of office furniture, hospital linen, school furniture, protective clothing, and other goods for both government and private sector clients. To sustain its operations, SEE actively engages in business development and partnerships with government departments, state-owned entities, and private companies to secure contracts and long-term orders. Additionally, the enterprise provides on-the-job training to enhance the skills of employees, improving their career prospects and self-sufficiency.

SEE products can be categorised into:

- Textile (hospital linen)
- Wood (school and office furniture)
- Steel (money safes, etc.)

3.1.2. SEE Q3 Performance for 2025/26

Table 4: Supported Employment Enterprises (SEE) – Non-Financial Performance (Q3, 2025/26)

Output Indicator	Annual Target (2025/26)	Q3 Target	Q3 Actual Achievement	Achievement Status	Key Reason / Comment
1. Number of additional persons with disabilities employed in SEE factories	100 additional persons employed by 31 March 2026	75 (cumulative by Q3)	0	Not Achieved	No employment due to limited production and operating deficit; plan to source more business to increase sales
2. Number of customer agreements entered into annually	7 agreements by 31 March 2026	5	5	Achieved	Target met; no deviations reported
3. Number of	4	3	3	Achieved	Target met;

SEE marketing and communication campaigns conducted annually	campaigns by 31 March 2026				no deviations reported
Overall Q3 Performance	—	3 Planned Indicators	2 Achieved	67%	Improved from Q2 (50%) but below the 80% benchmark

Source: Presentation to the PC on Employment and Labour dated 04 March 2026

The Quarter 3 non-financial performance of Supported Employment Enterprises (SEE) reflects partial administrative progress but a failure to advance its core mandate. Overall achievement improved from 50% in Quarter 2 to 67% in Quarter 3, indicating some stabilisation. However, performance remains below the 80% benchmark generally regarded as satisfactory. The most significant concern is Output Indicator 1, relating to the employment of additional persons with disabilities. Against a cumulative Quarter 3 target of 75 (towards an annual target of 100), no additional people were employed. This represents a substantive failure in delivering on SEE's primary mandate. The explanation provided for limited production and operating under a deficit highlights structural operational and financial weaknesses. The entity's ability to expand employment is directly constrained by low production volumes and weak revenue generation. In contrast, the entity achieved its targets relating to customer agreements and marketing campaigns. While these are positive indicators of stakeholder engagement and market-facing activity, they are enabling indicators rather than outcome-based measures.

Achievement in marketing and agreements has not translated into increased production, financial sustainability, or employment growth. The overall pattern suggests a misalignment between activity-based indicators (agreements and campaigns) and impact-based outcomes (employment creation). SEE demonstrates administrative and engagement compliance but lacks operational conversion of these efforts into tangible production growth and expanded employment. This indicates that the entity's current performance gains are superficial and not yet structurally transformative. While Quarter 3 shows marginal improvement in compliance performance, SEE remains fundamentally constrained in fulfilling its core employment mandate. Without addressing production inefficiencies, cost structure imbalances, and revenue dependence, non-financial performance will continue to reflect administrative progress rather than substantive socio-economic impact.

3.1.3. Challenges at the Entity

3.1.3. Challenges at the Entity (Supported Employment Enterprises – SEE)

Supported Employment Enterprises (SEE) continues to face structural, financial, operational, and governance challenges that materially affect its ability to deliver on its core mandate of expanding employment opportunities for persons with disabilities. A primary challenge relates to financial sustainability. The entity remains heavily dependent on departmental grant transfers, which contribute over 80% of total revenue, while internally generated sales account for a minimal proportion. Although sales performance improved year-on-year, increased revenue has not translated into improved financial viability due to a high-cost base. Direct material costs constitute approximately 86% of production costs, and manufacturing overheads remain high due to underutilised factory capacity and idle labour. The entity reported thin profit margins and anticipated cash flow shortfalls in the upcoming quarter.

Operational inefficiencies further constrain performance. Limited production volumes and low sales orders have resulted in idle labour and under-absorption of fixed and variable overheads. This has directly impacted the entity's ability to employ additional persons with disabilities, with no new employment recorded against the cumulative target in Quarter 3. Factory rationalisation and capacity utilisation remain unresolved strategic issues. A significant governance and systems challenge is the instability of the SYSPRO enterprise resource planning (ERP) system. System downtime prevented the extraction of critical financial reports, including Trial Balance and General Ledger reports, resulting in incomplete financial reporting. The absence of a financial system administrator exacerbated the problem and limited management's ability to respond promptly.

This has implications for audit readiness, internal controls, and financial transparency. Audit risks remain material. The entity faces the possibility of repeat qualifications relating to inventory, cost of sales, and property, plant and equipment. There is also a risk of regression in audit outcomes if system and reporting weaknesses are not fully resolved. Although a service provider has been appointed to restore system integrity and support financial reporting, these interventions remain corrective rather than preventative. Administrative cost pressures compound these risks. Salary costs account for a significant portion of administrative expenditure, and outstanding salary claims by the Department continue to accumulate. This places additional strain on cash flow and raises questions about the sustainability of the cost structure relative to production output. SEE's challenges are systemic rather than episodic. They include financial fragility, production inefficiencies, heavy grant dependence, ICT system instability, audit risk exposure, and weak commercial conversion of marketing efforts into sustainable revenue growth. Without structural reform through a credible turnaround strategy, these challenges may continue to limit the entity's ability to fulfil its socio-economic mandate.

3.2. Productivity SA

Productivity SA is a public entity of the Department of Employment and Labour mandated to promote productivity improvement and employment growth in South Africa. The organisation was originally established in 1969 as the National Productivity Institute and was later reconstituted as Productivity SA to align with the country's labour market and economic development framework. The entity is formally established in terms of section 31 of the Employment Services Act and is classified as a Schedule 3A public entity. In this capacity, Productivity SA operates under the oversight of the Department of Employment and Labour and is responsible for implementing government programmes that support enterprise competitiveness, job retention, and productivity improvement across the economy. The mandate of Productivity SA is to promote employment growth and productivity to contribute to South Africa's socio-economic development and global competitiveness. Its work focuses on promoting a culture of productivity in workplaces, supporting initiatives that prevent job losses, measuring productivity and competitiveness trends, and undertaking productivity-related research and statistical analysis. To implement its mandate, the entity delivers a range of programmes aimed at improving enterprise performance and supporting job retention. These include the Competitiveness Improvement Services (CIS) programme, which supports SMMEs and enterprises to improve operational efficiency and productivity; the Business Turnaround and Recovery (BT&R) programme, which assists companies in distress to retain jobs and stabilise operations; and Research, Innovation and Statistics (RIS), which produces productivity statistics and research to inform policy and economic planning. Through these interventions, Productivity SA contributes to national policy objectives related to inclusive economic growth, enterprise sustainability, and decent work, while supporting the government's broader development priorities such as job creation, productivity improvement, and economic competitiveness.

3.2.1. Productivity SA Q3 Performance per Programme

Productivity SA reported on its third quarter of 2025/26 performance per programme as reflected in Table 6.

Table 5: Productivity SA Q3 Performance

Programme	Annual Planned Indicators	Quarter 3 Planned Indicators	100% + Achieved	Not Achieved	Quarter 3 Aggregate Performance
Programme 1: Administration – Corporate Services (CS)	2	–	–	–	–
Programme 1: Administration – Human Resource Management (HRM)	1	–	–	–	–
Programme 1: Administration – Corporate Relations (CR)	1	1	1	0	100%
Programme 2: Competitiveness Improvement Services (CIS)	3	3	3	0	100%
Programme 3: Business Turnaround and	3	3	3	0	100%

Recovery (BT&R)					
Programme 4: Research, Innovation and Statistics (RIS)	2	–	–	–	–
	12	**7**	**7**	**0**	**100%**

Source: Portfolio Committee on Employment and Labour briefing 11 March 2026, Q3 2025/26.

The Quarter 3 performance results presented by Productivity SA indicate that the entity achieved all the performance indicators planned for the reporting period, resulting in an overall quarterly achievement rate of 100 per cent. Out of a total of twelve annual performance indicators, seven indicators were scheduled for implementation during the third quarter, and all seven were successfully achieved. This reflects effective operational execution of planned activities during the reporting period. Performance was primarily driven by operational programmes directly responsible for service delivery. Programme 1: Administration Corporate Relations had one indicator planned for the quarter and achieved it fully, resulting in a 100 per cent achievement rate. This programme focuses on advocacy and public awareness initiatives aimed at promoting the productivity movement in South Africa, suggesting that stakeholder engagement and communication activities were implemented as planned during the quarter. Programme 2: Competitiveness Improvement Services (CIS) also demonstrated strong performance, achieving all three planned indicators for the quarter. The programme plays a critical role in supporting enterprises, particularly small, medium and micro enterprises, to improve productivity and competitiveness. Achieving all planned targets suggests that Productivity SA was able to expand productivity interventions and capacity-building initiatives within supported enterprises during the reporting period. Similarly, Programme 3: Business Turnaround and Recovery (BT&R) achieved all three indicators planned for the quarter, resulting in a 100 per cent achievement rate. This programme is aimed at supporting companies experiencing financial or operational distress to prevent job losses and stabilise businesses. The full achievement of planned targets suggests that the programme continued to play a significant role in job retention and enterprise sustainability during the third quarter. However, two programmes, Administration: Corporate Services and Administration: Human Resource Management, had no indicators scheduled for the third quarter despite having annual targets. Likewise, Programme 4: Research, Innovation and

Statistics had annual targets, but no indicators were planned for the quarter. While this does not reflect underperformance, it indicates that the implementation of these indicators is scheduled for other quarters of the financial year. From an oversight perspective, this distribution of targets across quarters may require monitoring to ensure that the remaining indicators are achieved within the financial year. The results indicate stable programme implementation and effective performance management within the entity. The achievement of all planned targets demonstrates progress in implementing productivity improvement initiatives, enterprise support interventions, and job retention programmes in line with the mandate of Productivity SA to promote productivity growth and employment sustainability in the South African economy.

3.2.2. Financial Report

Table 6: Analysis of Financial Performance per Programme – Quarter 3 (2025/26)
Entity: Productivity SA

Programme	Actual Expenditure YTD (R'000)	Budget YTD (R'000)	Variance (R'000)	Variance (%)	Key Reason for Variance
Administration	59 908	67 504	7 596	11%	Delayed spending on goods and services, and lower compensation of employees due to vacancies.
Competitiveness Improvement Services (CIS)	20 059	23 743	3 684	16%	Delays in project implementation slowed the incurrence of programme costs.
Business Turnaround and Recovery (BT&R)	23 384	45 388	22 004	48%	Significant savings on goods and services due to slower project implementation during initial phases; vacancies also contributed.
Research, Innovation and Statistics (RIS)	5 424	6 430	1 006	16%	Savings on compensation of employees due to vacancies; cost containment through virtual events and

					digital reporting.
Total	**108 775**	**143 065**	**34 290**	**24%**	Delays in project implementation and unfilled vacancies across programmes.

Source: Portfolio Committee on Employment and Labour briefing 11 March 2026, Q3 2025/26.

The financial performance of Productivity SA for Quarter 3 of the 2025/26 financial year reflects overall underspending across all programmes, with total year-to-date expenditure of R108.8 million against a budget of R143.1 million, resulting in a variance of R34.3 million (24 per cent) below budget. This variance suggests that the entity experienced delays in programme implementation and expenditure during the reporting period. The main contributing factors include delayed project rollout, unfilled vacancies, and lower spending on goods and services. The Administration programme recorded expenditure of R59.9 million against a budget of R67.5 million, reflecting an underspending of R7.6 million (11 per cent). The variance was mainly due to the delayed procurement of goods and services and lower personnel expenditure because of vacancies that had not yet been filled. While cost containment measures may contribute to improved financial sustainability, prolonged vacancies could affect administrative efficiency and organisational support functions.

The Competitiveness Improvement Services (CIS) programme reported expenditure of R20.1 million against a budget of R23.7 million, resulting in underspending of R3.7 million (16 per cent). This variance was attributed primarily to delays in project implementation, which slowed the pace at which programme-related expenses were incurred. Since this programme is responsible for productivity improvement interventions and support to enterprises, delays in implementation may temporarily affect the scale and reach of support provided to businesses. The Business Turnaround and Recovery (BT&R) programme experienced the largest financial variance, with expenditure of R23.4 million compared to a budget of R45.4 million, resulting in underspending of R22.0 million (48 per cent). The significant variance was largely due to lower spending on goods and services associated with project implementation delays during the initial phases of turnaround interventions. Additionally, compensation of employees was slightly below budget due to unfilled posts. Although the programme achieved strong non-financial performance in terms of job retention and enterprise support, the substantial financial variance indicates that programme activities may have been implemented later than planned.

The Research, Innovation and Statistics (RIS) programme recorded expenditure of R5.4 million against a budget of R6.4 million, resulting in underspending of R1.0 million (16 per cent). The variance was mainly due to savings on the compensation of employees because of vacancies. Furthermore, the use of cost containment measures such as virtual events and digital reporting contributed to reduced operational expenditure. The financial performance suggests that Productivity SA experienced a slow start to programme implementation during the financial year, which affected spending levels across all programmes. While the entity has demonstrated prudent financial management through cost containment, the relatively high level of underspending, particularly in the Business Turnaround and Recovery programme, may require closer monitoring by the Portfolio Committee on Employment and Labour to ensure that allocated funds are effectively utilised and that delays in implementation do not undermine the entity's mandate of promoting productivity, supporting enterprises, and preserving jobs.

Table 8: Financial Analysis – YTD Actual vs Budget (Quarter 3, 2025/26)

Financial Category	Actual YTD (R'000)	Budget YTD (R'000)	Variance (R'000)	Variance (%)	Key Reason for Variance
Consulting Income	22 899	43 101	(20 202)	-47%	Delays in project implementation and signing of MOUs during early project phases.
Other Sales	4 580	–	4 580	0%	Additional sales generated during the reporting period.
Other Entity Revenue	827	912	(85)	-9%	Slight decline in miscellaneous revenue streams.
DEL Grant	48 092	48 092	–	0%	Grant recognised as planned.
UIF Grant	23 384	41 302	(17 918)	-43%	Revenue is recognised only when the project work is implemented.

DTIC Grant	7 770	7 770	–	0%	Funding received according to the planned schedule.
Donor Funding	–	1 500	(1 500)	-100%	Donor funding was not received during the reporting period.
Total Revenue	**107 552**	**142 677**	**(35 125)**	**-25%**	Revenue linked to delayed programme implementation and grant recognition timing.
Compensation of Employees	64 636	74 833	10 197	14%	Vacancies not filled during the reporting period.
Goods and Services	44 139	68 232	24 093	35%	Delayed project implementation, particularly within turnaround programmes.
Total Expenditure	**108 775**	**143 065**	**34 290**	**24%**	Delayed programme implementation and staffing gaps.
Net Result	**(1 223)**	**(388)**	**(835)**	**215%**	Revenue shortfalls combined with delayed expenditure.

Source: Portfolio Committee on Employment and Labour briefing 11 March 2026, Q3 2025/26

The financial results of Productivity SA for the third quarter of the 2025/26 financial year reflect a combination of revenue underperformance and expenditure underspending, largely driven by delays in project implementation and organisational capacity constraints. From a revenue perspective, the entity reported total revenue of R107.6 million against a year-to-date budget of R142.7 million, resulting in a shortfall of R35.1 million (25 per cent). The largest contributor to this variance is consulting income, which recorded R22.9 million compared with a projected R43.1 million, representing a 47 per cent decline from budgeted revenue. Although consulting income increased significantly compared with the second quarter, it remains substantially below projections. The variance is mainly attributed to delays during the early phases of project implementation, including the process of nurturing enterprises and finalising memoranda of understanding with project partners.

Grant revenue also contributed to the revenue variance. While the grant from the Department of Employment and Labour was recognised in line with the budget at R48.1 million, the Unemployment Insurance Fund grant was significantly lower than projected, with R23.4 million recognised against a budget of R41.3 million, resulting in a 43 per cent shortfall. This variance is primarily due to the funding model, whereby grant revenue is recognised only once project activities are implemented. As a result, slower project rollout directly affects the timing of revenue recognition. Additionally, donor funding of R1.5 million that had been budgeted was not received, creating a full variance in that revenue category. On the expenditure side, the entity recorded total spending of R108.8 million against a budget of R143.1 million, resulting in underspending of R34.3 million (24 per cent). The most notable variance occurred in goods and services, where actual spending amounted to R44.1 million compared with a budget of R68.2 million, resulting in underspending of R24.1 million (35 per cent). This variance is largely associated with delays in project implementation, particularly within the Business Turnaround and Recovery programme, where expenditure is incurred once projects are fully operational.

Similarly, compensation of employees was R64.6 million against a budget of R74.8 million, producing savings of R10.2 million (14 per cent) due to vacancies that had not yet been filled. While such savings may support short-term financial sustainability, persistent vacancies could limit organisational capacity and potentially slow the implementation of productivity support programmes. The financial performance indicates that Productivity SA experienced a slow start to programme implementation during the financial year, which affected both revenue generation and spending patterns. The combined effect of revenue shortfalls and delayed expenditure resulted in a consolidated operating deficit of approximately R1.2 million by the end of Quarter 3, compared with a R1 million deficit reported in Quarter 2. While the deficit remains relatively small, the underlying financial trends suggest that the entity will need to accelerate project implementation in the remaining quarter to ensure that programme funding translates into tangible productivity improvement and job retention outcomes. From an oversight perspective, the Portfolio Committee on Employment and Labour may need to monitor the pace of project implementation, the filling of critical vacancies, and the timing of grant revenue recognition to ensure that the entity is able to effectively utilise its allocated resources.

3.2.4. Challenges at Productivity SA (Q3, 2025/26)

Productivity SA continues to face several operational and institutional challenges that affect the implementation of its mandate. One of the key constraints relates to the entity's current funding model, which relies largely on grant allocations from the Department of Employment and Labour and project-based funding from partners such as the Unemployment Insurance Fund. This funding structure limits the entity's ability to expand its services equitably across all provinces and scale up productivity support programmes for enterprises. In addition, many of the programmes are funded through short-term project contracts, particularly within the Business Turnaround and Recovery programme, which creates uncertainty regarding the long-term sustainability of interventions aimed at job retention and enterprise recovery. The entity also faces capacity constraints resulting from vacancies that have not yet been filled due to cost-containment measures, which may affect organisational efficiency and programme delivery. Furthermore, the position of Chief Executive Officer remains vacant, with the organisation currently operating under an acting leadership arrangement while the Board works with the Department to finalise the recruitment process. Delays in the early stages of project implementation, including the finalisation of memoranda of understanding and the onboarding of enterprises into productivity programmes, have also contributed to slower operational rollout during the financial year. Together, these factors present structural and operational challenges that may affect the entity's ability to expand productivity interventions and effectively support enterprise sustainability and job retention.

3.3. National Economic Development and Labour Council (NEDLAC)

The National Economic Development and Labour Council (NEDLAC) is a statutory body established to promote social dialogue and consensus-building on key socio-economic and labour market policies in South Africa. It was created in terms of the National Economic Development and Labour Council Act to provide a formal platform where government, organised labour, organised business and community constituencies can engage on economic, labour and development issues affecting the country. NEDLAC functions as an institutional mechanism for consultation and negotiation on proposed legislation, national policies and socio-economic strategies before they are introduced in Parliament or implemented by government. Through this process, the institution aims to promote inclusive policy development, strengthen social partnership, and facilitate consensus among social partners on critical economic and labour market reforms.

The Council operates through several chambers that focus on specific policy areas, including the Labour Market Chamber, Trade and Industry Chamber, Public Finance and Monetary Policy Chamber, and Development Chamber. These chambers provide structured platforms for social partners to deliberate on legislation, policy proposals and national development priorities. NEDLAC also plays a strategic role in facilitating dialogue on major socio-economic issues, including industrial policy, labour market reforms, economic transformation and social protection measures. In recent years, the institution has also been involved in supporting national initiatives such as economic recovery discussions, policy dialogues with key government departments, and preparations for the National Dialogue aimed at strengthening social cohesion and economic cooperation in South Africa. Through these processes, NEDLAC contributes to the development of balanced and inclusive socio-economic policies by ensuring that the views of social partners are considered in national decision-making processes.

3.3.1. Nedlac Non-Financial Performance per Programme in Q3

Nedlac reported on its non-financial performance per programme as follows:

Table 9: Nedlac Performance per programme in Q3 of 2025/26

Programme	**Total Indicators**	**Indicators Applicable in Q3**	**Achieved**	**Not Achieved**	**Achievement Rate**	**Key Performance Notes**
Administration	6	3	3	0	100%	Procurement and ICT automation targets were achieved within the planned timeframe.
Core Operations	4	4	4	0	100%	Dialogue reports were submitted within the required timelines, and socio-economic policy

						processes were facilitated.
Capacity Building	1	1	0	1	0%	Planned capacity-building intervention for social partners did not occur due to no requests received during the quarter.
Presidential Climate Commission Support	3	3	3	0	100%	Knowledge management products and policy-related outputs were completed as planned.
National Dialogue	3	2	2	0	100%	Dialogue structures and thematic dialogue processes were successfully convened.
Total / Overall Performance	**17**	**13**	**12**	**1**	**92%**	The majority of indicators were achieved, with one indicator not met.

Source: Portfolio Committee on Employment and Labour briefing 11 March 2026, Q3 2025/26

The third-quarter non-financial performance of the National Economic Development and Labour Council (NEDLAC) indicates generally strong programme implementation, with the entity achieving 12 of the 13 indicators applicable for the quarter, representing an overall achievement rate of 92 per cent. This level of performance suggests that most planned operational and programme activities were implemented within the reporting period. The

Administration programme recorded full achievement of its targets, with three out of three indicators achieved. Key outputs included the timely issuance of procurement awards and progress in implementing ICT projects focused on automation and system integration. This reflects effective internal administrative management and compliance with procurement and operational processes.

Similarly, the Core Operations programme achieved all four of its applicable indicators, reflecting effective facilitation of social dialogue and policy processes. Key outputs included the submission of dialogue reports within the required timeframe and the facilitation of milestones related to critical socio-economic issues. These achievements indicate that NEDLAC continued to fulfil its mandate of providing a platform for consultation and consensus-building among social partners on policy and legislative matters.

The Presidential Climate Commission support programme also achieved all three applicable indicators, including the completion of knowledge management products and the publication of policy recommendations and technical reports.

This demonstrates progress in supporting evidence-based policy dialogue on climate and economic transition issues. The National Dialogue programme also achieved 100 per cent of its indicators, with dialogue processes successfully convened and preparatory structures operationalised. The establishment of the National Dialogue Secretariat and the preparation of governance structures indicate progress in facilitating national dialogue initiatives aimed at strengthening social cohesion and cooperation among stakeholders. However, the Capacity Building programme recorded 0 per cent achievement, as the planned capacity-building intervention for social partners was not implemented during the reporting period. The entity reported that this was due to the absence of requests from social partners for such interventions. While the non-achievement does not necessarily reflect operational inefficiency, it highlights the demand-driven nature of this programme and suggests that the entity may need to strengthen engagement with social partners to ensure that capacity-building opportunities are utilised. The performance results demonstrate that NEDLAC maintained effective programme delivery in the third quarter, particularly in areas related to social dialogue, policy engagement and institutional coordination. The single indicator not achieved had a limited impact on the overall performance outcome, although greater emphasis on proactive capacity-building initiatives may help ensure improved utilisation of this programme in future reporting periods.

3.3.2. Nedlac Financial Performance Q3 of 2025/26

Nedlac reported on its financial performance as follows:

Table 10: National Economic Development and Labour Council (NEDLAC) Financial Performance – Year to Date (Quarter 3, 2025/26)

Financial Category	Approved Budget 2025/26 (R'000)	YTD Actual Q3 (R'000)	YTD Budget Q3 (R'000)	Variance (R'000)
Revenue				
Grant Income	212 138	65 557	159 104	(93 546)
Donor Funding Income	15 867	8 830	11 900	(3 070)
Interest and Other Income	1 580	1 863	1 185	678
In-Kind Revenue	22 698	–	17 024	(17 024)
Total Revenue	**252 283**	**76 251**	**189 212**	**(112 961)**
Expenditure				
Compensation of Employees	63 737	44 133	47 803	3 670
Goods and Services	188 546	25 910	141 410	115 500
Depreciation and Amortisation	–	1 193	–	(1 193)
Total Expenses	**252 283**	**71 236**	**189 212**	**117 977**
Surplus / (Deficit)	–	**5 015**	–	**5 015**

Source: Portfolio Committee on Employment and Labour briefing 11 March 2026, Q3 2025/26

The financial results of the National Economic Development and Labour Council (NEDLAC) for the third quarter of the 2025/26 financial year indicate significant variances between the year-to-date actual figures and the planned budget, largely due to the timing of grant transfers and delays in programme implementation. Overall, NEDLAC recorded total revenue of R76.3 million against a year-to-date budget of R189.2 million, resulting in a revenue shortfall of R112.9 million. The largest contributor to this variance is grant income, which amounted to R65.6 million compared with a projected R159.1 million, producing a variance of R93.5 million. According to the entity, this variance is mainly linked to the significant allocation made for the National Dialogue programme during the third quarter, where only a portion of the allocated funding had been transferred during the reporting period, and the remainder is expected to be received in the fourth quarter.

Donor funding income also recorded a variance, with R8.8 million received against a budget of R11.9 million, resulting in a shortfall of R3.1 million. The remaining donor funding is expected to be utilised in the next financial year due to savings on expenditure. In contrast, interest and other income exceeded the budget, with R1.9 million received compared with a projected R1.2 million, largely due to interest earned on the additional allocation related to the National Dialogue initiative. On the expenditure side, NEDLAC recorded total expenses of R71.2 million compared with a budget of R189.2 million, resulting in underspending of approximately R118.0 million. The variance was mainly driven by lower spending on goods and services, where actual expenditure amounted to R25.9 million against a budget of R141.4 million, creating a substantial variance of R115.5 million. This underspending is primarily associated with delays in the implementation of National Dialogue activities that were initially planned for the current financial year but have since been postponed, with the majority of these activities expected to take place in the 2026/27 financial year.

Compensation of employees also recorded a variance, with actual spending of R44.1 million compared with a budget of R47.8 million, resulting in savings of R3.7 million due to vacancies across various programmes within the organisation. While such savings contribute to short-term financial prudence, prolonged vacancies may affect institutional capacity and programme implementation if not addressed.
Despite the significant revenue and expenditure variances, NEDLAC reported a year-to-date surplus of approximately R5.0 million by the end of Quarter 3. The surplus is mainly attributable to the postponement of major programme activities rather than increased revenue generation. Overall, the financial results indicate that the major variances are largely related to the timing of grant allocations and delays in implementing National Dialogue activities, rather than systemic financial instability. However, from an oversight perspective, monitoring will be necessary to ensure that the delayed funds and activities are effectively implemented in the following financial period and that the allocated resources translate into measurable outcomes in support of NEDLAC's mandate of facilitating social dialogue and consensus-building on socio-economic policy issues.

3.3.3. Challenges facing NEDLAC (Q3, 2025/26)

Challenges Facing National Economic Development and Labour Council (NEDLAC) (Q3, 2025/26)

During the third quarter of the 2025/26 financial year, NEDLAC reported several operational and programme-related challenges affecting the implementation of its mandate. One of the key challenges relates to persistent backlogs in payments associated with the Unemployment Insurance Fund and the COVID-19 Temporary Employer/Employee Relief Scheme (TERS). These backlogs continue to affect workers and beneficiaries who depend on these payments for income support, and the matter remains an ongoing issue raised within NEDLAC's social dialogue processes. Another challenge relates to delays in the work of the Trade and Industry Chamber, where certain task teams and working groups were unable to convene during the reporting period. In particular, the Carbon Border Adjustment Mechanism Working Group and the Customs Fraud and Illegal Imports Task Team could not proceed with scheduled activities due to the late submission of nominations by social partners. This delayed the commencement of discussions and slowed progress on key policy issues related to trade, industrial policy and economic regulation.

In addition, the entity experienced delays in the implementation of activities linked to the National Dialogue initiative, which contributed to significant variances in the financial performance of the organisation during the reporting period. Many of the planned activities for the National Dialogue programme were postponed, resulting in lower expenditure during the quarter and the deferral of certain activities to the following financial year. These challenges highlight coordination and implementation constraints affecting some of NEDLAC's programmes and dialogue processes. Addressing these issues will be important to ensure that the institution continues to fulfil its mandate of facilitating effective social dialogue and consensus-building among government, labour, business and community constituencies on critical socio-economic policy matters in South Africa.

3.4 Commission for Conciliation, Mediation and Arbitration (CCMA)

The Commission for Conciliation, Mediation and Arbitration (CCMA) is an independent statutory body established in terms of the Labour Relations Act to promote fair labour practices and resolve labour disputes in South Africa. The institution plays a central role in the country's labour relations framework by providing accessible and efficient dispute resolution services between employers and employees. The CCMA operates as a public entity under the oversight of the Department of Employment and Labour and is mandated to conciliate and arbitrate workplace disputes, facilitate collective bargaining processes, and promote effective labour relations. Through its dispute resolution processes, the institution seeks to resolve labour conflicts quickly and fairly, thereby reducing workplace tensions and supporting stable labour market relations.

The functions of the CCMA include conciliating disputes between employers and employees, conducting arbitration hearings where disputes cannot be resolved through conciliation, facilitating workplace dispute prevention initiatives, and providing training and advisory services on labour relations matters. The organisation also plays an important role in overseeing essential services through the Essential Services Committee and ensuring that labour disputes in critical sectors are managed without disrupting essential public services. In fulfilling its mandate, the CCMA contributes to broader national objectives such as promoting decent work, protecting workers' rights, improving workplace stability, and supporting inclusive economic growth. As reflected in its presentation to the Portfolio Committee on Employment and Labour on the 2025/26 third-quarter performance, the organisation continues to implement programmes aimed at strengthening dispute resolution capacity, improving service delivery, and enhancing labour market stability.

3.4.1. Detailed breakdown of the 2025/2026 Q3 Non-Financial Performance

Table 16: Detailed breakdown of the 2025/2026 Q3 Non-Financial Performance

Strategic Priority	Output Indicator	Q3 Target	Actual Achievement	Performance Outcome	Reason for Variance
Priority 3: Build a capable, ethical and developmental state	Number of training interventions delivered to develop identified internal or external stakeholders	9	14	Achieved (Target exceeded)	Additional training interventions were delivered following requests from government departments and provinces.
Priority 3: Build a capable, ethical and developmental	Average percentage uptime of ICT critical systems	90%	99.99%	Achieved (Target exceeded)	Improved monitoring systems and the absence of scheduled

state					maintenance resulted in higher system availability.
Priority 1: Drive inclusive growth and job creation	Percentage of conciliable cases heard within 30 days at the first event	99%	99.48%	Achieved	Strong case management and daily monitoring of regional performance ensured compliance with the legislated timeframe.
Priority 1: Drive inclusive growth and job creation	Percentage of arbitration awards sent to parties within 14 days of the conclusion of the arbitration	99%	99.99%	Achieved (Target exceeded)	Effective monitoring and reporting mechanisms ensured the timely delivery of arbitration awards.
Priority 2: Reduce poverty and tackle the high cost of living	Number of interventions conducted to promote effective dispute resolution in essential services	2	2	Achieved	Essential service interventions implemented as planned.
Priority 2: Reduce poverty and tackle the high cost of living	Number of essential service designations, Minimum Service Agreements or determinations monitored for implementation	2	2	Achieved	Monitoring activities conducted as scheduled.
Priority 2: Reduce poverty and tackle the high cost of living	Number of awareness sessions on essential services designation conducted	2	2	Achieved	Awareness initiatives implemented in line with the annual plan.

Source: Portfolio Committee on Employment and Labour briefing 11 March 2026, Q3 2025/26

The third-quarter non-financial performance of the Commission for Conciliation, Mediation and Arbitration (CCMA) indicates strong operational performance, with the entity achieving all seven performance indicators planned for the reporting period, resulting in a 100 per cent achievement rate. This performance reflects effective implementation of the CCMA's operational mandate, particularly in dispute resolution efficiency, institutional capacity development, and oversight of essential services. Under Priority 3: Building a capable, ethical and developmental state, the CCMA exceeded its training targets by delivering 14 training interventions against a planned target of nine. The higher achievement was mainly due to additional training requests received from government departments and provincial stakeholders. This indicates increased demand for CCMA expertise in labour relations and workplace dispute management, highlighting the institution's growing role in strengthening labour relations capacity across the public sector. The performance relating to ICT system reliability also exceeded expectations. The CCMA achieved 99.99 per cent system uptime against a target of 90 per cent, reflecting improvements in monitoring systems and incident-response processes.

The absence of scheduled maintenance during the quarter also contributed to higher system availability. High system reliability is particularly important for the CCMA, given its reliance on digital case management systems to process labour disputes efficiently. In terms of Priority 1: Driving inclusive growth and job creation, the CCMA maintained strong performance in dispute resolution services. The entity achieved 99.48 per cent of conciliable cases heard within 30 days, exceeding the legislated performance target of 99 per cent. This demonstrates effective case management systems and operational monitoring across regional offices. Similarly, 99.99 per cent of arbitration awards were issued within 14 days, reflecting the efficiency of arbitration processes and the effectiveness of internal performance controls. Under Priority 2: Reducing poverty and tackling the high cost of living, the CCMA successfully implemented interventions related to essential services.

The entity achieved all planned targets related to essential service interventions, monitoring of Minimum Service Agreements and service designations, as well as awareness initiatives. These activities are critical for ensuring that labour disputes in essential sectors are managed in a manner that protects both workers' rights and the continuity of critical public services. The results suggest that the CCMA continues to maintain a high level of operational efficiency in delivering dispute resolution services and supporting labour market stability. The achievement of all planned targets indicates effective performance management and institutional capacity. However, sustained monitoring will remain important to ensure that high service delivery standards are maintained as dispute caseloads fluctuate and labour market pressures increase.

3.4.2. CCMA Total Expenditure (Q3 2025/26)

Table 17: Financial Performance by Economic Classification – Q3 2025/26

Economic Classification	YTD Budget (R'000)	YTD Expenditure (R'000)	YTD Variance (R'000)	YTD Variance (%)	Annual Approved Budget (R'000)	Total Expenditure to Date (R'000)	Total Variance to Date (R'000)	Total Variance (%)
Employee Costs	482 951	483 691	(740)	(0.2%)	637 381	483 691	153 690	24.1%
Administration Expenses	124 650	114 505	10 146	8.1%	170 710	114 505	56 205	32.9%
Depreciation & Amortisation	28 195	23 977	4 217	15.0%	40 351	23 977	16 374	40.6%
Finance Costs	573	476	97	17.0%	713	476	237	33.3%
Subsidies	4 940	4 679	261	5.3%	6 787	4 679	2 107	31.0%
Loss/Gain on Disposal of Assets	50	0	50	100.0%	350	0	350	100.0%
Case Disbursement	135 334	129 307	6 026	4.5%	185 339	129 307	56 032	30.2%
Operating Expenses	18 107	10 369	7 738	42.7%	26 948	10 369	16 579	61.5%
Foreign Exchange Gain/Loss	413	407	6	1.5%	812	407	405	49.9%
Total	**795 213**	**767 411**	**27 802**	**3.5%**	**1 069 391**	**767 411**	**301 980**	**28.2%**

Source: Portfolio Committee on Employment and Labour briefing 11 March 2026, Q3 2025/26

The financial performance of the Commission for Conciliation, Mediation and Arbitration (CCMA) for the third quarter of the 2025/26 financial year reflects generally stable expenditure management, with the entity spending R767.4 million against a year-to-date budget of R795.2 million, resulting in a favourable variance of R27.8 million (3.5 per cent). This indicates that overall expenditure remained slightly below the planned budget, largely due to timing differences in operational spending and lower utilisation of certain variable costs. The largest expenditure item remains employee costs, which amounted to R483.7 million compared with a budget of R482.9 million, resulting in a small unfavourable variance of R740 000 (0.2 per cent). The variance was mainly attributed to higher leave expenditure during the reporting period. Although the variance is minimal, employee costs account for a significant proportion of total expenditure, highlighting the labour-intensive nature of the CCMA's dispute resolution services. Administration expenses recorded expenditure of R114.5 million against a budget of R124.7 million, producing a favourable variance of R10.1 million (8.1 per cent). This variance is mainly related to timing differences in administrative variable costs, including communication services, travel expenses and procurement processes that were not fully realised during the reporting period.

Similarly, depreciation and amortisation expenditure amounted to R24.0 million compared with a budget of R28.2 million, resulting in a favourable variance of R4.2 million (15 per cent). The variance was largely due to delays in asset acquisitions and lower-than-anticipated depreciation costs because some assets have reached advanced stages in their lifecycle. Spending on case disbursements, which relates directly to dispute resolution activities such as commissioner fees, venue costs and travel expenses, amounted to R129.3 million against a budget of R135.3 million, producing a favourable variance of R6.0 million (4.5 per cent). The variance is primarily attributed to timing differences in the utilisation of part-time commissioners, interpreters and travel costs associated with dispute hearings.

A significant variance is observed under operating expenses, where actual expenditure amounted to R10.4 million against a budget of R18.1 million, resulting in a favourable variance of R7.7 million (42.7 per cent). This variance reflects lower spending on variable costs such as travel, recruitment services, training interventions and building maintenance, as well as timing differences in payments related to events and ICT system renewals. The financial results indicate that the CCMA maintained sound expenditure control during the reporting period, with most variances attributable to timing differences rather than structural financial constraints. The entity has spent 71.8 per cent of its annual budget by the end of Quarter 3, suggesting that spending is broadly aligned with the financial year cycle. Continued monitoring will be required to ensure that the remaining funds are effectively utilised in the final quarter to support dispute resolution services and operational activities.

3.4.3. Challenges of the entity

The CCMA reported several operational and governance-related challenges during the third quarter of the 2025/26 financial year that may affect the effective delivery of its dispute resolution mandate. One challenge relates to irregular expenditure identified during the reporting period. The entity reported a new case of potential irregular expenditure amounting to R9 600 related to external venue hire. Although the amount is relatively small, it indicates weaknesses in procurement or compliance processes that require corrective measures and oversight. The matter was reported to the relevant authorities in line with applicable regulatory requirements. Another challenge relates to historical fruitless and wasteful expenditure cases that are still under review. While no new cases were reported during the quarter, one matter relating to a cost order against the CCMA amounting to R106 000 remained under consideration by the internal Loss Control Committee. Such cases highlight potential financial risks associated with litigation and administrative processes. The entity also faces operational pressures associated with dispute resolution services, which remain labour-intensive and highly dependent on human resources, including commissioners, interpreters and support staff. Variations in case volumes and the reliance on part-time commissioners can create capacity pressures and affect operational planning, particularly in regions experiencing high caseloads. In addition, timing differences in operational spending and programme implementation were observed in several expenditure categories, including operating expenses, case disbursements and administrative costs. While these variances do not necessarily indicate underperformance, they reflect delays in certain activities such as training interventions, procurement processes and operational events that may need to be completed in the final quarter of the financial year. The challenges faced by the CCMA relate primarily to operational capacity pressures, compliance management, and expenditure timing issues. Continued oversight by the Portfolio Committee on Employment and Labour will be important to ensure that these challenges are addressed and that the entity maintains effective service delivery in the resolution of labour disputes.

3.5. Unemployment Insurance Fund (UIF)

The Unemployment Insurance Fund (UIF) is a public entity of the Department of Employment and Labour responsible for providing short-term financial relief to workers who become unemployed or are unable to work due to specific circumstances such as illness, maternity, parental leave, adoption, or the death of a contributor. The Fund operates within South Africa's social security framework and is intended to provide income security to employees and their dependents during periods of temporary loss of earnings. The UIF is established and governed by the Unemployment Insurance Act and the Unemployment Insurance Contributions Act. These legislative frameworks regulate the collection of unemployment insurance contributions from employers and employees and guide the payment of benefits to eligible beneficiaries. The Fund also operates in accordance with section 27(1)(c) of the Constitution of South Africa, which guarantees the right of access to social security, including appropriate social assistance for individuals unable to support themselves and their dependents. The primary functions of the UIF include the collection of contributions from employers and employees, the administration and payment of unemployment insurance benefits, and the implementation of programmes aimed at improving employability and supporting labour market reintegration. Through its Labour Activation Programmes (LAP), the Fund also contributes to job creation, training initiatives, and employment retention interventions that assist beneficiaries in re-entering the labour market. The UIF's strategic vision is to operate as a trusted and viable provider of income security and support to a dynamic and growing labour market. In pursuit of this vision, the Fund focuses on improving service delivery, expanding coverage to vulnerable workers, strengthening digital service platforms, and ensuring financial sustainability through effective investment management and contribution collection. Through these activities, the UIF plays a critical role in South Africa's labour market by providing social protection to workers while supporting economic stability and labour market resilience during periods of unemployment or income disruption.

3.5.1. UIF Performance per Programme in Q3 of 2025/26

The UIF reported on its performance per programme in the third quarter of 2025/26 as reflected in the following table. The Unemployment Insurance Fund (UIF) Q3 Performance Report for 2025/26 highlights key achievements and challenges across its three core programmes: Administration, Business Operations, and Labour Activation Programme (LAP). Below is a breakdown of each programme's performance during the quarter.

Table 11: Unemployment Insurance Fund (UIF) Performance per Programme in Q3 of 2025/26

Programme	Q3 Targets	Achieved	Not Achieved	% Achievement
Administration	4	3	1	75%
Business Operations	5	3	2	60%
Labour Activation Programmes (LAP)	5	2	3	40%
UIF (Overall)	14	8	6	57%

Source: Portfolio Committee on Employment and Labour briefing 18 March 2026, Q3 2025/26

The third-quarter programme performance of Unemployment Insurance Fund (UIF) for the 2025/26 financial year reflects moderate operational performance with significant programme-level variances, as the Fund achieved 8 of the 14 targets planned for the quarter, resulting in an overall achievement rate of 57 per cent. The results indicate that although several operational targets were met, several key service delivery indicators were not achieved during the reporting period. The Administration programme recorded the strongest performance, achieving 3 out of 4 targets (75 per cent). The programme demonstrated progress in areas such as audit action plan implementation, fraud investigation, and vacancy reduction. However, the target relating to the implementation of audit action plans was not fully achieved, with only 72 per cent of audit action plans implemented against a target of 80 per cent. The delay was attributed to the late approval of the audit action plan in September 2025, which meant that implementation commenced later in the financial year. The Business Operations programme achieved 3 of its 5 targets (60 per cent). While some improvement was noted in the processing of unemployment claims and benefit payments, several targets related to claims processing timeframes were not met. In particular, the processing of deceased benefit claims performed below target, achieving only 71 per cent against the 90 per cent target. This underperformance was mainly due to the backlog of older applications in provinces such as Gauteng, Mpumalanga and the Eastern Cape, as well as weaknesses in monitoring processes. Similarly, the processing of in-service benefit claims fell short of the required target due to cumulative underperformance earlier in the financial year.

The Labour Activation Programmes (LAP) recorded the weakest performance, achieving 2 out of 5 targets (40 per cent). Underperformance in this programme was primarily associated with delays in project implementation by partner entities and extended verification processes. In addition, the introduction of additional vetting processes slowed the finalisation of Temporary Employer/Employee Relief Scheme (TERS) applications, resulting in the failure to meet the target for processing these applications within the required timeframe. Targets related to job creation and beneficiary participation in employability programmes were also affected by delays in training completion, certification processes through Sector Education and Training Authorities (SETAs), and the late start of partner-led projects. The performance results indicate that while UIF maintained progress in administrative functions and certain operational areas, the Fund continues to face service delivery challenges in claims processing and labour activation programmes. These results suggest the need for strengthened monitoring systems, improved coordination with provincial offices and partner institutions, and accelerated implementation of programme interventions to ensure improved performance in the remaining quarter of the financial year.

UIF Financial Performance Report – Quarter 3 (2025/26)

Income Performance (R’000)

Income Category	YTD Actual (31 Dec 2025) R’000	YTD Actual (31 Dec 2024) R’000	Variance %	YTD Budget (31 Dec 2025) R’000	Variance % vs Budget
Contribution Revenue	**20 155 314**	**19 417 120**	**3.80%**	**20 387 681**	**-1.14%**
Contributions Received	**19 874 412**	**19 164 507**	**3.70%**	**20 102 380**	**-1.13%**
Penalties Received	**145 966**	**143 939**	**1.41%**	**158 617**	**-7.98%**

Interest from Debtors	**134 936**	**108 674**	**24.17%**	**126 684**	**6.51%**
Other Income	**140 423**	**32 025**	**338.48%**	**28 589**	**391.18%**
Investment Revenue	**9 467 647**	**8 766 207**	**8.00%**	**9 558 616**	**-0.95%**
Total Income	**29 763 384**	**28 215 352**	**5.49%**	**29 974 886**	**-0.71%**

Source: Portfolio Committee on Employment and Labour briefing 18 March 2026, Q3 2025/26

Contribution revenue remains the largest source of income for the UIF, with R20.16 billion collected during the reporting period. This represents a 3.8% increase compared with the previous financial year, reflecting moderate growth in employer participation and contributor compliance. However, contribution revenue was slightly below the budgeted projection by 1.14%, indicating that the expected growth in employer registrations did not fully materialise during the period. Contributions received followed a similar trend, increasing by 3.7% year-on-year. Despite this improvement, collections remained 1.13% below the projected budget, suggesting that some employers may still not be fully compliant or that the anticipated expansion in the contributor base was lower than expected.

Penalties received increased marginally by 1.41% compared with the previous year, but revenue from penalties remained 7.98% below budget. This may reflect improved compliance by employers or lower enforcement recoveries during the reporting period. Interest from debtors increased significantly by 24.17% year-on-year, exceeding the budget by 6.51%. This improvement indicates enhanced debt recovery efforts and higher outstanding balances, attracting interest charges. Other income recorded the largest growth, increasing by more than 338% compared with the previous year and exceeding the budget by over 391%. The increase was primarily driven by recoveries of overpaid benefits and other miscellaneous receipts, suggesting improvements in financial recovery processes. Investment revenue remains a critical secondary income source, amounting to R9.47 billion, reflecting an 8% increase compared with the previous year. This growth highlights the importance of the UIF's investment portfolio in sustaining the Fund's financial position. However, investment income remained slightly below the projected budget by 0.95%, indicating marginally lower returns than anticipated. The UIF recorded total income of R29.76 billion, representing a 5.49%

increase compared with the previous year. Despite this growth, total income remained slightly below the budget by 0.71%, largely due to lower-than-expected contribution collections and slightly lower investment returns. The results nevertheless indicate a stable revenue base supported by contribution income and strong investment performance.

Expenditure Performance

Expenditure Category	YTD Actual (31 Dec 2025) R'000	YTD Actual (31 Dec 2024) R'000	Variance %	YTD Budget (31 Dec 2025) R'000	Variance % vs Budget
Benefit Payments	15 160 947	14 241 342	6.46%	17 922 692	-15.41%
Unemployment & RWT Benefits	12 959 457	12 154 617	6.62%	15 724 758	-17.59%
Illness Benefits	349 324	354 341	-1.42%	314 142	11.20%
Maternity & Parental Benefits	1 460 101	1 339 203	9.03%	1 288 905	13.28%
Dependents Benefits	391 182	392 154	-0.25%	594 532	-34.20%
Poverty Alleviation Schemes (LAP)	3 246 784	644 626	-403.67%	8 852 775	-63.32%
Administration Costs	808 745	847 535	-4.58%	933 593	-13.37%
Other Operating Expenses	950 647	1 191 960	-20.25%	1 544 113	-38.43%
Employee Costs	1 276 246	1 331 116	-4.12%	1 923 880	-33.66%

Source: Portfolio Committee on Employment and Labour briefing 18 March 2026, Q3 2025/26

Benefit payments remain the largest expenditure item of the UIF, amounting to R15.16 billion, representing a 6.46% increase compared with the previous financial year. This increase indicates higher utilisation of UIF benefits by contributors during the reporting period. Despite the increase, benefit payments remained 15.41% below the budget, largely due to delays in processing continuation or "top-up" claims that were expected to be paid during the quarter. Expenditure on unemployment and Reduced Work Time (RWT) benefits, which constitute the largest portion of benefit payments, increased by 6.62% year-on-year. However, spending was 17.59% below the budget, suggesting that claim processing delays or lower-than-anticipated claims contributed to the underspending. Illness benefits declined slightly by 1.42% compared with the previous year, but spending exceeded the allocated budget by 11.20%, indicating a higher demand for illness-related benefits than initially projected.

Expenditure on maternity and parental benefits increased significantly by 9.03% compared with the previous year and exceeded the budget by 13.28%. This increase may reflect greater utilisation of maternity and parental leave benefits, possibly linked to improved awareness or increased participation in the UIF system. Spending on dependents' benefits remained relatively stable compared with the previous year but was 34.20% below the budget, indicating that fewer claims were processed or finalised during the reporting period than anticipated. Expenditure under poverty alleviation initiatives and Labour Activation Programmes (LAP) increased substantially compared with the previous year. However, spending remained 63.32% below the budget, primarily because an advance payment of approximately R3.5 billion for the Teacher Assistant programme had not yet been recognised as expenditure pending verification and validation of programme costs. Administrative costs amounted to R808.7 million, reflecting a 4.58% decrease compared with the previous year and remaining 13.37% below the budget. This variance is mainly attributed to cost containment measures and delays in recognising some Department of Employment and Labour charges.

Similarly, other operating expenses decreased by 20.25% compared with the previous year and were 38.43% below budget, largely due to delays in capturing certain operational expenditures and system-related challenges affecting financial reporting. Employee costs declined by 4.12% compared with the previous year and were 33.66% below the allocated budget. This variance is mainly attributed to delays in filling funded positions and the organisational structure review process within the UIF. The expenditure trends indicate that while benefit payments increased due to demand for UIF services, overall spending remained significantly below the planned budget. This underspending reflects delays in claims processing, programme implementation, and the recognition of certain operational costs, rather than a reduction in service delivery commitments.

Table 13: Financial Position for the Third Quarter 2025/26

Indicator	Amount
Total Income	R29.76 billion
Total Expenditure	R22.64 billion
Surplus	R26.85 billion (including unrealised investment gains)
Total Assets (Dec 2025)	R203.06 billion
Total Net Assets	R181.76 billion

Source: Portfolio Committee on Employment and Labour briefing 18 March 2026, Q3 2025/26

The financial position of the UIF at the end of Quarter 3 indicates a strong and stable financial standing, supported by high revenue inflows and substantial investment returns. The Fund generated total income of R29.76 billion, reflecting steady growth from contribution collections and investment income. Total expenditure amounted to R22.64 billion, which is considerably lower than total income, resulting in a positive financial position. The UIF reported a significant surplus of R26.85 billion, although a large portion of this surplus is attributed to unrealised gains on investments, particularly from government bonds and listed equities.

While this strengthens the Fund's financial reserves, unrealised gains are subject to market fluctuations and therefore may not represent immediate cash inflows. The Fund's total assets increased to R203.06 billion, demonstrating the continued expansion of its investment portfolio and financial reserves. This growth in assets reflects the UIF's ability to maintain long-term sustainability and ensure the availability of funds to meet future benefit obligations. Similarly, total net assets amounted to R181.76 billion, indicating a substantial accumulation of reserves after accounting for liabilities. The growth in net assets highlights the strong solvency position of the Fund and its ability to sustain social security payments to contributors during periods of unemployment or income disruption. The UIF remains financially sustainable with a strong asset base and growing reserves. However, the financial performance also reflects the importance of effective investment management, efficient benefit payment systems, and improved programme implementation to ensure that the Fund's resources translate into meaningful support for workers and labour market interventions.

3.5.4. Challenges facing UIF (Q3, 2025/26)

During the third quarter of the 2025/26 financial year, the UIF reported several operational, system, and programme implementation challenges that affected service delivery and overall performance. One of the key challenges relates to system and operational constraints affecting claims processing. The Fund experienced limitations within the uFiling system, which affected the automated processing of continuation payments. As a result, some claims had to be processed manually, slowing the payment process and contributing to delays in benefit disbursements. Another challenge concerns backlogs in processing certain categories of claims, particularly deceased benefit claims. Performance for deceased claims fell significantly below the target due to the backlog of older applications in provinces such as Gauteng, Mpumalanga and the Eastern Cape. Weak monitoring processes and the accumulation of historical claims further affected national performance.

The UIF also experienced delays in the implementation of Labour Activation Programmes (LAP). Several projects implemented by partner entities started later than initially planned, with many partners still in the training phase during the quarter. Additionally, verification and certification processes by Sector Education and Training Authorities (SETAs) delayed the placement of beneficiaries into employment opportunities. Another challenge relates to the processing of Temporary Employer/Employee Relief Scheme (TERS) applications, where delays in receiving compliance documentation from applicants slowed the approval process. The introduction of additional vetting processes also increased administrative requirements, contributing to delays in finalising applications.

The Fund further experienced technical challenges affecting financial reporting, particularly related to the integration of financial systems between PERSAL and BAS. These system interface challenges delayed the recording of certain expenditure items, including claims from the Department of Employment and Labour. Finally, the UIF continues to face capacity constraints due to delays in filling funded positions, as an organisational structure review is still underway. These vacancies affect operational efficiency and may limit the Fund's ability to process claims and implement programmes effectively. These challenges highlight a combination of system limitations, operational inefficiencies, programme implementation delays, and capacity constraints, which require continued management intervention to ensure improved service delivery and performance in the remaining quarter of the financial year.

3.6 Compensation Fund

The Compensation Fund is a statutory entity of the Department of Employment and Labour responsible for providing compensation to employees who are injured, disabled, or die because of occupational injuries or diseases sustained in the course of employment. The Fund operates within South Africa’s occupational health and safety framework and is mandated to ensure that workers receive financial compensation and medical support when workplace incidents occur. The Compensation Fund is established in terms of the Compensation for Occupational Injuries and Diseases Act (COIDA). The legislation provides the legal framework for the administration of compensation benefits, medical assistance, rehabilitation services, and compensation payments to employees or their dependents. Employers contribute to the Fund through annual assessments based on their payroll and the level of risk associated with their industry sector. The Fund operates through several core programmes aimed at delivering its mandate. These include Administration, which provides institutional support and governance functions; COID Services, which administers compensation claims and employer assessments; Medical Services, which provides medical expertise and processes medical claims related to workplace injuries; and Orthotic and Rehabilitation Services, which focuses on rehabilitation and the reintegration of injured workers into employment and society.

The strategic focus of the Compensation Fund is aligned with national development priorities, particularly those aimed at promoting inclusive economic growth, reducing poverty and inequality, and building a capable and ethical state. In this context, the Fund prioritises strengthening internal financial controls, improving benefit delivery efficiency, and expanding rehabilitation and reintegration services for injured workers. Through these activities, the Compensation Fund plays a critical role in South Africa’s labour market by providing social protection to workers affected by occupational injuries and diseases while supporting workplace safety, employee welfare, and economic stability.

3.5.1. Performance per Programme in Q3 of 2025/26

Table 14: Performance per programme in Q3 of 2025/26

Programme	Q3 Planned Targets	Q3 Achieved	Q3 Not Achieved	Achievement Rate
Programme 1: Administration	1	1	0	100%
Programme 2: COID Services	2	1	1	50%
Programme 3: Medical Services	2	2	0	100%
Programme 4: Orthotic and Rehabilitation Services	1	1	0	100%
Total	**6**	**5**	**1**	**83%**

Source: Portfolio Committee on Employment and Labour briefing 18 March 2026, Q3 2025/26

The Compensation Fund recorded an overall programme performance of 83% during Quarter 3, achieving five out of six planned targets. This performance level remained stable across the first three quarters of the 2025/26 financial year, indicating consistent operational performance across most programmes. Programme 1 (Administration) achieved 100% of its target, reflecting progress in strengthening institutional capacity, including efforts to reduce the organisational vacancy rate and improve internal governance systems. Programme 2 (COID Services) recorded the lowest performance at 50%, achieving only one of its two planned indicators. The underperformance relates primarily to delays in the payment of approved benefits within the required timeframe. Only 83.88% of benefits were paid within 10 working days against a target of 95%, mainly due to stricter banking verification controls introduced during the transition of banking services from ABSA to Nedbank. These enhanced verification processes resulted in increased payment rejections and required manual correction of beneficiary records. Programme 3 (Medical Services) achieved 100% of its targets, demonstrating strong performance in processing medical invoices and finalising requests for the reopening of previously accepted claims. The programme maintained high processing rates for medical invoices within the prescribed 30-day period, contributing to improved service delivery to healthcare providers. Programme 4 (Orthotic and Rehabilitation Services) also achieved 100% performance, exceeding targets for the approval of assistive devices for injured workers. The programme successfully finalised 99% of requests for pre-authorisation of assistive devices within 15 working days, exceeding the 95% target. This performance supports the rehabilitation and reintegration of injured workers into the labour market. The performance results indicate that the Compensation Fund maintained stable programme delivery, with strong performance in medical and rehabilitation services. However, the persistent underperformance in Programme 2 highlights the need for continued monitoring and corrective interventions to improve the timely payment of benefits to beneficiaries.

3.5.2. Financial Information

Revenue Performance and Projections (as at 31 December 2025)

Revenue Category	Approved Budget (R’000)	Final Budget (R’000)	Actual Dec 2025 (R’000)	Projected March 2026 (R’000)	Variance (R’000)	Variance %
Assessments / Contributions by Employers	12 400 000	12 400 000	12 927 676	11 352 627	(1 047 373)	-8.45%
Interest and Penalties	3 221 135	3 221 135	1 571 462	1 743 112	(1 478 023)	-45.89%
Administrative Contributions by Employers	54 725	54 725	–	–	(54 725)	-100.00%
Interest Earned on Bank Accounts	292 688	292 688	273 218	323 065	30 377	10.38%
Rental Income	1 755	1 755	2 454	3 274	1 519	86.55%
Investment Income	8 984 946	8 984 946	8 286 979	9 864 849	879 903	9.79%
Other Revenue	40 000	40 000	6	7	(39 993)	-99.98%
Fair Value Adjustments	2 484 761	2 484 761	19 044 953	21 165 090	18 680 329	751.80%
Profit/Loss on Sale of	921 980	921 980	1 820 174	1 664 360	742 380	80.52%

Investments						
Total Revenue	28 401 990	28 401 990	43 926 922	46 116 384	17 714 394	62.37%

Source: Portfolio Committee on Employment and Labour briefing 18 March 2026, Q3 2025/26

The revenue performance of the Compensation Fund indicates significant overperformance relative to the approved budget, primarily driven by strong investment returns and fair value adjustments on financial assets. Employer assessments remain the largest source of operational revenue, with actual collections of R12.93 billion by December 2025. However, the projected year-end revenue is expected to fall 8.45% below the budget, suggesting that employer contributions may decline slightly towards the end of the financial year due to changes in assessment cycles or compliance levels. Revenue from interest and penalties recorded a substantial underperformance, with projected income 45.89% below the budget. This variance may reflect improved compliance by employers or lower-than-expected recovery of late payments and penalties.

Administrative contributions from employers were not realised during the reporting period, resulting in a 100% variance from the budget. This indicates that this revenue stream was either discontinued or not collected during the financial year. Interest earned on bank accounts and rental income both exceeded budget expectations, reflecting improved cash management and higher returns on bank deposits and property-related income streams. Investment income performed strongly, generating R8.29 billion by December 2025 and projected to reach R9.86 billion by March 2026, exceeding the budget by approximately 9.79%. This highlights the importance of the Fund's investment portfolio in sustaining its financial position. The most significant variance is observed in fair value adjustments, which recorded R19.04 billion by December 2025 and are projected to reach R21.17 billion by the end of the financial year, representing a 751.8% increase above budget. This increase is largely attributed to favourable market conditions that increased the value of bonds and equity investments held by the Fund.

Similarly, profits from the sale of investments exceeded projections by 80.52%, reflecting gains from the disposal of investment assets. The Compensation Fund reported total revenue of R43.93 billion by December 2025, which is significantly higher than the approved budget of R28.40 billion. The projected revenue for March 2026 is R46.12 billion, representing an overall variance of 62.37% above budget. This strong financial performance is largely driven by investment market performance rather than operational revenue streams, highlighting the significant role of the Fund's investment portfolio in its financial sustainability.

Expenditure per Economic Classification – 31 December 2025

Expenditure Category	Approved Budget (R'000)	Actual Dec 2025 (R'000)	Projected March 2026 (R'000)	Variance (R'000)	Variance %
Compensation Benefits	7 218 238	4 611 247	6 415 807	(802 431)	-11.12%
Employee Related Costs	1 850 780	748 481	1 211 176	(639 604)	-34.56%
Capital Expenditure	42 000	–	5 572	36 428	86.73%
Depreciation and Amortisation	20 100	20 784	25 809	(5 709)	-28.40%
Impairment (Loss) / Reversal of Investments	150 000	–	19 152	(130 848)	-87.23%
Finance Costs and Interest Paid	–	6 195	1 224 410	1 224 410	>100%
Operating Lease Rentals	99 519	48 218	73 097	(26 422)	-26.55%
Impairment of Receivables	5 200 000	815 743	4 715 743	(484 257)	-9.31%
General Expenses	1 918 039	886 182	1 365 692	(552 347)	-28.80%
Total Expenditure	16 498 676	7 136 851	15 056 458	(1 380 780)	-8.37%
Surplus / (Deficit)	11 903 314	36 790 072	31 059 926	19 095 174	160.42%

Source: Portfolio Committee on Employment and Labour briefing 18 March 2026, Q3 2025/26

The expenditure performance of the Compensation Fund indicates overall underspending relative to the approved budget, with total projected expenditure of R15.06 billion against a budget of R16.50 billion, resulting in a variance of approximately R1.38 billion (8.37%) below budget. Compensation benefits represent the largest expenditure category, projected at R6.42 billion, which is approximately 11.12% below the budget. This variance may be attributed to lower-than-expected claims payouts or timing differences in processing compensation benefits. Employee-related costs are significantly below the allocated budget by 34.56%, suggesting delays in filling positions or reduced staffing costs during the financial year. This reflects ongoing organisational restructuring or capacity constraints within the Fund.

Capital expenditure is substantially below the planned allocation, with only R5.57 million projected against a budget of R42 million, indicating delays in capital projects or procurement processes. Depreciation and amortisation costs show a moderate variance below the budget, reflecting adjustments in asset utilisation or delayed asset acquisitions. The impairment of investments recorded a large variance below the budget, suggesting that expected investment losses did not materialise during the reporting period, likely due to improved investment market performance. Finance costs and interest payments show a significant increase, with projected expenditure exceeding R1.22 billion. This variance may reflect adjustments related to financial liabilities or accounting treatments associated with the Fund's financial management. Operating lease rentals and general expenses are also below budget, reflecting reduced operational spending or delays in contract implementation. Impairment of receivables remains one of the largest expense items, reflecting provisions for outstanding employer assessments and other receivables that may not be recoverable. The Compensation Fund recorded a substantial surplus, with a projected surplus of R31.06 billion, significantly higher than the budgeted surplus. This increase is largely driven by strong investment performance and fair value gains, rather than reductions in operational expenditure.

Programme Expenditure Performance and Projections – 31 December 2025

Programme	Final	Actual Dec	Projected	Variance	Variance

	Budget (R'000)	2025 (R'000)	March 2026 (R'000)	(R'000)	%
Programme 1: Administration	8 572 947	1 928 862	2 571 816	(6 001 132)	-70.00%
Programme 2: COID Services	2 299 440	1 587 267	2 116 356	(183 084)	-7.96%
Programme 3: Medical Services	5 036 238	3 126 235	4 168 313	867 925	17.23%
Programme 4: Orthotic and Medical Rehabilitation	590 050	373 571	498 094	91 956	15.58%
Total	16 498 675	7 015 934	9 354 579	(5 224 334)	-31.67%

The programme expenditure performance of the Compensation Fund indicates significant underspending across most programmes during the third quarter of the 2025/26 financial year, with projected total expenditure of R9.35 billion against a final budget of R16.50 billion, resulting in a variance of R5.22 billion (31.67% below budget). Programme 1 (Administration) recorded the largest variance, with projected expenditure of R2.57 billion against a budget of R8.57 billion, representing 70% underspending. This substantial variance suggests delays in administrative spending, including ICT-related contracts, operational services, and internal support activities. Given that administration accounts for a large portion of the Fund's budget, the underspending significantly influences overall expenditure performance.

Programme 2 (COID Services), which administers compensation claims and employer assessments, shows moderate underspending of 7.96%. While expenditure is closer to the planned budget compared to other programmes, the variance may still reflect delays in benefit payments or operational service delivery related to claims administration. Programme 3 (Medical Services) recorded overspending of 17.23% above the allocated budget, indicating higher-than-expected costs associated with medical claims and related healthcare services for injured workers. This may reflect increased demand for medical treatment or the processing of backlogged claims. Similarly, Programme 4 (Orthotic and Medical Rehabilitation

Services) shows overspending of 15.58%, suggesting increased demand for assistive devices, rehabilitation services, and reintegration support for injured workers. The expenditure trends reveal imbalances across programmes, with significant underspending in administrative functions while operational programmes related to medical treatment and rehabilitation show higher spending pressures. The large variance in Programme 1 also contributes to the overall 31.67% underspending against the total budget, indicating delays in programme implementation and administrative expenditure during the financial year.

3.5.3. Challenges facing the Compensation Fund (CF) – Q3 2025/26

During the third quarter of the 2025/26 financial year, the Compensation Fund reported several operational, financial and administrative challenges affecting the implementation of its mandate. One of the key challenges relates to delays in the processing and payment of compensation benefits. Although the Fund has made progress in improving claims processing, the target of paying approved benefits within ten working days was not fully achieved. The delay was mainly attributed to stricter banking verification processes introduced during the migration of banking services from ABSA to Nedbank. These enhanced controls resulted in payment rejections where beneficiary banking details did not match verification records, requiring manual corrections before payments could be finalised.

The Fund also experienced significant underspending in administrative expenditure, particularly within Programme 1 (Administration). The underspending was mainly caused by delays in finalising ICT contracts, deferred debt-provision journals, and delays in implementing certain administrative projects. These delays affected the pace of programme implementation and contributed to the large expenditure variance recorded during the reporting period. Another challenge relates to capacity constraints due to vacancies and organisational restructuring. Delays in filling funded posts have affected operational capacity in some units of the Fund, which may influence service delivery, particularly in claims processing and financial administration.

The Fund also continues to face challenges related to the impairment of receivables, particularly outstanding employer assessments that remain unpaid. The large provision for doubtful debts indicates ongoing difficulties in collecting employer contributions and assessments, which affects revenue predictability and financial management. Additionally, system and operational inefficiencies remain a concern. The need to strengthen information systems and improve integration between administrative and financial processes has been identified as critical to improving efficiency in claims management, financial reporting and revenue collection. The challenges facing the Compensation Fund relate to administrative delays, operational capacity constraints, revenue collection difficulties and payment verification processes, which require continued management attention to ensure improved service delivery and financial performance in the remaining quarter of the financial year

4. COMMITTEE OBSERVATIONS AND RECOMMENDATIONS

4.1 DEPARTMENT OF EMPLOYMENT AND LABOUR (DEL)

Observation	Recommendation
• DEL achieved 75% performance in Quarter 3, declining from 81% in Quarter 1 and 80% in Quarter 2. Only 15 of 20 planned targets were achieved, indicating a downward performance trajectory and weakening implementation capacity.	Develop and implement a targeted performance recovery plan with quarterly milestones, branch-specific corrective actions and strengthened accountability mechanisms.
• Administration achieved only 56% performance, the lowest among all programmes, despite significantly exceeding communication activity targets. This points to weaknesses in internal governance, coordination and support functions.	Strengthen corporate services, planning, project management and internal control systems while reviewing performance indicators to ensure they measure meaningful outcomes.
• Inspection and Enforcement Services exceeded workplace inspection and compliance targets but continues to experience personnel shortages due to high vacancy rates among labour inspectors.	Accelerate the recruitment and training of labour inspectors and expand the use of risk-based and digital inspection tools to improve workplace compliance.
• Employment Equity compliance targets were not fully achieved due to the late implementation of sectoral targets.	Strengthen monitoring, compliance support and stakeholder engagement to ensure effective implementation of sectoral Employment Equity targets.
• Public Employment Services underperformed	Prioritise stabilisation of the

in work-seeker registration due to Diphetogo system challenges, despite exceeding targets for employment opportunities and counselling services. Provincial performance disparities remain significant.	Diphetogo system, strengthen provincial support and improve data management systems to ensure reliable service delivery.
• Compensation of Employees expenditure remained low due to vacancies across the Department, undermining service delivery capacity.	Implement a comprehensive human resource strategy focused on accelerated recruitment, retention and skills development.
• Goods and Services expenditure reached 96%, driven largely by travel and subsistence costs, while capital expenditure remained critically low at 26% because of procurement delays.	Enforce cost-containment measures, strengthen procurement planning and accelerate implementation of capital projects.
• Digital transformation targets were not achieved due to system defects and implementation delays, resulting in continued reliance on manual systems.	Accelerate implementation of the ICT modernisation roadmap, including system integration, automation and digital service delivery platforms.
• Data inconsistencies and reporting challenges continue to undermine evidence-based decision-making and oversight.	Implement integrated data management systems, real-time performance dashboards and stronger reporting controls.

4.2 SUPPORTED EMPLOYMENT ENTERPRISES (SEE)

Observation	Recommendation
• SEE performance improved from Quarter 2 but remained below the satisfactory benchmark of 80% in Q3.	Implement targeted performance improvement plans and conduct regular performance reviews against strategic targets.
• No additional persons with disabilities were employed during Quarter 3 due to limited factory production.	Increase production capacity utilisation through improved business development, market expansion, and

	sales-generation initiatives.
• SEE continues to play an important role in promoting employment opportunities for persons with disabilities; however, its impact remains constrained by operational and structural limitations.	Reposition SEE as a strategic disability employment intervention with measurable inclusion and employment targets.
• The removal of preferential procurement arrangements and continued dependence on government support have weakened financial sustainability.	Strengthen preferential procurement mechanisms and diversify revenue streams through increased private-sector participation.
• Financial reporting was negatively affected by SYSPRO system downtime and a shortage of specialised ERP management capacity.	Resolve SYSPRO system challenges, appoint specialised ICT personnel and strengthen ERP governance and oversight.
• High manufacturing overheads, underutilised factory capacity and high administrative costs continue to undermine operational efficiency.	Modernise production facilities, improve productivity management and optimise operational and administrative expenditure.
• SEE remains inadequately integrated into broader industrialisation, localisation and economic inclusion initiatives.	Align SEE programmes with industrial policy priorities, localisation programmes and sector master plans.
• Variability in factory infrastructure, equipment and management capacity affects productivity and product quality.	Invest in modern infrastructure, machinery upgrades and management development programmes.

4.3 PRODUCTIVITY SOUTH AFRICA (PSA)

Observation	Recommendation
• PSA achieved 100% of its APP targets and exceeded job-saving targets through Business Turnaround and Recovery interventions.	Maintain current performance levels while introducing impact-based monitoring frameworks focused on productivity and employment outcomes.

• PSA saved 6,956 jobs, significantly exceeding its target. However, the long-term sustainability of these jobs remains uncertain.	Introduce post-intervention monitoring systems to assess enterprise sustainability and job retention outcomes.
• Consulting income and UIF grant revenue remain significantly below budget because of delayed project implementation.	Strengthen project pipeline development, diversify revenue streams and improve implementation planning.
• Underspending on compensation of employees reflects unfilled vacancies affecting operational capacity.	Prioritise the filling of critical vacancies while maintaining financial sustainability.
• PSA's interventions remain limited in scale relative to national productivity and employment challenges.	Expand sector-specific productivity programmes and strengthen partnerships with government, business and labour.
• PSA's designation as an Africa Kaizen Centre of Excellence presents opportunities for broader impact.	Leverage the Centre of Excellence status to expand productivity improvement initiatives nationally and regionally.

4.4 NATIONAL ECONOMIC DEVELOPMENT AND LABOUR COUNCIL (NEDLAC)

Observation	Recommendation
• NEDLAC achieved 92% performance during Quarter 3, with one capacity-building target not achieved.	Implement corrective measures to ensure full achievement of annual targets and proactively identify capacity-building needs.
• Capacity-building interventions were not implemented because no requests were received from social partners.	Develop a proactive capacity-building framework informed by stakeholder needs assessments.
• NEDLAC continues to facilitate important social dialogue and policy coordination processes effectively.	Strengthen monitoring of the implementation and impact of agreements reached through social dialogue processes.

• Delays in chamber activities due to late stakeholder nominations highlight coordination challenges.	Introduce stricter timelines and accountability measures for stakeholder participation.
• Persistent UIF and TERS backlogs continue to affect workers and were repeatedly raised through NEDLAC structures.	Strengthen NEDLAC's oversight and escalation role regarding implementation challenges affecting workers.
• Significant underspending occurred due to delays in National Dialogue activities.	Improve project planning, implementation and stakeholder coordination to ensure budget utilisation aligns with planned activities.

4.5 COMMISSION FOR CONCILIATION, MEDIATION AND ARBITRATION (CCMA)

Observation	Recommendation
• CCMA achieved 100% of its Quarter 3 performance targets, demonstrating strong institutional capacity and governance.	Sustain current performance levels through continuous operational improvement and performance monitoring.
• CCMA continues to play a critical role in labour market stability and dispute resolution.	Strengthen case management systems, mediator capacity and turnaround time monitoring.
• Financial management remains strong, with a favourable expenditure variance and no fruitless and wasteful expenditure reported.	Maintain prudent financial management and strengthen procurement oversight to prevent irregular expenditure.
• Access to CCMA services may remain uneven, particularly in rural and remote areas.	Expand digital service delivery platforms, mobile services and virtual hearings to improve accessibility.
• Strong ICT performance and system reliability supported operational effectiveness.	Continue investment in digital transformation and integrated case management systems.

• CCMA reporting focuses largely on outputs rather than long-term labour market outcomes.	Develop outcome-based indicators measuring labour market stability, dispute recurrence and stakeholder satisfaction.

4.6 UNEMPLOYMENT INSURANCE FUND (UIF)

Observation	Recommendation
• UIF achieved only 62% performance in Quarter 3, reflecting weaknesses in programme implementation and operational execution.	Develop targeted performance improvement plans for underperforming programmes with clear accountability measures.
• Significant delays in claims processing, particularly TERS applications, continue to undermine service delivery.	Implement end-to-end digital claims processing systems and streamline approval procedures.
• Labour Activation Programmes continue to underperform and demonstrate weak employment outcomes.	Introduce outcome-based funding models linked to job placements, certification and absorption rates.
• UIF maintains a strong financial position, with assets exceeding R200 billion and improving liquidity ratios.	Align investment strategies more closely with labour market development and job creation objectives.
• Revenue collection challenges remain due to lower-than-expected employer registration and compliance levels.	Strengthen compliance enforcement, employer registration systems and contribution collection processes.
• System fragmentation and operational inefficiencies continue to affect service delivery quality.	Accelerate ICT modernisation and integration across the DEL portfolio.
• UIF remains focused primarily on formal sector workers despite labour market changes.	Explore legislative reforms to extend coverage to informal, gig and non-standard workers.

4.7 COMPENSATION FUND (CF)

Observation	Recommendation

• The Compensation Fund achieved only 57% performance in Quarter 3, reflecting significant operational challenges.	Develop and implement a comprehensive operational turnaround strategy with measurable milestones and accountability mechanisms.
• Delays in claims adjudication and benefit payments continue to negatively affect beneficiaries.	Improve claims processing systems through automation, process optimisation and strengthened turnaround time monitoring.
• Programme 2 continued to underperform because of banking verification challenges and payment delays.	Accelerate data cleansing initiatives and improve banking verification systems to reduce payment delays.
• Despite strong revenue collection and investment performance, service delivery outcomes remain weak.	Align financial resources more directly with service delivery priorities and beneficiary outcomes.
• System inefficiencies, infrastructure constraints and data quality challenges undermine operational effectiveness.	Implement integrated ICT systems, strengthen data governance and modernise infrastructure.
• Provincial performance remains uneven, with significant differences in claims adjudication rates.	Standardise operational procedures and replicate best practices across provinces.
• Governance and operational weaknesses continue to affect service delivery and organisational performance.	Strengthen governance frameworks, internal audit capacity, consequence management and performance oversight systems.

Report to be considered.

2. REPORT ON THE STUDY TOUR TO BRAZIL BY THE PORTFOLIO COMMITTEE OF EMPLOYMENT AND LABOUR, DATED 10 JUNE 2026,

"TOWARDS AN INTEGRATED, EFFICIENT AND ACTIVATION-ORIENTED UNEMPLOYMENT INSURANCE FUND (UIF) AND COMPENSATION FUND (CF)"

1. BACKGROUND OF THE STUDY TOUR

The study tour by the Portfolio Committee on Employment and Labour to Brazil from 20 to 28 March 2026 was undertaken within the broader context of South Africa's persistent labour market challenges, including structurally high unemployment, inefficiencies in social protection delivery, and fragmentation across key institutions such as the Unemployment Insurance Fund (UIF) and the Compensation Fund (CF). These challenges have been compounded by administrative weaknesses, delays in claims processing, limited integration of labour market data systems, and governance concerns, particularly highlighted during the implementation of emergency interventions such as the Temporary Employer/Employee Relief Scheme (TERS).

The Committee initiated the study tour as part of its constitutional oversight mandate to benchmark international best practices and assess alternative institutional models that could inform policy reform and improve service delivery within South Africa's labour market system. In particular, the tour was aligned with ongoing policy considerations regarding the potential unbundling of UIF and the Compensation Fund, the strengthening of governance and accountability mechanisms, and the modernisation of administrative systems through digital transformation. Brazil was identified as a relevant comparator due to its status as a middle-income economy with similar developmental constraints, yet with relatively advanced institutional arrangements in the administration of unemployment insurance, social protection, and labour market services. Its model is characterised by partial institutional unbundling, strong integration between social protection and employment services, and the use of state-owned entities to deliver financial and administrative functions. For example, unemployment insurance in Brazil is administered through a coordinated system involving the Ministry of Labour and Employment (policy), Caixa Econômica Federal (benefit payments), and DATAPREV (data management and verification), illustrating a multi-institutional but integrated governance framework.

The study tour was therefore conceptualised as a targeted learning intervention to examine key thematic areas, including governance and institutional arrangements, digital systems and data integration, service delivery models, financial management of public funds, and the linkage between unemployment insurance and active labour market policies. It also sought to explore how Brazil addresses common challenges such as fraud prevention, administrative efficiency, financial sustainability, and inclusion of vulnerable populations within labour market systems. Furthermore, the tour responded to a strategic need within Parliament to strengthen evidence-based oversight by exposing Members to operational models and institutional practices beyond the South African context. Engagements with entities such as the Ministry of Labour and Employment, DATAPREV, SINE, Caixa Econômica Federal, the Superior Labour Court, and the Federal Court of Accounts were specifically selected to provide a comprehensive view of how policy, administration, finance, and oversight interact within a functioning labour market system.

2. THE OBJECTIVES OF THE STUDY TOUR

- To examine Brazil's labour market and social protection systems as a comparative model for improving South Africa's institutional arrangements and service delivery.
- To analyse how responsibilities for unemployment insurance, data management, financial administration, and oversight are structured across multiple institutions.
- To understand the role of integrated ICT platforms (e.g., DATAPREV) in improving efficiency, reducing fraud, and enabling real-time administration of benefits.
- To assess how unemployment insurance is integrated with skills development, job placement, and active labour market policies.
- To examine the role of institutions such as the Federal Court of Accounts and parliamentary structures in ensuring transparency and financial accountability.
- To assess the potential for reforms such as partial unbundling of UIF and the Compensation Fund, and improved institutional coordination.
- To determine which elements of Brazil's model can be adapted to the South African context, considering fiscal, institutional, and capacity constraints.

3. STUDY TOUR DETAILS

3.1.1 DAY 1: MONDAY, 23 MARCH 2026 – BRASÍLIA (ENGAGEMENTS WITH SOUTH AFRICAN EMBASSY AND BRAZIL'S MINISTRY OF LABOUR AND EMPLOYMENT)

Day 1 of the study tour was structured around two high-level engagements, namely a diplomatic briefing by the South African Embassy and a policy engagement with Brazil's Ministry of Labour and Employment. These sessions collectively established the institutional, policy, and bilateral context within which subsequent technical engagements were undertaken. The day commenced with a briefing by the South African Embassy in Brasília, which provided an overview of South Africa–Brazil relations, with particular emphasis on economic cooperation, multilateral alignment within BRICS, and opportunities for collaboration in labour market policy and social protection systems. The Embassy highlighted Brazil's institutional maturity in administering large-scale social programmes and underscored the relevance of its integrated approach to labour governance. From an oversight perspective, the Committee noted that international cooperation can play a catalytic role in policy learning and institutional reform, particularly in areas such as unemployment insurance, digital governance, and employment services.

The second engagement, held at the Ministry of Labour and Employment, focused on Brazil's labour market policy architecture and the operational design of its unemployment insurance system. The Ministry outlined how unemployment insurance is embedded within a broader framework that combines income support with active labour market interventions and is funded through the Workers' Support Fund (FAT). As reflected in the presentation (see Worker's Support Fund overview), the fund is financed primarily through payroll-linked contributions (PIS/PASEP) and is used not only to finance unemployment benefits but also to support employment generation, skills development, and economic development initiatives. This integrated funding model ensures alignment between social protection objectives and labour market outcomes. The Committee observed that Brazil's approach differs from South Africa's relatively fragmented system, where unemployment insurance, public employment services, and skills development operate with limited coordination. A key proposal emerging from this engagement is the need to strengthen policy and institutional alignment within South Africa by linking UIF more directly with employment services and training interventions. In addition, the Committee noted the importance of a dedicated and ring-fenced funding mechanism that supports both passive and active labour market policies, thereby improving sustainability and developmental impact.

Furthermore, the engagement highlighted the role of tripartite governance structures, such as Brazil's Workers' Support Fund Management Council (CODEFAT), which includes representation from government, labour and business. The Committee noted the value of structured stakeholder participation in strengthening accountability, policy coherence and institutional legitimacy. However, the Committee further observed that South Africa already possesses an established social dialogue framework through the National Economic Development and Labour Council (NEDLAC), which incorporates government, organised labour, organised business and civil society. The Committee is therefore of the view that lessons from the Brazilian experience should be considered within the context of South Africa's existing institutional architecture and should serve to strengthen, rather than replace, established social dialogue mechanisms. The key lesson is the importance of inclusive governance arrangements that facilitate collaboration among social partners while supporting effective oversight and accountability.

3.1.2 DAY 2: TUESDAY, 24 MARCH 2026 – BRASÍLIA (ENGAGEMENTS WITH DATAPREV AND THE NATIONAL EMPLOYMENT SYSTEM (SINE)

Day 2 of the study tour focused on the operational and technological backbone of Brazil's labour market system, with engagements held with DATAPREV and the National Employment System (SINE). These institutions represent the core administrative and service delivery mechanisms through which unemployment insurance, labour market data, and employment services are integrated in practice. The first engagement with DATAPREV provided a detailed examination of Brazil's centralised digital infrastructure for managing social security and labour market information. DATAPREV operates as a state-owned entity responsible for consolidating multiple administrative datasets, including employment records, unemployment insurance claims, and social benefit systems, into a single interoperable platform. The Committee observed that this integration enables real-time verification of beneficiaries, significantly reduces fraud, and improves the speed and accuracy of claims processing. In contrast to South Africa's fragmented systems, Brazil's model demonstrates the efficiency gains that can be achieved through a unified digital architecture. However, the Committee also noted associated risks, particularly regarding data privacy, cybersecurity, and the concentration of sensitive information within a single system.

From an oversight and reform perspective, the Committee proposes that South Africa prioritise the development of an integrated digital labour market system, either through consolidation or interoperability of existing platforms across the Department of Employment and Labour, UIF, and Compensation Fund. This should be accompanied by robust data governance frameworks, clear accountability structures, and sustained investment in ICT capacity to mitigate implementation risks. The second engagement with SINE shifted the focus from backend systems to frontline service delivery. SINE functions as Brazil's public employment service, responsible for job matching, administering unemployment insurance claims, and linking beneficiaries to training and employment opportunities. The Committee noted that SINE operates as an active labour market instrument rather than a passive registry, with measurable outputs in terms of vacancies captured, workers placed, and employer participation. Evidence presented during the engagement indicated that the system facilitates large-scale intermediation, with hundreds of thousands of job opportunities processed and significant numbers of job seekers successfully placed into employment.

A key feature of the SINE model is its integration with unemployment insurance, whereby beneficiaries are required or encouraged to engage with employment services and skills development programmes. This creates a direct linkage between income support and labour market activation, reducing dependency and improving employability outcomes. The Committee identified this as a critical gap in the South African system, where unemployment insurance operates largely as a passive benefit without sufficient integration into job placement or training mechanisms. The Committee therefore proposes that South Africa strengthen and modernise its public employment services by transforming them into active labour market institutions. This would include enhancing employer engagement, improving vacancy collection systems, integrating digital job-matching platforms, and linking UIF beneficiaries to mandatory or incentivised employment and training pathways. Additionally, the Committee emphasised the need to maintain a hybrid model that combines digital platforms with physical service centres to ensure inclusion of vulnerable and digitally excluded populations. Day 2 demonstrated that the effectiveness of Brazil's labour market system is underpinned by two mutually reinforcing components: a centralised, data-driven digital infrastructure (DATAPREV) and an active, service-oriented employment system (SINE). The Committee concluded that meaningful reform in South Africa will require simultaneous investment in both technological systems and institutional service delivery capacity, ensuring that efficiency gains translate into tangible labour market outcomes.

3.1.3 DAY 3: WEDNESDAY, 25 MARCH 2026 – BRASÍLIA (ENGAGEMENTS WITH THE SUPERIOR LABOUR COURT AND FEDERAL COURT OF ACCOUNTS)

Day 3 of the study tour focused on the judicial and oversight dimensions of labour market governance, with key engagements held with the Superior Labour Court (Tribunal Superior do Trabalho) and institutions linked to economic governance and accountability frameworks. These engagements provided insight into how labour rights are enforced, how jurisprudence is standardised, and how public resources within the labour market system are subject to external audit and oversight. The engagement with the Superior Labour Court provided a detailed understanding of Brazil's specialised labour judiciary, which operates as a distinct system separate from general courts. The Court plays a central role in interpreting labour legislation, standardising legal principles across lower courts, and ensuring consistency in the application of labour law. The Committee observed that this centralisation of jurisprudence reduces legal uncertainty and enhances predictability for both employers and workers. In addition, the system is designed to be relatively accessible, with mechanisms that enable workers to pursue claims without prohibitive legal costs, thereby strengthening the enforcement of labour rights.

The Committee further noted that Brazil has introduced measures to improve efficiency within its labour courts, including procedural reforms and the use of digital systems such as e-filing and virtual hearings. These interventions have contributed to managing high case volumes and reducing delays, although the system remains characterised by a high level of litigation. From a South African perspective, the key lesson is the importance of balancing accessibility with efficiency, ensuring that dispute resolution mechanisms are both responsive and not overly burdensome on the labour market. A critical proposal arising from this engagement is the need to strengthen coordination and coherence within South Africa's labour dispute resolution system, particularly between the CCMA, Labour Courts, and the Labour Appeal Court. The Committee also recommends the expansion of digital case management systems to improve turnaround times, enhance transparency, and reduce case backlogs. Furthermore, consideration should be given to developing clearer jurisprudential guidelines or precedent-setting mechanisms to ensure consistency in decisions across institutions.

The Day 3 programme also incorporated engagement with oversight institutions responsible for financial accountability, including the Federal Court of Accounts (Tribunal de Contas da União – TCU). This institution serves as an external audit authority supporting the legislature in overseeing public expenditure and ensuring that government programmes are implemented efficiently and in accordance with legal and fiscal requirements. The Committee observed that the TCU plays a proactive role in performance auditing, risk identification, and strengthening public sector accountability. In this regard, the Committee identified the need to enhance South Africa's oversight ecosystem by strengthening collaboration between Parliament, the Auditor-General, and internal audit structures within labour market institutions such as UIF and the Compensation Fund. There is also a need to move beyond compliance-based auditing toward performance-oriented oversight that evaluates outcomes, efficiency, and value for money. Day 3 highlighted that an effective labour market system is not only dependent on policy and administration but also on strong judicial enforcement and robust oversight mechanisms. The Committee concluded that improving South Africa's labour market outcomes will require reforms that enhance legal certainty, reduce dispute resolution delays, and strengthen financial and institutional accountability across the system.

Thursday, 26 March 2026 – The Committee engaged in a meet-and-greet with Ambassador H.E. Mr VW Mavimbela, who was not available on Day 1 due to a prior high-level commitment.

3.1.4 DAY 4: FRIDAY, 27 MARCH 2026 – BRASÍLIA (ENGAGEMENTS WITH CAIXA ECONÔMICA FEDERAL AND THE INSTITUTE FOR APPLIED ECONOMIC RESEARCH (IPEA)

Day 4 of the study tour focused on the financial architecture and policy analytics underpinning Brazil's labour market and social protection systems, through engagements with Caixa Econômica Federal and the Institute for Applied Economic Research (IPEA). These engagements provided a critical link between administrative systems, financial infrastructure, and evidence-based policymaking within Brazil's labour governance framework. The engagement with Caixa Econômica Federal examined the role of a state-owned financial institution in administering unemployment insurance payments, social grants, housing finance, and broader development funding. Caixa operates as a hybrid institution, combining commercial banking functions with a strong public mandate to implement government policy through financial instruments. The Committee observed that Caixa serves as the primary payment agent for social benefits, supported by an extensive branch network and digital platforms that enable large-scale, efficient distribution of funds. This model allows for streamlined payment processes, improved beneficiary verification, and enhanced financial inclusion, particularly for low-income and unbanked populations.

A notable feature of the Caixa model is its integration with broader social protection systems, including its interaction with data platforms such as DATAPREV and its management of public funds like the Fundo de Garantia do Tempo de Service (FGTS). This integration enables a seamless flow between data verification, claims processing, and payment execution, reducing administrative fragmentation and limiting opportunities for fraud. The Committee identified this as a key institutional innovation, demonstrating how financial infrastructure can be embedded within social protection delivery to improve efficiency and accountability. From a South African perspective, the Committee proposes that consideration be given to leveraging public financial institutions, such as Postbank, to play a more central role in the administration of unemployment insurance and other social benefits. This would require a careful assessment of governance frameworks, financial sustainability, and risk management, particularly in relation to the handling of large public funds. The Committee also emphasised the need for strong oversight mechanisms to ensure transparency and prevent political or administrative interference in the operations of such institutions.

The second engagement with the Institute for Applied Economic Research (IPEA) focused on the role of research and data analytics in informing labour market policy. IPEA functions as a government-affiliated think tank, providing empirical analysis, policy evaluation, and strategic advice to support decision-making within the public sector. The Committee noted that IPEA's work is closely integrated with government departments, enabling continuous feedback between policy design, implementation, and evaluation. This highlights a significant gap within the South African context, where the use of data and research in policy formulation and oversight is often fragmented or insufficiently institutionalised. The Committee therefore proposes strengthening internal research capacity within Parliament and the Department of Employment and Labour, as well as fostering partnerships with academic institutions and research bodies to support evidence-based policymaking. In addition, there is a need to develop robust monitoring and evaluation frameworks that track the impact of labour market interventions over time. Day 4 demonstrated that effective labour market governance requires not only strong administrative and digital systems but also integrated financial infrastructure and a solid evidence base for policymaking. The Committee concluded that South Africa's reform trajectory should incorporate these elements by strengthening the role of public financial institutions in service delivery, enhancing research and analytical capacity, and ensuring that policy decisions are grounded in reliable data and continuous evaluation.

4. STRATEGIC SYNTHESIS OF THE INSIGHTS DERIVED FROM THE ENGAGEMENTS

4.1 INTEGRATION OF SOCIAL PROTECTION AND LABOUR MARKET ACTIVATION

- Unemployment insurance in Brazil is structurally linked to job placement and skills development systems, ensuring that income support functions as a pathway to re-employment rather than a passive benefit. South Africa should transition toward an activation-oriented model by integrating UIF with public employment services and training frameworks.

4.2 CENTRALISED AND INTEROPERABLE DIGITAL SYSTEMS (STATE CAPACITY)

- Brazil's use of a unified digital platform (DATAPREV) enables real-time data verification, administrative efficiency, and fraud reduction. The key lesson is the need for South Africa to move toward interoperable labour market information systems, supported by strong data governance, cybersecurity, and privacy safeguards.

4.3 ROLE OF PUBLIC FINANCIAL INSTITUTIONS IN BENEFIT ADMINISTRATION

- The Caixa model demonstrates how a state-owned bank can efficiently administer social benefits, manage public funds, and expand financial inclusion. South Africa should assess the feasibility of leveraging public financial institutions (e.g., Postbank) to streamline UIF and related payments.

4.4 GOVERNANCE AND MULTI-LAYERED OVERSIGHT SYSTEMS

- Brazil combines parliamentary oversight, external audit (Federal Court of Accounts), and tripartite governance structures (e.g., CODEFAT), enhancing accountability and policy coherence. South Africa should strengthen coordination between Parliament, audit institutions, and executive entities, with greater emphasis on performance-based oversight.

4.5 SPECIALISED LABOUR JUDICIARY AND JURISPRUDENCE STANDARDISATION

- The Superior Labour Court ensures consistency in labour law interpretation and improves enforcement efficiency. South Africa should consider mechanisms to improve coherence across the CCMA and Labour Courts, including digital case management and clearer jurisprudential guidance.

4.6 ACTIVE PUBLIC EMPLOYMENT SERVICES (PES) MODEL

- SINE operates as an active labour market instrument with measurable outcomes in job placement and employer engagement. South Africa should reposition its employment services to focus on placement outcomes, employer participation, and integration with UIF beneficiaries.

4.7 INSTITUTIONAL CAPACITY AND TECHNICAL CAPABILITY

- Brazil’s system is underpinned by strong technical capacity in ICT, data analytics, and labour intermediation. South Africa must prioritise capacity-building within the Department of Employment and Labour and its entities to support sustainable reform implementation.

4.8 EVIDENCE-BASED POLICYMAKING AND RESEARCH INTEGRATION

- Institutions such as IPEA ensure continuous policy evaluation and data-driven decision-making. South Africa should strengthen the integration of research, monitoring and evaluation, and parliamentary oversight to improve policy effectiveness.

4.9 FINANCIAL AND POLICY ALIGNMENT THROUGH DEDICATED FUNDING MECHANISMS

- Brazil's Workers' Support Fund (FAT) aligns funding for unemployment benefits with employment promotion initiatives. South Africa should explore more integrated and ring-fenced funding models that link social protection expenditure with labour market outcomes.

4.10 SYSTEMIC INTEGRATION AS A REFORM IMPERATIVE

- The overarching insight is that Brazil's effectiveness derives from system-wide integration rather than isolated institutional reforms. South Africa should adopt a coordinated reform approach that aligns policy, institutions, data systems, and oversight mechanisms to address structural fragmentation.

5. RECOMMENDATIONS BY THE COMMITTEE

Recommendation	Description	Responsible Entity	Timeframe
Develop an Integrated Digital Labour Market System	Consolidate or ensure interoperability between UIF, Compensation Fund, and employment services databases to enable real-time verification and efficient administration.	Department of Employment and Labour (DEL), UIF, CF, SITA	Medium–Long term
Strengthen Data Governance and Cybersecurity	Establish robust frameworks for data protection, privacy, and cybersecurity in any integrated system.	DEL, State Security Agency, Information Regulator	Short–Medium term
Link UIF to Active Labour Market	Integrate unemployment insurance with job placement, training, and	DEL, UIF, DHET	Medium term

Policies	skills development programmes.		
Modernise Public Employment Services	Transform employment services into active labour market institutions with measurable placement outcomes and employer engagement.	DEL	Medium term
Leverage Public Financial Institutions	Explore partnerships with entities such as Postbank to administer UIF payments efficiently and expand financial inclusion.	National Treasury, DEL, Postbank	Medium term
Review Governance of UIF and Compensation Fund	Undertake a comprehensive assessment of institutional governance arrangements within the Unemployment Insurance Fund and Compensation Fund, including options to strengthen operational effectiveness, accountability, administrative efficiency and service delivery. Such assessment should consider appropriate institutional positioning and governance reforms while maintaining public ownership, state oversight and accountability in the administration of the social insurance function.	DEL, National Treasury, Parliament	Medium–Long term
Strengthen Parliamentary Oversight Mechanisms	Enhance performance monitoring, reporting frameworks, and coordination with audit institutions.	Parliament, DEL, Auditor-General	Short term
Enhance Audit and Accountability Systems	Shift toward performance-based audits and strengthen collaboration with oversight bodies.	Auditor-General, DEL, National Treasury	Medium term

Improve Labour Dispute Resolution Efficiency	Introduce digital case management systems and improve coordination between the CCMA and Labour Courts.	Department of Justice, DEL, CCMA	Medium term
Invest in Institutional Capacity	Build technical skills in ICT, data analytics, and labour market intermediation within DEL and its entities.	DEL, National School of Government	Medium–Long term
Establish Evidence-Based Policy Units	Strengthen research, monitoring, and evaluation capacity within DEL and Parliament.	DEL, Parliament, Research Institutions	Medium term
Introduce the Integrated Funding Model	Explore a funding mechanism that links unemployment benefits with employment creation and skills programmes.	National Treasury, DEL	Long term
Pilot Reform Interventions	Implement pilot projects (e.g., digital integration, PES reform) before full-scale rollout to manage risk.	DEL, UIF, CF	Short–Medium term

6. CONCLUSION

The study tour to Brazil provided the Portfolio Committee on Employment and Labour with a comprehensive, system-level understanding of how labour market governance, social protection, and employment services can be effectively integrated to improve outcomes. The evidence gathered across engagements demonstrates that Brazil's relative effectiveness is not attributable to any single institution but to the alignment of policy, digital infrastructure, financial systems, and oversight mechanisms within a coordinated framework. A central conclusion is that South Africa's current labour market system is constrained by fragmentation across institutions, limited integration between social protection and employment services, and inefficiencies in administrative and data systems. Addressing these challenges will require a shift from incremental adjustments towards a more integrated reform approach focused on institutional alignment, improved state capacity, enhanced coordination and strengthened governance. The Committee observed that international experience demonstrates the importance of balancing institutional effectiveness with public accountability. In considering possible reforms to labour market institutions, including the Unemployment Insurance Fund and Compensation Fund, emphasis should be placed on strengthening governance arrangements, improving operational performance and enhancing service delivery within a framework of continued public ownership and state oversight.

The Committee concludes that digital transformation and data integration are critical enablers of reform, but must be accompanied by robust governance frameworks, cybersecurity safeguards, and sustained investment in technical capacity. Similarly, the potential role of public financial institutions in administering benefits presents an opportunity to enhance efficiency and financial inclusion, provided that strong accountability and risk management mechanisms are in place. From an oversight perspective, the study tour underscores the importance of strengthening performance-based monitoring, enhancing coordination with audit institutions, and embedding evidence-based policymaking within the legislative and executive processes. Institutional reforms must be supported by credible data, continuous evaluation, and clear accountability structures to ensure that intended outcomes are achieved. The Committee further emphasises that lessons derived from the Brazilian experience should not be interpreted as advocating the wholesale adoption of foreign institutional models. Rather, the value of the study tour lies in identifying practices that may inform South African reforms while remaining responsive to local constitutional, legislative, institutional and socio-economic realities. Any future reform process should therefore be context-sensitive, evidence-based and informed by consultation with all relevant social partners.

Report to be considered.

3. REPORT OF THE STANDING COMMITTEE ON APPROPRIATIONS ON THE APPROPRIATION BILL [B4 – 2026] (NATIONAL ASSEMBLY – SECTION 77), DATED 12 JUNE 2026

Having considered the Appropriation Bill [B4 – 2026], referred to in terms of section 10(1)(a) of the Money Bills Amendment Procedure and Related Matters Act No. 9 of 2009 (as amended by the Money Bills Amendments Procedure and Related Matters Amendment Act, No. 13 of 2018), the Standing Committee on Appropriations reports as follows**:**

1. Introduction

Section 27(1) of the Public Finance Management Act No. 29 of 1999 (PFMA) requires that the Minister of Finance (the Minister) tables the annual budget for a financial year in the National Assembly before the start of that financial year or, in exceptional circumstances, on a date as soon as possible after the start of the financial year, as the Minister may determine. Section 213(2) of the Constitution of the Republic of South Africa (the Constitution) provides that money may be withdrawn from the National Revenue Fund only in terms of an appropriation by an Act of Parliament. The Appropriation Bill (the Bill) proposes to appropriate money from the National Revenue Fund for the requirements of the State and to prescribe conditions for the spending of funds withdrawn. Section 26 of the PFMA requires that Parliament and each Provincial Legislature appropriate money for each financial year for the requirement of the State and the Province, respectively.

In executing this mandate, the Standing Committee on Appropriations, (hereinafter referred to as "the Committee"), is established in terms of section 4(3) of the Money Bills Amendment Procedure and Related Matters Act, No. 9 of 2009, (herein referred to as "the Act"). In line with section 10(1)(a) of the Act and after the adoption of the Fiscal Framework, the Act enjoins the Committee with a responsibility to consider the Appropriation Bill, hereinafter referred to as "the Bill", and report thereon to the National Assembly. The national budget for the 2026/27 financial year, including the Appropriation Bill was tabled on 25 February 2026 by the Minister of Finance and the Bill was referred to the Committee on 25 February 2026 for consideration and report to the

National Assembly. The Committee was briefed on the Bill by National Treasury on 21 April 2026. In processing the Bill, section 4(4)(c) of the Act also requires the Committees on Appropriations of both Houses to consult with the Financial and Fiscal Commission (FFC). In addition to the FFC commenting on the Bill, the Committee also invited the Parliamentary Budget Office (PBO) for comments. Furthermore, the Committee invited the following government Departments to comment on the Bill, Transport; Police; the Civilian Secretariat for the Police Service; the Independent Police Investigative Directorate; Home Affairs; Social Development; Land Reform and Rural Development; Mineral and Petroleum Resources; and Trade, Industry and Competition

In terms of sections 10(5) and 10(6) of the Act, Parliamentary Portfolio Committees may advise the Appropriations Committee on appropriations related matters arising from their oversight of the budget votes they oversee, the Committee received two written submissions during its consideration of the Bill: one from the Portfolio Committee on Human Settlements, dated 6 May 2026, concerning additional funding for the National Housing Finance Corporation; and one from the Portfolio Committee on Planning, Monitoring and Evaluation, dated 14 May 2026, concerning the resourcing of Statistics South Africa.

Section 10(8) (a) and (b) of the Act also requires the Committee to hold public hearings on the Bill and proposed amendments; and for the Committee to report to the House on the comments on and amendments to the Bill. To this end, the Committee published advertisements on 22 May 2026 in newspapers with national, regional and local readership covering all eleven official languages, and on Parliament's website and social media platforms, inviting interested parties to submit written and oral comments on the Bill. The public hearings on the Bill were held on 3 June 2026. In response to the advertisement, written and oral submissions on the Bill were received from the following organisations:

- Congress of South African Trade Unions (COSATU);
- PA-IFS;
- The South African Human Rights Commission; and
- The Budget Justice Coalition.

2. Overview of the 2026 Budget proposals

Government's medium-term fiscal strategy aims to stabilise the gross debt-to-GDP ratio in the current financial year and to reduce it through the rest of the decade by growing the main budget primary surplus.
The strategy seeks to balance the imperative of restoring the health of the public finances with the need to support economic growth, accelerate public investment and protect spending on vulnerable households and core public services. After a long stretch of rising debt that began in the wake of the 2008 global financial crisis, government debt will peak as a share of economic output in 2025/26 before declining for the rest of the decade. Confidence in the country's fiscal outlook has improved, supporting a sovereign ratings upgrade and lower borrowing costs.

The fiscal strategy is built on four pillars. First, supporting economic growth by withdrawing the R20 billion tax increase previously pencilled in for the 2026 Budget, while accelerating public investment. Second, improving the efficiency of spending through the Targeted and Responsible Savings (TARS) initiative. Third, improving the composition of spending by containing the public-service wage bill while increasing capital investment. Fourth, entrenching sustainable public finances through a principles-led fiscal anchor, with proposals to be outlined in a consultation paper and detailed in the 2026 Medium Term Budget Policy Statement (MTBPS).

In support of this strategy, the 2026 Budget makes the following key proposals on tax and spending. The previously announced R20 billion tax increase for 2026/27 is withdrawn, with personal income tax brackets and medical tax credits fully adjusted for inflation after two years of no inflationary relief. Gross tax revenue for 2025/26 is revised upwards by R21.3 billion compared with the 2025 Budget, and the tax-to-GDP ratio increases to 25.9 per cent in 2025/26 from 25.1 per cent in 2024/25.

The consolidated budget deficit is expected to narrow from 4.5 per cent of GDP in 2025/26 to 3.1 per cent of GDP by 2028/29. The main budget primary surplus, which swung from deficit to surplus in 2023/24, is projected to grow to 2.3 per cent of GDP by 2028/29. Gross loan debt is projected to peak at 78.9 per cent of GDP in 2025/26 before declining to 76.5 per cent by 2028/29. Debt-service costs are projected to fall from 21.3 per cent of main budget revenue in 2025/26 to 20.2 per cent by 2028/29. Real GDP growth is forecast at 1.6 per cent in 2026, rising to 2.0 per cent in 2028, with consumer price inflation projected at 3.4 per cent in 2026 and falling to 3.2 per cent in 2028.

Consolidated government expenditure is projected to increase at an average annual rate of 3.9 per cent, from R2.58 trillion in 2025/26 to R2.89 trillion in 2028/29. Over the 2026 medium-term expenditure framework (MTEF) period, consolidated non-interest expenditure increases at an annual average of 0.6 per cent in real terms. Capital payments are the fastest-growing expenditure item by economic classification, increasing at a nominal annual average of 9.7 per cent over the next three years, while compensation of employees grows by 4.4 per cent and goods and services by 2.7 per cent. Expenditure remains strongly redistributive, with the social wage making up about 60.2 per cent of non-interest spending in 2026/27. Basic education, health and social protection together constitute 70.3 per cent of the social wage in 2026/27, providing support to 13.6 million schoolchildren, healthcare services to 84 per cent of the population and grants to 26.5 million social grant beneficiaries. Spending on education accounts for the largest single share of expenditure, at 23.2 per cent over the medium term.

The TARS initiative, announced in the 2025 MTBPS, has identified R12 billion in savings over the medium term. The initial round has reallocated funds to priority areas and spending pressures, including a shift of resources within the transport sector from the Public Transport Network Grant towards passenger rail services, without increasing the total spending ceiling. Government has also begun implementing the Early Retirement Programme: since October 2025, 7 687 applications have been approved, drawing down R3.7 billion of the available amount and yielding an estimated net saving of R5.5 billion over the medium term, of which R2.6 billion will be realised in 2026/27, R1.4 billion in 2027/28 and R1.5 billion in 2028/29.

Main budget non-interest expenditure for 2025/26 is R22.1 billion higher than 2025 Budget estimates, as shown in Table 1 below, driven by expenditure allocated in the 2025 *Adjusted*

Estimates of National Expenditure, additions to the provincial equitable share, expenditure announced in the 2025 MTBPS and additions to address urgent spending pressures.

Table 1: Proposed revisions to non-interest expenditure for 2025/26

R million	**2025/26**
Non-interest expenditure (2025 Budget)	**1 884 384**
Upward expenditure adjustments	**66 671**
Allocations in the 2025 AENE[1]	19 961
Increase in the contingency reserve announced in 2025 MTBPS	8 519
Additions to the provincial equitable share[2]	16 173
Allocations for additional pressures (Special Appropriation (2025/26 financial year) Bill)[3]	8 498
Allocations of expenditure announced in the 2025 MTBPS (Special Appropriation (2025/26 financial year) Bill)[4]	13 519
Downward expenditure adjustments	**-50 747**
Provisional allocations not appropriated	-18 712
National government projected underspending	-9 802
Drawdown of contingency reserve	-13 519
Declared unspent funds	-8 714
Technical adjustments[5]	**6 224**
Revised non-interest expenditure (2026 Budget)	**1 906 532**
Change in non-interest expenditure from 2025 Budget	22 148

1. 2025 Adjusted Estimates of National Expenditure
2. Includes expenditure announced in the 2025 Budget, allocations for the impact of population changes and early retirement
3. Passenger Rail Agency of South Africa, Durban Container Terminal, debt owed to Sentech by SABC and share subscription to the International Finance Corporation
4. Transnet capital projects, rebuilding of Parliament, capitalisation of the Credit Guarantee Vehicle, Sentech dual illumination costs and 2026 municipal elections
5. NRF payments and skills development levy

Source: National Treasury (2026 Budget Review)

The 2026 Budget maintains the broad medium-term spending plans and fiscal trajectory outlined in the 2025 MTBPS. Compared with the 2025 Budget estimates, main budget non-interest expenditure has been revised down by R19.4 billion over the two years 2026/27 and 2027/28, mainly driven by adjustments to baselines in line with lower expected inflation. Within this envelope, government has accommodated MTEF spending pressures, moved provisional allocations into departmental baselines and made savings through TARS. Table 2 shows proposed changes to main non-interest expenditure, Table 3 shows spending additions funded over the MTEF period. Priority spending increases have largely been funded through savings yielded by improved targeting and the reduction of fraud in the social grants system, as well as by the scaling down of the *public transport network grant,* as shown in Table 3. The grant has not yielded sufficient increases in ridership to justify new investment in the system. However, it will continue to fund indirect costs in those cities that operate bus services on integrated public transport networks.

Table 2: Proposed changes to main budget non-interest expenditure

R million	2026/27	2027/28	Total
Non-interest expenditure (2025 Budget)	**1 956 019**	**2 038 112**	**3 994 131**
Revisions to baselines and provisional allocations	**54**	**-773**	**-718**
Spending additions	67 291	27 253	94 545
Baseline additions from provisional allocations[1]	*58 738*	*23 240*	*81 978*
Reprioritisation of early childhood development grant	*-689*	*225*	*-464*
Presidential employment initiative	*4 078*	*–*	*4 078*
MTEF spending pressures accommodated	*5 165*	*3 788*	*8 953*
Provisional allocations moved to baselines[1]	-58 738	-23 240	-81 978
Targeted and Responsible Savings (TARS)	-4 421	-3 649	-8 070
Reprioritisation for presidential employment initiatives	-4 078	–	-4 078
2025 MTBPS revisions to infrastructure spending	-0	-1 137	-1 137
Adjustments to baselines and provisional allocations due to low inflation projections	**-6 108**	**-12 535**	**-18 642**
Technical adjustments[2]	**839**	**-891**	**-52**
Revised non-interest expenditure (2026 Budget)	**1 950 804**	**2 023 915**	**3 974 719**
Change in non-interest expenditure from 2025 Budget	-5 214	-14 198	-19 412

1. Include allocations for SRD in 2026/27 and compensation costs in provincial health and education departments
2. Includes NRF payments of R1.5 billion in 2026/27 and R1 billion reduction in contingency reserve in 2026/27 and 2027/28

Source: National Treasury (2026 Budget Review)

Table 3: Proposed spending additions funded over the MTEF period

R million	2026/27	2027/28	2028/29	MTEF total
Targeted and responsible savings	**-4 421**	**-3 649**	**-3 934**	**-12 004**
Road-based public transport	-2 321	-2 546	-3 528	-8 396
Income verification on social grants	-2 000	-1 000	–	-3 000
Saving from Post Bank contract	-100	-102	-406	-609
Other MTEF spending pressures accommodated	**5 165**	**3 788**	**4 880**	**13 834**
Disaster rehabilitation	1 512	–	–	1 512
Defence	857	899	942	2 697
Border Management Authority	316	330	344	990
Represented political party funding	500	522	545	1 567
Office of the Chief Justice	219	229	239	687
Presidency	40	90	90	220
Statistics South Africa	59	68	81	208
National Council on Gender-Based Violence and Femicide	43	45	47	136
Passenger Rail Agency of South Africa	1 291	1 128	1 275	3 694
Other spending pressures accommodated[1]	328	478	1 317	2 123

1. Accommodates spending for the Public Service Commission, various programmes in the Department of Cooperative Governance and Traditional Affairs, the Municipal Utility Reform Programme and the South African National Roads Agency Limited

Source: National Treasury (2026 Budget Review).

3. Overview of the 2026 Appropriation Bill [B4 – 2026]

The purpose of the Appropriation Bill is to appropriate money from the National Revenue Fund for the requirements of the State for the 2026/27 financial year, and to prescribe conditions for the spending of funds withdrawn for the 2027/28 financial year before the commencement of the Appropriation Act for that year. The Bill provides for the appropriation of money by Parliament from the National Revenue Fund (NRF) in terms of section 213 of the Constitution of the Republic of South Africa and section 26 of the PFMA. Spending is subject to the PFMA and the provisions of the Appropriation Act. The Bill deals with proposed national appropriations. To effect spending on conditional allocations from national's equitable share to provincial and local government, the Division of Revenue Act sets out specific provisions on spending conditions.

For the 2026/27 financial year, the Bill appropriates R1.214 trillion to 42 national votes. In addition, R1.163 trillion is provided for as direct charges against the NRF, R1.322 billion is set aside as a provisional allocation not yet assigned to votes, and R5.008 billion is held as a contingency reserve. The total Estimate of National Expenditure for 2026/27 is R2.383 trillion, as shown in Table 4 below.

Direct charges against the NRF for 2026/27 are made up of statutory and other non-appropriated payments, including the salaries of the President and the Deputy President; the remuneration of Members of Parliament; debt-service costs; the provincial equitable share; the general fuel levy sharing with metropolitan municipalities; National Revenue Fund payments; the funding of the Auditor-General of South Africa; public-sector related pension, post-retirement medical and other statutory benefits; the skills levy and sector education and training authorities; the salaries of magistrates and judges; and contributions to the International Oil Pollution Compensation Funds. Table 4 below sets out the composition of national expenditure for 2026/27. Table 5 shows proposed appropriated funds per vote for the 2026/27 financial year (Schedule 1 of the 2026 Appropriation Bill).

Table 4: Expenditure by national vote: 2026/27

R million	2026/27
Total appropriation by vote	**1 214 088,0**

Plus:	
Direct charges against the National Revenue Fund	
President and deputy president salaries (The Presidency)	8,5
Members remuneration (Parliament)	542,7
Debt-service costs (National Treasury)	432 448,7
Provincial equitable share (National Treasury)	670 322,7
General fuel levy sharing with metropolitan municipalities (National Treasury)	17 530,0
National Revenue Fund payments (National Treasury)	1 485,0
Auditor-General of South Africa (National Treasury)	139,8
Gaurantees, indemnities and securities: Land and Agricultural Development Bank of South Africa (National Treasury)	-
Public sector-related pension, post-retirement medical and other benefits in terms of statutory and collective agreement obligations (National Treasury)	8 541,5
Guarantees, indemnities and securities: Payment to the South African Reserve Bank (National Treasury)	-
Gaurantees, indeminities and securities: Denel (Defence)	-
Skills levy and sector education and training authorities (Higher Education)	27 657,3
Magistrates' salaries (Justice and Constitutional Development)	2 751,2
Judges' salaries (Office of the Chief Justice)	1 392,9
International Oil Pollution Compensation Funds (Transport)	14,3
Total direct charges against the National Revenue Fund	**1 162 834,5**
Provisional allocations not appropriated	1 322,2
Total	**2 378 244,7**
Contingency reserve	5 008,0
National government projected underspending	-
Local government repayment to the National Revenue Fund	-
Total	**2 383 252,8**

Source: National Treasury (2026 Estimates of National Expenditure)

Table 5: Proposed appropriated funds per vote - 2026 Appropriation Bill [Schedule 1]

R million		**2026/27**
1	The Presidency	808,3
2	Parliament	2 801,9
3	Cooperative Governance	135 009,9
4	Government Communication and Information System	803,2
5	Home Affairs	13 766,4
6	International Relations and Cooperation	7 227,1
7	National School of Government	240,2
8	National Treasury	37 952,2
9	Planning, Monitoring and Evaluation	533,0
10	Electricity and Energy	6 061,2
11	Public Service and Administration	596,7
12	Public Service Commission	353,8
13	Public Works and Infrastructure	7 835,5
14	Statistics South Africa	2 983,5
15	Traditional Affairs	342,8
16	Basic Education	38 225,9
17	Higher Education	121 571,3
18	Health	66 910,2
19	Social Development	302 405,0
20	Women, Youth and Persons with Disabilities	2 243,1
21	Civilian Secretariat for the Police Service	181,4
22	Correctional Services	30 939,6
23	Defence	57 605,7

24	Independent Police Investigative Directorate	447,1
25	Justice and Constitutional Development	23 571,8
26	Military Veterans	912,8
27	Office of the Chief Justice	2 006,6
28	Police	127 072,5
29	Agriculture	7 841,9
30	Communications and Digital Technologies	2 549,0
31	Employment and Labour	4 578,2
32	Forestry, Fisheries and the Environment	9 127,4
33	Human Settlements	26 972,2
34	Mineral and Petroleum Resources	2 856,9
35	Science, Technology and Innovation	10 439,6
36	Small Business Development	3 036,5
37	Sport, Arts and Culture	6 617,3
38	Tourism	2 540,6
39	Trade, Industry and Competition	11 698,5
40	Transport	102 108,9
41	Water and Sanitation	21 957,1
42	Land Reform and Rural Development	10 355,2
Total appropriation by vote		**1 214 088,0**

Source: National Treasury (2026 Appropriation Bill)

The Bill also proposes the allocation of funds by economic classifications (see Table 6 below). It should be noted that even though the Bill proposes the allocation of resources across the national sphere of government, 72.8 per cent of these allocations go into transfers and subsidies. These are transfers to provinces, municipalities, public corporations and other non-profit making entities. Current payments, payments for capital assets and payments for financial assets take up 25.3 per cent, 1.3 per cent, and 0.4 per cent respectively. It is worth noting that the economic classifications for Vote 2 (Parliament) are determined by Parliament in terms of the Financial Management of Parliament Act, 2009 as amended. Table 6 provides an overview of the proposed vote allocations in terms of economic classification.

Table 6: Proposed allocation per economic classification - 2026 Appropriation Bill

		Current payments					
	Main Division	**Compensation of employees**	**Goods and Services**	**Interest and Rent on Land**	**Transfers and Subsidies**	**Payments for Capital Assets**	**Payments for Financial Assets**
	R'000	R'000	R'000	R'000	R'000	R'000	R'000
Total	1 214 088 031	223 222 363	83 746 010	335 066	884 018 485	15 643 358	4 302 851

Source: National Treasury (2026 Appropriation Bill)

Furthermore, Schedule 2 of the Bill sets out transfers to four government components — the Municipal Infrastructure Support Agent (Vote 3), the Government Technical Advisory Centre (Vote 8), the Centre for Public Service Innovation (Vote 11), and the Judicial Inspectorate for Correctional Services (Vote 22) — as separate main divisions, in order to strengthen accountability under the Public Finance Management Act, as shown in Table 7.

Table 7: Proposed transfers to government components to strengthen PFMA governance [Schedule 2]

Vote	Main Division	Current payments			Transfers and Subsidies	Payments for Capital Assets
		Compensation of employees	Goods and Services	Interest and Rent on Land		
	R'000	R'000	R'000	R'000	R'000	R'000
Cooperative Governance (Municipal Infrastructure Support Agent)	385 255	255 816	129 439			
National Treasury (Government Technical Advisory Centre)	78 361	55 515	22 846			
Public Service and Administration (Centre for Public Service Innovation)	53 598	32 886	19 069		1 052	591
Correctional Services (Judicial Inspectorate for Correctional Services)	129 793	85 986	43 117		322	368

Source: National Treasury (2026 Appropriation Bill)

4. Comments and hearings on 2026 Appropriation Bill with identified stakeholders

This section provides a summary of the comments that were made by the invited stakeholders on the Bill.

4.1 National Treasury

National Treasury submitted that the Bill is enacted in terms of section 213(2) of the Constitution and section 26 of the Public Finance Management Act, 1999, and is tabled simultaneously with the annual budget in terms of section 7(1) of the Money Bills and Related Matters Act, 2009. The Bill appropriates funds from the National Revenue Fund for the 2026/27 financial year and represents the final step in the budget approval process, following the adoption of the Fiscal

Framework and the Division of Revenue Bill. National Treasury also drew the Committee's attention to the provisions in section 29 of the Public Finance Management Act, read with section 7 of the Bill, that allow for spending in the 2027/28 financial year before the commencement of the next Appropriation Act.

National Treasury submitted that the Bill proposes a total appropriation of R1.214 trillion for the 2026/27 financial year. Of this amount, transfers and subsidies constitute approximately 73 per cent, compensation of employees 19 per cent, and goods and services 7 per cent, with payments for capital assets and payments for financial assets together accounting for less than 2 per cent. Compensation of employees and goods and services allocations are concentrated in the security and justice cluster, with Police, Defence, Correctional Services and Justice and Constitutional Development together accounting for the largest share of these classifications. Transfers and subsidies allocations are dominated by Social Development (R301.4 billion, largely for social grant transfers), Cooperative Governance (R130.4 billion, primarily for the local government equitable share and conditional grants), Higher Education (R107.2 billion), Transport (R96.7 billion) and Health (R62.7 billion).

4.2 Financial and Fiscal Commission

The Financial and Fiscal Commission (FFC) submitted that the 2026 Appropriation Bill reflects government's continued commitment to a redistributive social wage. Approximately 80 per cent of the R1.214 trillion appropriated by vote is concentrated in 10 votes, with Social Development the largest at 24.91 per cent, followed by Cooperative Governance at 11.12 per cent, Police at 10.47 per cent, Higher Education at 10.01 per cent and Transport at 8.41 per cent. Allocations to economic and productive votes remain comparatively limited, with Trade, Industry and Competition at 0.96 per cent, Agriculture at 0.65 per cent, and Small Business Development, Mineral and Petroleum Resources and Science, Technology and Innovation also below 1 per cent each.

The FFC's commentary on selected votes where the 2026/27 allocation deviates meaningfully from the 2025 Budget baseline, or where 2024/25 outcomes pointed to material over- or under-spending, is summarised below.

Department	**FFC Comments**
Basic Education	Receives a 5.2 per cent increase for 2026/27 relative to the 2025 baseline, following a marginal 0.09 per cent overspending in 2024/45, with R12.8 billion over the MTEF for Early Childhood Development and a further R9.9 billion for compensation and sector pressures. The FFC raises concern that 81 per cent of Grade 4 learners cannot read for meaning and welcomes the mother-tongue-based bilingual education strategy backed by R95 million over the MTEF.
Higher Education	Adjusted down by 0.5 per cent for 2026/27 relative to 2025 baseline, with NSFAS receiving R54.3 billion for 744 203 students, a reduction from R58.1 billion projected in the 2025 Budget, raising concerns about student access. The FFC also noted that SETAs continue to underperform. The FFC welcomes the announced review of the skills ecosystem and reiterates its call for SETA consolidation.
Health	Allocations are largely unchanged at R66.9 billion for 2026/27, following minor underspending in 2024/25. The FFC submitted that spending signals continued consolidation of the public health system underpinning NHI, though rollout remains paused pending a Constitutional Court challenge. The FFC welcomed an additional R21.3 billion added over the medium term for doctor compensation and service shortfalls. The FFC expresses concern that there is no dedicated funding to address the non-communicable disease crisis, despite non-communicable diseases remaining a leading cause of death in South Africa.
Defence	Allocations decrease by 1.6 per cent for 2026/27, despite overspending of 11.9 per cent in 2024/25, indicating budget inconsistency and structural underfunding. R2.7 billion is added over the medium term for

	operational improvements and a further R1 billion through the Criminal Assets Recovery Account (CARA). The FFC urges improved budget planning and execution to address funding challenges experienced by the department.
Home Affairs	Allocations increase by 10.5 per cent for 2026/27, with R575 million supporting the digitisation of civic records and the digital identity ecosystem, and an additional R990 million for the Border Management Authority over the medium term. The FFC commends the modernisation focus as critical to reducing fraud and improving service delivery.
Office of the Chief Justice	Allocation increases by 24.7 per cent for 2026/27, including R219 million to enable the Office to manage its own budget and enhance its independence from the Executive from 1 April 2026. The FFC welcomes the continued focus on digitising and modernising court processes, having previously raised concerns about magistrates' court efficiency.
Police	Allocation increases by 0.4 per cent for 2026/27, with no over/underspending reported in 2024/25. The FFC welcomes the additional R1 billion through the CARA fund to combat organised crime.
Agriculture, Land Reform and Rural Development	Combined votes receive a marginal 0.1 per cent increase, with the redirection of R400 million from underspent agricultural grants to address the foot-and-mouth disease outbreak, and R8.2 billion over the medium term to settle approximately 985 land restitution claims.
Mineral and Petroleum Resources, Electricity and Energy	Combined votes decrease by 8.5 per cent for 2026/27, despite overspending in 2024/25, which the FFC views as inconsistent. The FFC notes specific strategic developments, including R148.2 million over three years for shale gas research and the Junior Mining Exploration Fund (projected to grow from R400 million to R1 billion with private investment in support of critical mineral exploration). The FFC welcomes the energy-sector reforms supported by R216.6 million

	over the medium term for energy reforms but stresses the need for more consistent and realistically funded planning.
Trade, Industry and Competition	Allocation increases by 14.3 per cent for 2026/27, despite underspending of 3.3 per cent in 2024/25, pointing to budget inconsistency. The increase is primarily driven primarily by the extension of the Presidential Employment Initiative and an additional R1.5 billion for the Social Employment Fund to continue supporting job creation.
Transport	Allocation increases by 5.9 per cent for 2026/27, prioritising rail recovery - including a R23 billion increase to the Passenger Rail Agency of South Africa for Metrorail telecommunications and signalling, R9.5 billion for rail operations, and R3.6 billion for non-toll road maintenance through the South African National Roads Agency Limited.

On direct charges against the National Revenue Fund, the FFC made the following observations:

- The FFC notes that debt-service costs decrease by 3.7 per cent (R16.7 billion) for 2026/27 relative to the 2025 Main Budget baseline, following overspending of 1.0 per cent in 2024/25. The FFC views this downward revision as suggesting that government efforts to stabilise debt and manage borrowing costs may be yielding modest fiscal relief.
- The FFC notes that Judges' salaries increase by 7.6 per cent (R95 million) for 2026/27 relative to baseline, following overspending of 12.6 per cent in 2024/25. The FFC submitted that the increase may not be sufficient to meet organisational needs and has recommended an audit to identify judicial shortages.

In summary, the FFC made the following recommendations on the Bill:

- That departments align budget submissions more closely with actual expenditure patterns and announced policy reforms, and that the Standing and Select Committees on

Appropriations exercise their oversight powers to summon departments reflecting persistent mismatches between spending performance and baseline revisions.

- That the government's infrastructure prioritisation during the 2026/27 MTEF period be complemented by robust project delivery across the entire project lifecycle, reiterating the FFC's 2025 Medium Term Budget Policy Statement recommendation.
- That the Portfolio Committee on Higher Education and Training, in collaboration with the Department of Higher Education and Training, organised labour, employers and professional bodies, conduct a comprehensive review to consolidate the SETAs to eliminate functional overlaps and align training with the demands of the economy.

4.3 Parliamentary Budget Office

The Parliamentary Budget Office's (PBO) analysis of the 2026 Appropriation Bill is framed around government's medium-term fiscal strategy: supporting economic growth, improving the efficiency of spending through the Targeted and Responsible Savings (TARS) initiative, improving the composition of spending by containing the public-service wage bill while increasing capital investment, and entrenching sustainable public finances through a principles-led fiscal anchor. Within this framework, the PBO's analysis focuses on transfers from the national sphere, infrastructure expenditure, personnel expenditure, and selected departmental assessments.

The PBO identifies several material movements at the vote level, including the 75 per cent increase for Traditional Affairs (driven by infrastructure provision for royal houses), the 65.4 per cent increase for Women, Youth and Persons with Disabilities (largely for the National Youth Development Agency) and an 11.9 per cent increase for the Public Service Commission (mainly compensation of employees), The PBO submitted that the reduction in 2026/27 Communications and Digital Technologies is due to the once off adjustments made from the rollout of the South African Connect project and special appropriations for Sentech in 2025/26, while the reduction in Human Settlements is due to the restructuring of the conditional grants.

On infrastructure expenditure, the PBO finds that Departments transfer 67.7 per cent and directly spend only 0.66 per cent of their total allocation on capital assets, with infrastructure spending per vote (including transfers) amounting to 12.8 per cent of the total appropriation by vote. The largest vote level shares of infrastructure spending in 2026/27 are concentrated in Human Settlements (94 per cent of the vote total), Water and Sanitation (77.5 per cent), Electricity and Energy (57.7 per cent), Transport (50.4 per cent), and Basic Education (45.5 per cent). The PBO notes that infrastructure spending is heavily concentrated in a small number of votes, with departments outside this group directly spending less than 1 per cent of their total allocation on capital assets.

On personnel expenditure, the PBO submitted that the wage bill accounts for 18.9 per cent of the national budget and rises by 5.5 per cent between the 2025/26 revised estimate and 2026/27. Compensation of employees as a share of the vote total is highest in the security and justice cluster, including 80.5 per cent of the Police vote (R102.3 billion in 2026/27), 78.2 per cent of the Civilian Secretariat for the Police Service vote, 69.9 per cent of the Correctional Services vote, 69.7 per cent of the Justice and Constitutional Development vote, and 65.5 per cent of the Defence vote.

The PBO's commentary on selected votes is summarised below.

Department	**PBO Comments**
Police	Visible Policing remains the largest programme at 53.2 per cent of the vote and was reduced during the 2025/26 adjustments process, while Administration was increased. Compensation of employees rises by 4.2 per cent to R102.3 billion in 2026/27 and remains the principal cost driver at 80.7 per cent of the vote. Transfers to households increase by 8.9 per cent in 2026/27 due to the Early Retirement and Voluntary Exit programmes. The Department invested R77 million in software and other intangible assets, almost double the amount that was initially budgeted for.
Defence	Landward Defence is the largest programme at 32.7 per cent of the vote, and all programmes except Administration were increased during the 2025/26 adjustments process. Force Employment has been reduced by 33.2 per cent in 2026/27. Compensation of employees remains the main cost driver, growing by 2.8 per cent in 2026/27 to R37.7 billion (65.7

	per cent of the vote). Transfers to foreign governments are stopped in 2026/27, transfers to households fall by 51.4 per cent after their increase in 2025/26 through the Early Retirement and Voluntary Exit programmes, and payments for capital assets are reduced by 3.2 per cent.
Rural Development and Land Reform	Land Reform and Restitution is the largest programme at 63.3 per cent of the total budget over the MTEF, with Administration averaging 20.5 per cent. Within Land Reform and Restitution, Restitution is the largest sub-programme at 58.9 per cent of the programme, and the programme transfers 63.1 per cent of its allocation to the Agricultural Land Holding Account and Restitution grants. The Department plans to reduce its staff complement from 3 786 at the end of March 2026 to 3 641 by 2028/29, with the highest concentrations in Administration and Land Reform and Restitution, and over 75 per cent of staff appointed at salary levels 1 to 10.

5. The Money Bills Amendment Procedure and Related Matters Act, Section 10(5) submissions

This section provides an overview of the written submissions received by the Committee in terms of section 10(5) of the Money Bills Amendment Procedure and Related Matters Act. In terms of sections 10(5) and 10(6) of the Act, Portfolio Committees may advise the Committee on appropriations-related matters arising from their oversight of the budget votes of the departments they oversee. During its consideration of the 2026 Appropriation Bill, the Committee received two such written submissions: one from the Portfolio Committee on Human Settlements concerning additional funding requirements for the National Housing Finance Corporation, and one from the Portfolio Committee on Planning, Monitoring and Evaluation concerning additional resourcing requirements for Statistics South Africa.

In response to both submissions, the Committee resolved to request research support from the Financial and Fiscal Commission and the Parliamentary Budget Office on the manner in which additional funds might be sourced for the two entities. The FFC advised the Committee that the request to assist with research on sourcing additional funds to service shortfalls in Statistics South Africa and the National Housing Finance Corporation fell outside the mandate of the Commission and was not within the boundaries of its research plan. The FFC further advised that the affected departments must prepare their own proposals to table before the National Treasury and should not seek such assistance from the Committee as the oversight body. The Parliamentary Budget Office prepared two assessments, which informed the Committee's deliberations, and which are summarised under each submission below.

5.1 Portfolio Committee on Human Settlements

In a letter dated 6 May 2026, the Chairperson of the Portfolio Committee on Human Settlements submitted a request to the Stading Committee on Appropriations following a resolution taken during the Portfolio Committee's engagement with the National Housing Finance Corporation on 23 April 2026. The Portfolio Committee submitted that during that engagement the National Housing Finance Corporation reported that it continues to receive a high volume of applications from qualifying beneficiaries under the First Home Finance programme, but due to budget constraints, a significant number of eligible applicants are being turned down despite meeting all subsidy criteria. The Portfolio Committee submitted that this situation directly impedes the programme's mandate to enable access to affordable homeownership for the low-to-middle income market and undermines the national priority of reducing poverty through inclusive human settlements.

The Portfolio Committee further submitted that the First Home Finance programme is a key lever for expanding access to housing, leveraging private-sector finance and restoring dignity to first-time homebuyers, and that the inability to fund qualifying beneficiaries not only stalls delivery but also risks eroding public confidence in government's housing interventions. On the basis of its deliberations, the Portfolio Committee on Human Settlements requested that the Committee motivate to the National Treasury for additional funding to be allocated to the National Housing Finance Corporation in the 2026/27 financial year, with such funding specifically ring-fenced for the First Home Finance programme so that approved beneficiaries can be assisted without delay. The Portfolio Committee concluded that the requested support would contribute to the realisation of the 2024–2029 Medium-Term Development Plan objectives and to restoring credibility in the delivery of subsidised housing finance.

The Parliamentary Budget Office assessment of the request examined the budget and expenditure trends of the Department of Human Settlements over the period 2022/23 to 2028/29 and the role of the National Housing Finance Corporation. The PBO submitted that the department disburses the bulk of its budget through transfers and subsidies to provinces, municipalities and agencies, accounting for approximately 94 per cent (R76.9 billion) of the department's budget over the 2026 MTEF. The PBO noted that total transfers are projected to decline at an average annual rate of 7.8 per cent, from R32.5 billion in 2025/26 to R25.5 billion in 2028/29, driven mainly by a reduction in the Urban Settlements Development Grant of R9.1 billion between 2026/27 and 2028/29, with those funds redirected to the Urban Development Financing Grant administered by the National Treasury, a shift driven in part by weak reporting and performance monitoring on the human settlements conditional grants. The PBO submitted that transfers to departmental agencies nonetheless grow at an average of 3.7 per cent over the MTEF, with the largest transfers going to the Social Housing Regulatory Authority and the National Housing Finance Corporation.

On the National Housing Finance Corporation specifically, the PBO submitted that the corporation is a development finance institution mandated to enable access to affordable housing finance for low-to-middle income households and that, over the medium term, it expects to approve 10 568 finance-linked individual subsidy applications and disburse 8 454 subsidies at a projected cost of R1.1 billion, accounting for an estimated 32.1 per cent of its total projected spending. The PBO noted that the corporation's expenditure is set to increase at an average annual rate of 6.6 per cent, from R973.7 million in 2025/26 to R1.2 billion in 2028/29, that revenue is projected to grow from R1.2 billion to R1.4 billion over the same period, and that the corporation derives approximately 63 per cent of its income from non-tax revenue and 37 per cent from departmental transfers, with close to 60 per cent of its budget directed to current operational expenses.

The PBO's main findings on the request were as follows:

- That departmental expenditure performance is generally high, averaging 97.5 per cent of the original budget and 98.4 per cent of the adjusted budget between 2022/23 and 2025/26, but that spending on capital assets was particularly low at only 59.1 per cent of the adjusted budget, with Programme 1: Administration spending 91.6 per cent and Programme 5: Affordable Housing spending 95.6 per cent of their adjusted budgets.
- That the department's personnel structure exceeds its funded establishment, having 528 funded posts at the end of March 2026 but 576 filled positions in 2025/26, meaning that approximately 48 positions were filled without funding, with the largest number of unfunded filled posts in the senior salary levels (13–16).
- That transfers to departmental agencies continue to grow at an average of 3.7 per cent over the MTEF, with the largest transfers going to the Social Housing Regulatory Authority and the National Housing Finance Corporation, and with a notable sharp increase in transfers to foreign governments and international organisations, particularly the Habitat Foundation, which rose from R3.1 million in 2023/24 to R21.3 million in 2024/25.
- That there is duplication between Programme 4 (Rental and Social Housing) and Programme 5 (Affordable Housing), which have very similar sub-programme structures and both transfer most of their budgets to entities, with the PBO noting an overlap in the funding of social and rental housing functions through the National Housing Finance Corporation.
- That several human settlements entities, including the Social Housing Regulatory Authority, the National Housing Finance Corporation and the Housing Development Agency, have accumulated large surpluses over time, with the corporation's surplus rising from R3.0 billion in 2025/26 to R3.5 billion in 2028/29 and total agency surpluses rising from R14.4 billion to R18.6 billion over the same period.
- That the corporation's performance framework is weak, with five of its seven performance indicators expressed as budget or funding measures rather than measurable service-delivery outputs.
- That senior management personnel costs at the corporation are rising, with the highest growth at salary levels 17 to 22 at an average of 34.7 per cent, and the unit cost per senior post projected to increase from R3.5 million in 2024/25 to R5.7 million in 2028/29.

The PBO concluded that, while the department and the corporation continue to play a critical role in supporting affordable housing, improving accountability, strengthening measurable performance indicators and better utilising existing accumulated surpluses could help to expand access to affordable housing finance for qualifying beneficiaries.

5.2 Portfolio Committee on Planning, Monitoring and Evaluation

In a letter dated 14 May 2026, the Chairperson of the Portfolio Committee on Planning, Monitoring and Evaluation submitted an appeal for the adequate resourcing of Statistics South Africa under Budget Vote 14, drawing the Committee's attention to correspondence the Portfolio Committee had addressed to the Minister of Finance on the same matter. The Portfolio Committee submitted that Statistics South Africa is under-resourced and struggles to meet its core mandate, that the entity has begun to scale down its data-collection activities, and that this holds far-reaching implications for the maintenance of a credible national statistics system. The Portfolio Committee expressed the fear that, without intervention to ensure that Statistics South Africa is properly funded, the production of the essential and reliable economic and social statistics necessary for state planning, policy development and service delivery could be compromised.

The Portfolio Committee submitted that it had requested the National Treasury to resume talks with Statistics South Africa on the following:

- The resources required to rescue its operations over the short and medium term, particularly the filling of critical vacancies, the retention of scarce-skilled personnel, and the modernisation of information technology infrastructure and other information systems.
- The funding required to sustain and maintain operations and retain operational stability over the long term, so that Statistics South Africa is not forced to scale down further or compromise its data-collection activities, and so that the quality and integrity of national statistics are safeguarded.
- Adherence to strict financial management standards as guided by national legislation.

The Portfolio Committee concluded by requesting that the Committee, in performing its budget oversight functions, consider the matter and assist in ensuring a reconsideration of how Statistics South Africa is currently funded.

The Parliamentary Budget Office prepared an assessment of the funding position of Statistics South Africa and the case for additional funding, drawing on the National Treasury Estimates of National Expenditure and Adjusted Estimates of National Expenditure, presentations tabled by the National Treasury and Statistics South Africa to parliamentary committees, and the National Planning Commission Advisory on the adequacy and structure of funding for official statistics of 6 June 2025. The PBO submitted that Statistics South Africa is the national statistical service responsible for the official economic, social and demographic statistics that underpin the national budget framework, the provincial and local government equitable share formulas, the social grants system, the consumer price index, the gross domestic product series, the labour force survey and the design and monitoring of most major government programmes, and that its entire allocation amounts to approximately 0.1 per cent of the national budget.

The PBO submitted that, despite additional allocations over recent budget cycles, Statistics South Africa remains significantly under-resourced relative to its mandate. The PBO noted that the National Planning Commission estimates cumulative real-terms budget cuts of approximately R750 million since 2010, that the entity has absorbed a real-terms reduction of approximately 23 per cent in its average annual allocation over the 6th and into the 7th Administration, and that the Portfolio Committee on Planning, Monitoring and Evaluation indicated an estimated funding shortfall of about R2.2 billion. The PBO submitted that these pressures continue to affect staffing and operations, with a vacancy rate of 21 per cent as of August 2024 (689 vacant posts of a funded establishment of 3 301), projected to rise toward 30 per cent by 2028/29, and standing at approximately 30 per cent in the methodology and quality-assurance branches. The PBO noted that the 2026 ENE provides additional funding of R208.4 million over the medium term, principally for information technology infrastructure and fieldwork vehicles, and confirms a R545.9 million MTEF allocation for the continuous population survey, but that these allocations do not address the compensation-of-employees ceiling, preparations for the next decennial census, or the credibility concerns arising from Census 2022, and that the R295 million the Statistician-

General indicated in 2024 was urgently required to stabilise operations has not been provided in either the 2025 AENE or the 2026 ENE.

On the quality and reliability of official statistics, the PBO submitted that Census 2022 recorded a national undercount of 31.06 per cent, reportedly the highest recorded among censuses measured using United Nations-recognised post-enumeration survey methods, with consequences for the equitable share formulas and for most population-based planning. The PBO noted that several major statistical instruments have been discontinued, delayed or scaled back, including the National Income Dynamics Survey, multidimensional poverty surveys, the Demographic and Health Survey (last conducted in 2017), the Time Use Survey (last conducted in 2010), the Census of Commercial Agriculture (last conducted in 2017/18), and the timely release of Mortality and Causes of Death (delayed since 2017) and Perinatal Deaths (delayed since 2015), and that the Statistician-General has informed Parliament on several occasions that the department cannot sustain its current output profile at prevailing funding levels.

On the size of the shortfall, the PBO submitted that the R2.2 billion figure cited by the Portfolio Committee is consistent with the funding pressures Statistics South Africa has reported over several years, and that the department's request has been on the parliamentary record across two MTEF cycles. The PBO noted that a 2021 costed request for R333 million over the 2021 MTEF, to fund 135 of 601 critical vacancies, was met with R132.3 million over the medium term, approximately 40 per cent of the request, the use of which was further limited by the September 2023 freeze on appointments. The PBO submitted that restoring the average annual allocation to its real-terms level of 2015 to 2017 would imply an additional allocation of about R600 million to R800 million per year against the 2025/26 adjusted budget of R2 855.3 million, while a more conservative estimate would address the most immediate pressures, namely the restoration of the compensation-of-employees ceiling, the filling of critical vacancies in methodology, quality assurance and the South African National Statistics System, the full funding of the continuous population survey, the staged funding of census preparations, the implementation of the 2024 Statistics Amendment Act, the resumption of suspended series, and an independent technical review of Census 2022. The PBO submitted that a costed submission from the department, setting out the marginal funding required by financial year against each of these pressures, would assist in arriving at a precise figure.

On the sources of additional funding within the existing fiscal envelope, the PBO submitted that the following options were available:

- Reprioritisation within the Centre of Government cluster through the annual budget process, in line with the National Treasury's reprioritisation guidelines.
- An approach modelled on the additional allocations to the South African Revenue Service (R4 billion in the 2025 Budget, supplementing R3.5 billion at the 2024 MTBPS and a further R7.5 billion over the 2025 MTEF), on the basis that a marginal investment in data quality protects the integrity of every downstream allocation, including the equitable share, the consumer price index that inflates social grants and salaries, and the labour force survey that informs employment policy.
- Donor and partner co-funding for modernisation, methodology and capacity building, which does not address baseline compensation pressures but may relieve other pressures and free up baseline funding.
- Greater cost recovery from other organs of state, which the Statistics Act already permits through agreements and charges for specific products and services, and for which the 2024 Statistics Amendment Act may widen the scope, since organs of state are required to submit statistical plans and align their reporting with the South African Statistical Quality Assessment Framework.

On inefficiencies and reform opportunities, the PBO submitted that the 2020 National Treasury and GTAC spending review, presented in March 2021, identified three areas of inefficiency that remain relevant:

- The provincial and district office structure, which carries the same number of middle- and senior-management positions in every province regardless of population size, producing a top-heavy structure and a high cost per employee in smaller provinces, for which the review recommended merging the management structures of smaller district offices.

- Office accommodation, where the review found Statistics South Africa occupying 65.5 square metres per employee in KwaZulu-Natal and 50.1 square metres per employee in the Western Cape against a prescribed norm of 12 square metres, and concluded that strict compliance would yield savings of R42 million per annum, against an office accommodation allocation of R472.5 million in 2025/26.
- The vehicle-to-fieldworker ratio, where the review found a ratio of one vehicle to between 0.7 and 1.6 fieldworkers and recommended a ratio of four fieldworkers per vehicle for all household surveys, which it estimated would halve vehicle and fleet costs.

The PBO submitted that the spending review and the associated funding-model review have not been brought to a formal conclusion in the five MTEF cycles since 2021, and that a status report from the National Treasury and Statistics South Africa on the implementation of the recommendations would assist in determining what proportion of the shortfall can be addressed through internal efficiencies and what proportion requires additional baseline funding, while noting that the Portfolio Committee on Public Service and Administration had previously instructed Statistics South Africa not to outsource core business functions such as fieldwork.

On the audit outcome, the PBO submitted that Statistics South Africa received an unqualified audit opinion with findings for 2024/25, with unauthorised expenditure of R83.3 million (arising primarily from budget reductions effected through the appropriations process and limitations on virement), irregular expenditure of R16.4 million, and fruitless and wasteful expenditure of approximately R147 000, alongside governance and compliance findings on supply chain and expenditure management, asset management, consequence management, and the quality of reported performance information.

The PBO concluded that there are reasonable grounds to consider additional baseline funding for Statistics South Africa, that the amounts at stake are small relative to total public spending, and that the cost of inaction would be borne by every appropriation, monetary-policy and population-based planning decision that relies on the underlying data. The PBO submitted that Parliament may wish to instruct the National Treasury and Statistics South Africa to finalise the spending review and funding-model review processes outstanding since 2021, and that the funding question is not whether to provide additional resources but on what terms and against what reform commitments. The PBO proposed that a signed compact between the National Treasury and Statistics South Africa, costing the residual gap by financial year against agreed efficiency milestones, would resolve the funding question, protect the integrity of the national statistical system, and end the cycle of unauthorised expenditure and in-year top-ups.

6. Departmental oral and written submissions on the Bill

The section provides an overview of the submissions that were made on the Bill by the invited government departments.

6.1 Department of Transport

The Department of Transport submitted to the Committee that the proposed allocation of R102.1 billion for the 2026/27 financial year, R99 billion for 2027/28 and R112.3 billion for 2028/29 will be used to focus, through its public entities, on maintaining, rehabilitating, upgrading, revitalising and expanding the country's rail, roads and ports infrastructure over the medium term. The department further submitted that this is expected to result in improved mobility and access to social and economic activities for citizens and the efficient movement of goods through a stronger logistics sector. Over the MTEF period, the department is expected to receive a total of R313.5 billion, with expenditure growing at an average annual rate of 1.6 per cent from R107 billion in 2025/26 to R112 billion in 2028/29. In addition, R14.3 million in 2026/27, R14.8 million in 2027/28 and R15.3 million in 2028/29 are set aside as a direct charge against the National Revenue Fund for the International Oil Pollution Compensation Funds.

The department apprised the Committee that transfers and subsidies to entities account for an estimated 94.4 per cent (R296 billion) of the budget over the medium term, with allocations growing at an average annual rate of 2.4 per cent from R98.4 billion in 2025/26 to R105.5 billion in 2028/29. The balance of the vote is distributed across the department's eight programmes: Administration, Integrated Transport Planning, Rail Transport, Road Transport, Civil Aviation, Maritime Transport, Public Transport, and State-owned Companies Governance Assurance and

Performance with the Road Transport and Rail Transport programmes carrying the bulk of the allocation at R52.97 billion and R31.92 billion respectively in 2026/27, followed by Public Transport at R14.80 billion.

The department reported on the proposed allocations by economic classification, indicating that R2.075 billion has been allocated for compensation of employees over the medium term, with R664.6 million in 2026/27, and that R4.2 billion has been allocated for goods and services over the medium term, with R1.395 billion in 2026/27. Among the projects funded under goods and services are the operational costs associated with the administration of the recapitalisation of taxis, watchkeeping services, oil pollution prevention, the operationalisation of the transport economic regulator, the reduction of greenhouse gas emissions, the implementation and monitoring of the transport sector just transition, the Private Sector Participation Advisory Unit, and the provision of technical interventionist support to provincial roads authorities. The department further submitted that it will receive an additional R5.5 million in 2026/27 to make provision for the staff early retirement and voluntary exit programmes, allocated under transfers to households. Over the medium term, R11.1 billion has been allocated under payments for financial assets for debt redemption towards the Gauteng Freeway Improvement Project.

On the proposed conditional grants and transfers, the department highlighted the following:

- The *Provincial Roads Maintenance Grant* (PRMG) is set to receive R54.2 billion over the MTEF period, with the maintenance and refurbishment components geared towards preserving and upgrading the provincial road network and related assets. Over the MTEF, provinces are expected to rehabilitate 13 456 lane kilometres of road, reseal 17 042 lane kilometres, blacktop-patch 9 394 650 square metres, regravelling 26 275 kilometres and blade 2 075 000 kilometres. An additional R1.5 billion in 2026/27 will go towards the reconstruction and rehabilitation of infrastructure damaged by natural disasters in June 2025, of which the Eastern Cape is expected to receive R707.6 million and Limpopo R803.9 million.

- Allocations to the *Public Transport Operations Grant* (PTOG), which subsidises road-based public transport services provided by provincial departments of transport, are expected to increase from R8.4 billion in 2026/27 to R9 billion in 2028/29.
- The *Public Transport Network Grant* (PTNG) is reduced by R8.6 billion over the medium term, of which R3 billion is the result of National Treasury's targeted and responsible savings process. The department submitted that the grant has consistently underspent and experienced delays in implementation, leading to its phased wind-down as announced in the 2025 Medium-term Budget Policy Statement. Despite the grant's poor performance, the need for integrated public transport remains, and the grant will continue to help cover indirect costs in cities that run bus services. R14 billion has been allocated over the medium term, with R5.7 billion in 2026/27, with the department using the opportunity to re-envisage what integrated public transport planning must provide.
- The *Rural Roads Asset Management Systems Grant* (RRAMS) has been allocated R408.1 million over the medium term.
- Other transfers over the medium term include R666 million to the Road Traffic Management Corporation, R269 million to the Railway Safety Regulator, R167 million to the Ports Regulator, R507 million to the Road Traffic Infringement Agency (RTIA) for the Administrative Adjudication of Road Traffic Offences (AARTO) roll-out, R33 million for RTIA operations, R63.7 million for the Transport Economic Regulator, and R5.6 million for the Transport Education and Training Authority (TETA).

On the proposed allocations and key projects of its entities, the department submitted the following:

Passenger Rail Agency of South Africa (PRASA)	Total transfers of R95.6 billion over the medium term, comprising: • R19.6 billion for the Rolling Stock Renewal Programme • R31.7 billion for signalling • R12.8 billion for other capital • R31.5 billion for the agency's operations
Transnet	Total of R2.8 billion over the medium term, comprising: • R1.8 billion for the North Corridor Reinstatement Project

	• R974.5 million for the Cape Town Container Terminal expansion (Phase 2B)
South African National Roads Agency Limited (SANRAL	Total of R99.9 billion over the medium term, comprising: • R63.9 billion for the non-toll network • R2.4 billion for the Gauteng Freeway Improvement Project • R4.4 billion for the N2 Wild Coast project • R3.3 billion for the R573 (Moloto Road) development corridor • R25.9 billion for the agency's operations
Taxi Recapitalisation and Empowerment	R587.7 million over the medium term for the scrapping of old taxi vehicles (demand-driven); R347.8 million over the medium term for taxi empowerment projects

The department further submitted to the Committee that the proposed budget is an expression of its strategic direction with regard to any budget baseline changes arising from the deliberations of the executive management and is aligned with the department's strategic plan and Annual Performance Plan.

On funding shortfalls, the department highlighted the following:

- **South African National Roads Agency Limited (SANRAL):** over the past two financial years, a total of 3 924 kilometres of roads has been transferred to SANRAL from provincial and municipal authorities, including national roads through towns. These transfers occur with no accompanying budget transfer from provinces or municipalities to SANRAL, and the condition of these roads is on average worse than that of the SANRAL network, resulting in immediate budget requirements to address the maintenance backlog and ensure that the roads are safe. The increase in network length necessitates an additional budget allocation of approximately R8 billion over the MTEF to SANRAL to sustain the increased network length going forward.
- **Compensation of employees (COE):** the budget allocated for compensation of employees in 2026/27 amounts to R664.6 million. For the department to fill all the vacant posts in its

establishment, an additional R78.2 million is required, bringing the total budget for compensation of employees in 2026/27 to R742.8 million.

In addition to the departmental briefing, the Committee received separate written and oral submissions from South African Airways SOC Limited (SAA) and the Passenger Rail Agency of South Africa (PRASA).

South African Airways SOC Limited (SAA)

SAA briefed the Committee on its turnaround plan to address the critical areas flagged by the Auditor-General of South Africa (AGSA) in its recent audit outcome, including irregular and wasteful expenditure which increased from R474 million to R504 million and a lack of consequence management, as well as on the update regarding the repatriation of R1 billion owed by Zimbabwe and the comprehensive strategy on revenue collection, operational challenges and plans to ensure efficient financial management.

On the audit outcomes of the SAA Group, SAA reported that the Group continues to face significant audit challenges driven primarily by South African Airways Technical (SAAT), which is characterised by a high-risk control environment, systemic control failures, weak financial discipline and accountability, and which is identified as the primary driver of Group audit stagnation. SAA further reported persistent revenue and billing failures (including invoice delays of more than 90 days, weak coordination between operations and finance, and revenue reversals and disputes), inventory and payments weaknesses (poor inventory tracking, expiry losses and payments made without proof of delivery). SAA is operating as a going concern with material uncertainties, and the disclaimer audit outcome continues to constrain access to external funding.

On the audit strategy and plan, SAA submitted that it has adopted four strategic focus areas: achieving a clean audit opinion; reducing fraud exposure and eliminating irregular expenditure; strengthening financial reporting and the control environment; and improving operational traceability and inventory accuracy. Key actions include the reconstitution of financial records and reconciliations in high-risk balance sheet areas, the appointment of skilled staff to enhance management review controls, the implementation of escalation mechanisms, improved audit readiness processes including the earlier closure of prior-year matters, and the enforcement of combined assurance and consequence management for non-compliance. A dedicated SAAT remediation programme has been approved by the Board, with executive performance contracts linked to control improvements.

On irregular, fruitless and wasteful expenditure, SAA reported that the historical exposure has arisen primarily from weaknesses in contract management controls, non-compliance with procurement processes, and inadequate consequence management. The entity has implemented a Contract Management System (CMS) to ensure that contracts are properly approved, monitored and managed throughout their lifecycle, and has constituted a Loss Control Committee (LCC) in March 2026 to review all cases of irregular, fruitless and wasteful expenditure, assess accountability, recommend appropriate corrective and disciplinary actions, and monitor implementation. Historical cases are being reviewed on a case-by-case basis to determine whether condonation, recovery, or disciplinary action is appropriate, in line with legislative prescripts. Additional staff have been appointed within Procurement, and the upskilling and training of staff on internal policies and procedures is ongoing.

On the repatriation of R1 billion owed by Zimbabwe, SAA submitted that the funds have been trapped since 2017, when Zimbabwe introduced foreign exchange control laws which initially blocked a total of R2 billion. Currently R1 billion remains outstanding. The Government of Zimbabwe has made arrangements to pay US $1 million (approximately R17 million) per month, with the last payment advice received for March 2026. SAA further submitted that it is using some of the cash held in Zimbabwe as working capital to pay for government-linked service providers and services such as airport fees, navigation fees and ground-handling fees. The SAA Acting Group Chief Executive Officer has reached out to the Zimbabwean Permanent Secretary in the Ministry of Finance to make plans on the outstanding payments, while the Minister has engaged her Zimbabwean counterpart through official channels in this regard. SAA further recognises R416 million in additional blocked cash and continues to monitor restricted versus usable cash separately.

On the revenue management strategy, SAA submitted that it has implemented an end-to-end Revenue Assurance Programme covering passenger, cargo, interline and ancillary revenues, addressing revenue leakage, delayed collections and working capital strain. The entity is strengthening billing disciplines through automated reconciliation and faster dispute resolution timelines, tightening credit and agent risk management (including revised credit terms and enforcement of payment conditions), and aligning commercial incentives to cash rather than sales only. The target outcomes are faster cash collection, reduced revenue leakage, and improved short-term liquidity and predictability.

On efficient financial management, SAA submitted that its plan is structured into three phases: a Stabilisation phase (0–120 days) focused on cash recovery, revenue collections and cost containment; a Recovery phase (3–12 months) focused on operational efficiency and liquidity rebuild; and a Sustainability phase (12–36 months) focused on governance maturity and growth enablement. The associated turnaround actions include reinforcing budget control, forecasting and cash management; strengthening approval and commitment controls across procurement, contract management and capital and lease commitments; improving the quality, timeliness and consistency of financial reporting; embedding risk, compliance and audit readiness into daily operations; and aligning management incentives to financial sustainability metrics.

On strategies to manage operational challenges, SAA reported that it confronts a range of pressures that may affect systems availability, people management, schedule reliability, service delivery and customer experience, including aircraft technical delays, resource constraints, adverse weather, supplier disruptions, infrastructure limitations and broader network pressures. To address these, management has implemented daily operational control management, fleet reliability measures to improve aircraft availability, schedule recovery plans, supplier performance management to strengthen the accountability of key service providers, performance monitoring using key indicators such as on-time performance, cost and efficiency measures to improve aircraft utilisation and crew productivity, and risk management and business continuity plans.

Passenger Rail Agency of South Africa (PRASA)

On the New Rolling Stock Fleet Renewal Programme (NRSFRP), PRASA submitted that the programme was contracted with the Gibela Consortium to modernise passenger rail services through the introduction of advanced Electric Multiple Units (EMUs) aligned to global standards. A contract for 600 trains (3 600 coaches) was approved at a value of R59 billion, the programme received formal endorsement from the National Treasury and the Department of Transport, and the programme was gazetted in 2014. A world-class manufacturing facility was established in Nigel, Gauteng to produce the new EMUs. PRASA further reported that the programme is one of the largest fleet renewal programmes in the world, with a direct impact on providing affordable and reliable transport to the broader population and has significantly stimulated economic activity in the region and contributed positively to the national economy.

On job creation impact, PRASA submitted that the programme has created approximately 1 200 direct jobs and an estimated 10 000 to 20 000 jobs across the broader value chain, and that any disruption to the programme could directly impact these jobs.

On the 2025/26 capital allocation and spend, PRASA reported that the contractually agreed annual delivery is 62 trains; however, due to financial constraints, deliveries for 2025/26 were reduced to 57 trains, with ongoing negotiations on future delivery schedules. A total of 57 trains were delivered during 2025/26, bringing the cumulative delivery to 325 trains by March 2026 and representing overall programme progress of approximately 54 per cent. The contractual spend for 2025/26 amounted to R11.2 billion (57 trains), against an allocation of R6.4 billion, resulting in a funding shortfall of R4.8 billion. Combined with a prior-year shortfall of R2.9 billion, this increases the total funding requirement to R7.8 billion to meet contractual obligations. PRASA further submitted that the provisionally allocated R5.8 billion is critical and urgently required to partially address the funding gap and support the settlement of contractual commitments.

On audit findings relating to signalling, PRASA submitted that AGSA raised non-compliance findings during the 2023/24 regulatory audit pertaining to two projects, which at that point were not declared as irregular. During the 2024/25 regulatory audit, AGSA re-audited the respective projects and raised material non-compliance findings declaring both projects irregular. The findings relate primarily to a failure to meet the Private Security Industry Regulatory Authority

(PSIRA) requirements for the registration of service providers, issues with the evaluation process of the bid, and the inclusion of additional works which deviated from the scope of work set out in the request for proposals. PRASA has formally disputed the findings, citing a misunderstanding between the technical nature of services rendered and AGSA's interpretation. The matter has been escalated to the National Treasury in line with Instruction No. 4 of 2022/2023 (PFMA compliance framework), a meeting was held between PRASA management and the National Treasury in April 2026, and PRASA is awaiting further feedback. In parallel, management has engaged legal counsel and initiated consultations to obtain legal clarity and guidance.

On the strategic importance of the Rolling Stock Fleet Renewal Programme, PRASA submitted that the contract with the Gibela Consortium is of critical national importance and that any default poses a risk of credit-rating downgrades for both PRASA and the Republic of South Africa. PRASA reiterated that a funding shortfall exists over the MTEF period relative to contractual obligations and that negotiations are currently underway with the National Treasury and the Department of Transport to manage the gap, while PRASA management awaits the National Treasury's response on the matters raised by AGSA.

6.2 South African Police Services

The South African Police Service (SAPS) indicated to the Committee that the proposed allocation of R127.1 billion for the 2026/27 financial year, increasing to R131.7 billion in 2027/28 and R135.8 billion in 2028/29, will be used to enable the department to fulfil its constitutional policing mandate, guide by its Strategic Plan and Annual Performance Plan. The Department submitted that the 2026 MTEF allocation reflects total baseline increases of R775.072 million, comprising additional funding of R568.015 million for the early retirement and voluntary exit programme and an additional R207.057 million for capital procurement, partly offset by total baseline reductions of R2.672 billion mainly relating to compensation in the outer year (2028/29) as a result of lower CPI projections. The department further submitted that, during the previous (2025) MTEF, R400 million had already been allocated for security during the 2026 Local Government Elections, and that R75 million of the SAPS operational budget has been shifted to the Directorate for Priority Crime Investigation (DPCI) for the 2026/27 financial year for the DPCI partnership with the Joint

Initiative on Crime and Corruption. Over the period 2022/23 to 2028/29, the SAPS baseline grows from R102.5 billion to R135.8 billion at an average annual growth rate of 4.8 per cent, declining from 5.7 per cent over the historical period to 3.9 per cent over the medium term.

The Department further submitted that the proposed 2026/27 allocation will be apportioned across the Department's five programmes as follows: Programme 1: Administration receives R24.7 billion (19.2 per cent of the Vote); Programme 2: Visible Policing R67.3 billion (53.2 per cent); Programme 3: Detective Services R25.4 billion (19.9 per cent); Programme 4: Crime Intelligence R5.2 billion (4.1 per cent); and Programme 5: Protection and Security Services R4.5 billion (3.6 per cent). The department highlighted that Programme 2: Visible Policing, which incorporates Crime Prevention (R43.3 billion), the Rail Police (R1.416 billion), K9 Units (R1.045 billion), the Mounted Police (R187 million), Flying Squad (R1.626 billion), Border Security including Ports of Entry (R2.747 billion) and specialised interventions including the Special Task Force (R81 million), National Intervention Units (R669 million), Tactical Response Teams (R653 million) and Public Order Policing (R4.708 billion), is the largest programme in the Department and is the principal recipient of the additional funding allocated to secure the 2026 Local Government Elections.

On economic classification, the Department reported that current payments account for R121.7 billion (96.0 per cent) of the 2026/27 allocation, of which compensation of employees absorbs R102.3 billion (80.7 per cent of the Vote) and goods and services R19.4 billion (15.3 per cent). Transfers and subsidies amount to R2.2 billion (1.5 per cent), with the average growth rate on this category affected by the early retirement project amount allocated for 2026/27, while payments for capital assets total R3.2 billion (2.5 per cent), comprising buildings and other fixed structures (R695 million) and machinery and equipment (R2.4 billion). The department further submitted that the 2026/27 compensation budget of R102.3 billion is composed of a wage bill of R75.6 billion, cost-of-living salary adjustments of R3.0 billion (in line with the 2025 Public Service Coordinating Bargaining Council Agreement providing for a 4 per cent increase), pay progression of R784 million (1.5 per cent), allowances of R4.0 billion (including the implemented detective allowance of R1 000 per month and the revised service allowance of approximately R995 per month in terms of PSCBC Resolution 1 of 2025), overtime of R1.5 billion (inclusive of the 2026

Local Government Elections), rental and housing allowances of R4.1 billion, medical schemes of R12.4 billion, and discretionary provision of R924 million for human resources activities including post promotions, DPCI appointments and the filling of critical vacancies.

The Department apprised the Committee on a number of significant resource pressures that materially affect the Department's ability to deliver on its constitutional mandate. On personnel shortages, the Department reported that there is currently a gap of 3.5 per cent between the SAPS's fixed establishment (187 893) and its actual workforce (181 226), and a gap of 42 per cent between the ideal staff establishment (312 949) and the actual workforce. The SAPS staff establishment had reduced by more than 18 000 employees over the five years from 194 605 at the end of 2016/17 to 176 180 at the end of 2021/22, before recovering to nearly 188 000 by 2024/25 with the support of additional funding allocated over the 2022 and 2023 MTEF periods, although this remains 6 000 employees below the 2016/17 level. The Department reported that high attrition (over 6 000 exits annually) continues to undermine the personnel base, and that the Department intends to recruit 11 000 new recruits during 2026/27 (5 500 by June 2026 and 5 500 by February 2027). The Department highlighted that, at station level, officers are overburdened and only approximately 45 per cent of officers are available for duty at any given time owing to shifts, leave and administrative duties, resulting in slower response times, weaker patrol presence and chronic understaffing of the 10111 emergency call centres.

On infrastructure, the Department reported a five-year demand for 240 new police stations against a new station funding gap of R14.258 billion after the MTEF capital allocation and additional funding, and a planned maintenance demand of 383 against a planned maintenance funding gap of R24.04 billion. The Department highlighted that, of 34 835 planned maintenance requirements identified, only 10 796 are funded, leaving a shortfall of 24 039. The Department is, however, partnering with the Presidency to facilitate a partnership with the private sector (banks and telecommunications companies) to modernise and digitise people-facing services in police stations, with six pilot stations identified for the 2026/27 financial year.

On vehicle fleet constraints, the Department reported that SAPS maintains a total fleet of 43 329 vehicles, of which 32 032 form the operational fleet (patrol vans and sedans), and that, on average, approximately 7 500 vehicles are undergoing mechanical repairs or maintenance at any given time. Between 2021/22 and 2024/25, vehicle procurement volumes declined from 4 365 to 2 506 despite budget allocations increasing from R1.745 billion to R2.278 billion, with procurement volumes recovering modestly to 3 133 vehicles in 2025/2, a divergence which the Department attributed to rising unit costs driven by inflation, supply chain volatility and contract-related price escalations. The Department further submitted that substantial baseline reductions introduced during the 2024 MTEF removed more than R1.3 billion from the budget for the procurement of transport assets for the 2024/25, 2025/26 and 2026/27 financial years combined.

On Information and Communication Technology (ICT) modernisation, the Department reported that an additional R5.8 billion is required to effectively modernise the SAPS's IS/ICT environment across forensic and investigative technology, radio communications and high sites, network and infrastructure modernisation, cybersecurity, applications and platforms, end-user devices, data centre and hosting services, monitoring and command-and-control capabilities, and related State Information Technology Agency (SITA) service arrangements. The Department highlighted that a significant portion of these requirements remain unfunded under the current MTEF.

The Department further submitted that the cumulative impact of these resource shortages is reflected in declining morale and public trust: the SAPS Organisational Climate Survey (2023) reported job satisfaction at 55.5 per cent and ratings for working conditions at 42.5 per cent, while public satisfaction with police services dropped below 41 per cent, with only 40.8 per cent of respondents in a recent survey reporting satisfaction with police services. The Department reported that SAPS operates in an increasingly complex environment characterised by rising violent crime, organised criminal networks, cyber-enabled offences and persistent socio-economic challenges such as high unemployment and rapid urbanisation, and that these dynamics have intensified demand for policing services while exposing critical weaknesses in the Department's capacity, infrastructure and technological readiness.

On consequence management, the Department reported that fruitless and wasteful or irregular expenditure incidents are administered in terms of the PFMA Compliance and Reporting Framework issued by National Treasury, and that, upon confirmation of such expenditure, processes are instituted that include recovery, disciplinary action or escalation to crime investigation authorities for the institution of criminal charges where elements of fraud and corruption are present. The Department highlighted that the 2025/26 Irregular Expenditure Register reflected a total of 340 cases, of which 287 had been confirmed as irregular expenditure. Of these confirmed cases, 17 had been condoned by National Treasury, 31 had been removed by the Accounting Officer in terms of paragraph 5.8 of the Compliance Framework, 6 had been recommended for removal, and 29 had been uploaded for National Treasury condonation. A total of 204 active cases remain in progress, of which 150 are in progress for condonation, 51 for removal and 3 are under assessment. The Department further submitted that, during the 2025/26 financial year, 153 cases of fruitless and wasteful expenditure totalling R580 941.22 were confirmed, of which R194 630.28 had been recovered from 42 cases, R205 962.26 had been written off in 50 cases, and R177 994.07 remains under determination in 60 cases.

The Department emphasising that there is no simple one-to-one relationship between budget allocation, spending and policing performance, and that outcomes are influenced by population size, crime levels, demographics, community engagement and socio-economic conditions. The Department accordingly indicated that while the 2026/27 budget is not sufficient to fully address all the Department's needs, it does allow SAPS to continue service delivery, to meet its constitutional mandate and to advance the priority initiatives set out in the Annual Performance Plan, though resource shortages remain a key constraint.

6.3 Civilian Secretariat for Police Service

The Civilian Secretariat for Police Service (CSPS) submitted to the Committee that the proposed allocation of R181.3 million for the 2026/27 financial year, growing to R189.4 million in 2027/28 and R195.3 million in 2028/29, will be used to enable the Department to discharge its mandate as the strategic policy advisor to the Minister of Police and to provide efficient and effective civilian oversight over the South African Police Service. The Department submitted that its mandate requires it to provide the Minister with strategic policy advice and research support, to develop safety and policing policies through evidence-based research, to provide civilian oversight over the Police Service by monitoring and evaluating overall police performance, and to mobilise role-players, stakeholders and partners outside the department through engagements on crime prevention and other policing matters.

The proposed 2026/27 allocation represents an increase of approximately R8.7 million, or 5.08 per cent, over the 2025/26 baseline of R172.6 million. The Department further submitted that the proposed allocation will be apportioned across its four programmes as follows: Programme 1: Administration receives R81.2 million; Programme 2: Inter-Sectoral Coordination and Strategic Partnerships R31.8 million; Programme 3: Legislation and Policy Development R28.6 million; and Programme 4: Civilian Oversight, Monitoring and Evaluation R39.8 million. By economic classification, current payments account for R178.0 million of the 2026/27 allocation, of which compensation of employees absorbs R141.8 million and goods and services R36.2 million. Transfers and subsidies amount to R795 00, the bulk of which (R627 000) is paid to households, while payments for capital assets total R2.6 million, predominantly for machinery and equipment including vehicles (R2.2 million) and software and intangible assets (R413 000).

The Department highlighted that, for it to fully realise its constitutional mandate, it had recently submitted budget requirements to the value of approximately R973.9 million against the current proposed allocation of R181.3 million, a shortfall of approximately R792.6 million. The submitted budget requirements include, amongst others, the following critical priorities:

- An additional staff complement of approximately 345 personnel, which would take the total personnel budget to R361.9 million against the current staff budget of R141.7 million; the Department indicated that an annual addition of approximately R65.0 million would be ideal to fund the proposed organisational structure once approved by the Department of Public Service and Administration.
- Business processes digitisation and automation at an estimated implementation cost of approximately R27.4 million, to address outdated ICT infrastructure, the absence of disaster recovery and business continuity plans, and the lack of a modern integrated complaints management system.
- Accelerated and effective implementation of the Integrated Crime and Violence Prevention Strategy (ICVPS) across the three spheres of Government at an estimated cost of R7.5 million.

- Establishment of the National Policing Advisory Committee (NPAC), as required by National Development Plan (NDP) Vision 2030, at an estimated cost of approximately R8.9 million.
- Establishment of a Community Policing Coordination unit to guide and support the effective implementation of the community-based patroller programme, at an estimated cost of approximately R53.2 million per annum, of which R48.0 million relates to stipends, COIDA and UIF contributions, R3.0 million to uniforms, R720 thousand to equipment and R1.5 million to training.

The Department further submitted that its vehicle fleet currently comprises 14 vehicles, the majority of which are sedans, and that a further three higher-ground-clearance multipurpose vehicles such as bakkies are required, at an estimated cost of R2.3 million, to enable departmental visits to rural areas without continued reliance on travel agency hires. An additional R1.2 million is required for office furniture and equipment for new appointees. The Department apprised the Committee that, in the absence of such resourcing, the department may have to consider a remote working policy to minimise operational costs.

The Department reported that the under-funding of the Department, particularly of its core business units, is reflected in the current allocation profile, in which Programme 1: Administration absorbs approximately 45 per cent of the total budget, not by choice, but to fully comply with the prescribed laws and regulations governing the public service, while the operational budget (goods and services plus capital assets) accounts for only approximately 21 per cent, or R38.7 million, of the total allocated budget of R181.3 million. The Department highlighted that this profile confirms that the Department's baseline, inclusive of the funding obligations relating to the Directorate for Priority Crime Investigation (DPCI) Judge and the National Forensic DNA Database Board, needs to be aligned and increased over the MTEF if the Department is to deliver on its mandate. The Department warned that, if the budget shortfall is not addressed, it may have to significantly reduce its participation in the prescribed Minister and Members of Executive Council (MINMEC) meetings; operate without a dedicated internal CSPS performance monitoring and evaluation function; intentionally delay the appointment of certain senior posts in order to cover mandatory and emerging priorities; and divert funds from core business units to cover external audit costs payable to the Auditor-General of South Africa.

On consequence management, the Department reported that it has successfully maintained a clean audit outcome for the fifth consecutive year, covering the 2020/21, 2021/22, 2022/23, 2023/24 and 2024/25 financial years, and has in the process never incurred any material irregularities and consequently has not reported any gross financial mismanagement.

The Department closed its submission by emphasising that the MTDP 2024–2029 is guided by five goals, key amongst which are a dynamic and growing economy, a safe and secure environment, and a cohesive and united nation, and that the realisation of "safer communities" in a developmental state can only be achieved if additional funding is allocated to the CSPS, which sits at the centre of community and municipal engagement on crime and violence prevention through the ICVPS. The Department submitted that additional funding on initiatives such as the ICVPS, Community Policing Forums and the Patroller Programme would contribute to more functional police stations and improved community safety; that the establishment of the National Policing Advisory Committee would ensure the development of norms and standards for the recruitment and selection of competent Police Officers; and that additional funding to digitise the Department as an advisory body to the South African Police Service would, in line with the MTDP's emphasis on the use of smart technology to fight crime, place the Department in a better position to advise SAPS on the use of smart technology in crime prevention.

6.4 Independent Police Investigative Directorate

The Independent Police Investigative Directorate (IPID) indicated to the Committee that the proposed allocation amounts to R447.1 million in 2026/27, growing to R465.4 million in 2027/28 and R479.9 million in 2028/29 at an average annual growth rate of 3.8 per cent. The Department submitted that IPID is established in terms of section 206(6) of the Constitution as an independent police complaints body and derives its legislative mandate from the IPID Act No. 1 of 2011, with the mandate having been expanded by the IPID Amendment Act No. 15 of 2024. The expanded mandate now requires IPID to investigate, amongst others, deaths resulting from the actions of SAPS or Municipal Police Services (MPS) members whether on or off duty, attempted murder by police officers, assault with the intent to do grievous bodily harm, offences of torture as defined in the Prevention and Combating of Torture of People Act, 2013, and corruption as described in the Prevention and Combating of Corrupt Activities Act, 2004.

The Department further submitted that the proposed 2026 MTEF allocation reflects a baseline that has been reduced by R717 thousand in 2026/27, R1.488 million in 2027/28 and R7.978 million in 2028/29, and noted that the growth rate of 3.8 per cent does not provide for any expansion of functions but rather only accommodates annual inflation growth, contractual escalation fees on goods and services ranging from 5 to 10 per cent per annum, and the regulated annual wage increment on compensation of employees.

Of the total proposed allocation for 2026/27, R143.0 million is appropriated to Programme 1: Administration, R284.0 million to Programme 2: Investigation and Provincial Coordination, and R20.1 million to Programme 3: Legal Compliance, Information and Stakeholder Management. By economic classification, compensation of employees absorbs R309.0 million, with goods and services accounting for R127.7 million, machinery and equipment R9.2 million, departmental agencies and accounts R935 000, and transfers to households and provincial and local governments making up the balance.

The Department apprised the Committee on the scale of IPID's investigative workload, reporting an active caseload (and total historical backlog) of 19 728 cases as at the end of 2025/26, of which 5 567 are decision-ready cases, 948 cases are on the court roll, and which contributed to 277 departmental convictions and 84 criminal convictions. The Department highlighted that the backlog is most heavily concentrated in KwaZulu-Natal (4 790 cases), Gauteng (4 414), Western Cape (3 378), Eastern Cape (2 783) and Mpumalanga (1 625).

On capacity and service delivery demands, the Department submitted that the structural under-resourcing of IPID can be traced back to the transition from the Independent Complaints Directorate (ICD) to IPID in 2012, at which time the Department of Public Service and

Administration's earlier work study had identified a need for 535 posts at the ICD, while the new IPID was established with a total of only 401 posts (134 less than the recommended ICD complement). The Department reported that the same capacity and resource challenges identified in 1997 persist almost three decades later. Against a current total workload (active and post-investigation cases) of 48 692 cases, IPID has only 182 investigators across the nine provinces, translating to an average case workload of 268 cases per investigator.

The most severe imbalances are in Gauteng (32 investigators handling 12 374 cases, an average of 387 cases each), KwaZulu-Natal (24 investigators carrying 8 139 cases, an average of 339 each), Eastern Cape (19 investigators with 5 658 cases, an average of 298 each) and Western Cape (29 investigators with 8 223 cases, an average of 284 each). The Department estimated the cost of addressing the specialised investigator and quality assurance capacity gap, including provision for forensic investigators, data analysts, forensic accountants, forensic lawyers and quality assurers, at R331 million over the MTEF.

The Department further submitted that the limited capacity of IPID is compounded by its dependence on external stakeholders for technical and specialised functions, including crime scene processing, storage of evidence, ballistics and gunshot residue analysis, DNA analysis and data analysis of electronic devices (all of which are provided by SAPS), medical reports and post-mortems (provided by the Department of Health), and the protection of IPID investigators (provided by external service providers).

On other resource shortages affecting service delivery, the Department reported that its information and communication technology (ICT) environment is constrained by old infrastructure, compliance and security vulnerabilities, back-up limitations and operational delays arising from manual business processes, and that an estimated R38.3 million is required for a comprehensive digital transformation programme covering server virtualisation, business automation systems (including a Case Management System), network infrastructure improvements, cybersecurity strengthening, bulk procurement of ICT laptops and software licensing.

The department's vehicle fleet comprises 116 vehicles nationally, of which 10 are due for disposal, 38 are above the kilometre threshold (180 km for sedans and 220 km for bakkies) and 63 are older than five years; an estimated R25 million is required for fleet replacement. The Department also indicated that R13.4 million is required for community awareness programmes to give effect to Section 32 of the Constitution and the Government Communication Policy (2025), which advocates for an allocation of between 3 and 5 per cent of the departmental operational budget towards proactive, coherent and intentional communication.

On consequence management, the Department submitted that the cumulative balance on the IPID irregular expenditure register stands at R22.8 million, with the largest single contributor (R17.3 million between April 2012 and March 2022) relating to the appointment of legal service providers and the registration of the IPID logo without following supply chain management processes. The fruitless and wasteful expenditure register reflects a cumulative balance of R722 647.55, the bulk of which relates to hotel no-shows, missed flights, interest on overdue accounts and the procurement of 30 MTN sim-cards that were not utilised. Unauthorised expenditure of R891 053 remains on the register, dating back to the 2005/06 and 2008/09 financial years during the predecessor ICD; the Department reported that despite the matter having been referred to the Standing Committee on Public Accounts (SCOPA) through National Treasury in October 2023, and despite the most recent National Treasury response of 12 March 2026, the approval for authorisation has not yet been granted as SCOPA's response is still awaited.

The Department closed its submission by reiterating its long-standing advocacy for the funding of the IPID Expansion Strategy, which it submitted is critical to addressing the growing demands of communities and to ensuring that justice is served to all victims of police misconduct. The Expansion Strategy requires a total of R538.9 million over the 2026 MTEF, comprising R163.0 million in 2026/27, R188.3 million in 2027/28 and R187.6 million in 2028/29, to fund additional posts (compensation of employees), goods and services, and machinery and equipment. The Department submitted that, beyond the Expansion Strategy itself, additional targeted resources are required for specialised investigative capacity (R331 million over the MTEF), digital transformation (R38.3 million), fleet replacement (R25 million) and community awareness (R13.4 million).

6.5 Department of Home Affairs

The Department of Home Affairs indicated to the Committee that the proposed allocation of R13.766 billion under Vote 5 for the 2026/27 financial year will be used to enable the department and the institutions resorting under the vote to execute their respective service delivery mandates. The department further submitted that Vote 5: Home Affairs comprises of four entities, namely the Department of Home Affairs as the national Department, the Border Management Authority (BMA) as a Schedule 3A entity, the Electoral Commission (IEC) as a constitutional institution, and the Government Printing Works (GPW) as a government component. The vision of the department is to deliver Home Affairs @ home, being a digitally transformed organisation that embraces technology to drive economic growth and job creation, enhance national security, and deliver efficient and dignified services to citizens, residents and visitors in South Africa and abroad.

The Department apprised the Committee on the proposed appropriation per programme as reflected in the Bill, indicating that the total Vote 5 allocation of R13.766 billion in 2026/27 is divided across four programmes: Administration at R3.063 billion, Citizen Affairs at R3.571 billion, Immigration Affairs at R625.180 million, and Institutional Support and Transfers at R6.508 billion. The Department highlighted that Institutional Support and Transfers, the largest programme by value, accommodates the earmarked transfers to the Border Management Authority (R2.548 billion), the Electoral Commission (R3.110 billion) and the Represented Political Parties' Fund (R849.834 million) for the 2026/27 financial year.

In terms of economic classification, the Department reported that compensation of employees absorbs R4.397 billion, goods and services R2.607 billion, transfers and subsidies R6.568 billion, and payments for capital assets R193.761 million. Of the compensation of employee’s envelope, salaries and wages account for R3.719 billion and social contributions for R677.987 million.

The Department submitted that, in terms of the 2026 Estimates of National Expenditure (ENE) Final Allocation Letter, the net change to its baseline reflects an increase of R1.3 billion in

2026/27, R774.9 million in 2027/28 and R643.2 million in 2028/29. The Department further submitted that the changes to the baseline comprise reallocations and reprioritisations, CPI-related adjustments and additional allocations, including transfers to public entities. The baseline increases for 2026/27 include:

- R701.7 million towards the Border Management Authority for the filling of vacancies and the reallocation of funds following a function shift from the department (R395.5 million in 2026/27, R411.2 million in 2027/28 and R424 million in 2028/29 under goods and services).
- R498 million towards the Represented Political Parties' Fund.
- R80.7 million for goods and services.
- R36.7 million for early retirement and voluntary exit programmes.
- R18.9 million for machinery and equipment over the MTEF.

The baseline decreases include R15.8 million on compensation of employees, R16.1 million on the Electoral Commission baseline (with corresponding reductions, R441.6 million on goods and services in 2027/28 (rising to R493.4 million in 2028/29), and smaller reductions on households, provinces and municipalities, and public corporations and private enterprises.

The Department further apprised the Committee that, separately from the 2026 Appropriation Bill, the Electoral Commission is allocated an additional R1.1 billion announced by the Minister of Finance during the 2025 Medium Term Budget Policy Statement, in November 2025, for the 2026 Local Government Elections. The department confirmed that these funds are included in the Special Appropriation (2025/26 Financial Year) Bill (2026) tabled by the Minister and are therefore not part of the proposed appropriation in the Bill currently before the Committee.

On the adequacy of the baseline allocation, the Department submitted that, notwithstanding the increases over the MTEF, significant funding shortfalls remain across the vote, which constrain the ability of the Department, the Border Management Authority, the Electoral Commission and the Government Printing Works to deliver fully on their respective mandates. The Department reported the following unfunded requirements over the 2026 MTEF:

- Department of Home Affairs (a combined shortfall of R6.357 billion over the MTEF period): R2.731 billion for the implementation of the Digital Transformation Strategy; R1.649 billion for the second business case to fill 3 668 posts; R1.377 billion for the inspectorate function covering 983 posts; and R600 million for deportations.
- Border Management Authority (a combined shortfall of R4.352 billion over the MTEF period): R3.245 billion for human resources to fill 8 549 posts; R757 million for information and communication technology; and R350 million for tools of trade.
- Electoral Commission and Government Printing Works (a combined shortfall in the region of R616 million over the MTEF period): For the introduction of two shifts at the Government Printing Works at R212 million per annum.

On revenue collection and self-financing, the Department reported that, while revenue collected from departmental sales has increase in recent years, the actual collection has fallen short of the annual estimate in two of the last three years. The Department collected R1.254 billion in 2023/24 against an estimate of R1.229 billion (over-collection of R25 million); R1.416 billion in 2024/25 against an estimate of R1.602 billion (under-collection of R185.778 million); and an unaudited R1.896 billion in 2025/26 against an estimate of R2.5 billion (under-collection of R604.098 million).

The Department further submitted that, in recognition of the inadequacy of the departmental baseline, the National Treasury has permitted the department to use revenue collected to offset expenditure incurred in the generation of that revenue, with the largest cost driver being the printing of passports and Smart ID cards at the Government Printing Works. Expenditure against self-financing commences on 1 April each year and the budget is adjusted upon approval of the Adjusted Estimates late in the financial year. The Department cautioned that, should a self-financing request not be approved and insufficient budget remain on the vote, the Department will incur unauthorised expenditure, and that in years in which the revenue target is not achieved, the resultant forced under-spending is presented as an inability to spend the full allocation.

The Department submitted that, during the 2026 Adjusted Estimates of National Expenditure process, approval will be requested from the National Treasury for self-financing related expenditure amounting to R2 billion in 2026/27. The proposed self-financing allocations are distributed across the Administration programme, Civic Affairs (R798.709 million, of which R751 million is destined for the Government Printing Works), and Immigration Affairs (R33.2 million, principally for deportation and legal services and the foreign office co-ordination function).

On the Department's 2026/27 procurement and spending plan, the Department reported that 46 procurement transactions valued at approximately R3.065 billion have been identified for execution in the financial year, of which 33 per cent (15 transactions valued at R1.284 billion) will be procured through open processes, including for the panel of agencies for communications services, employee wellness services, travel management services, cleaning services, courier services, the procurement of cash-in-transit services and facility management services at a detention facility for illegal immigrants pending deportation, and 67 per cent (31 transactions valued at R1.781 billion) will be procured through the State Information Technology Agency (SITA).

On consequence management and the fight against corruption, the Department apprised the Committee on action taken in the 2025/26 financial year and on cases currently under management in 2026/27. The Department reported that 39 misconduct cases were finalised in 2025/26, with sanctions including ten dismissals, six final written warnings, one suspension each at one, two and three months, one counselling outcome, two resignations with PERSAL block, and 16 not-guilty findings. The dominant categories of misconduct were irregular processing of identity documents (8 cases), irregular processing of births (9 cases), aiding and abetting (7 cases), irregular processing of permits, deaths and passports, soliciting bribes, and failure to follow detention processes.

The Department further submitted that 30 misconduct cases are currently being processed in 2026/27 (with irregular processing of identity documents the leading category at 12 cases) and a further 78 cases are under assessment, including 21 cases of failure to follow standard operating procedures, 15 cases of irregular processing of births, 12 cases of irregular processing of identity documents, and cases of extortion, soliciting bribes, misappropriation of state resources and the irregular processing of citizenship and divorce.

The Department reported that, in 2025/26, the Counter-Corruption and Security Services Branch registered 251 cases for investigation, of which 237 were finalised and 14 remain in progress. From these, 101 cases were referred to Employee Engagement for the institution of disciplinary action, with 142 officials identified as involved in acts of misconduct. The Department highlighted that the leading categories of business-process transgressions referred for disciplinary action were civil-service transgressions involving irregular birth registrations (17), irregular issuance of identity documents (15), irregular death registrations (7), and irregular processing of birth, marriage and death certificates (6); and immigration-service transgressions involving port-of-entry transgressions (9), irregular visa issuance (6), deportations (6), unlawful detention or release (5), and extortion and bribery (4).

The Department highlighted notable convictions arising from these investigations, including a former office manager from Queenstown sentenced by the Durban Specialised Commercial Court to 35 years with an effective 12 years' imprisonment for passport photo-swap fraud; a former immigration officer from O.R. Tambo International Airport sentenced by the Johannesburg Regional Court to eight years' imprisonment or a fine of R24 000 for corruption, extortion and kidnapping; a former official from Malamulele sentenced to 14 years' imprisonment for selling birth certificates to illegal foreign nationals; and a former Head Office investigator referral sentenced to three years' direct imprisonment for offering an investigator R10 000 to halt a probe into the irregular issuance of visas.

The Department further submitted that the persistent under-funding of the Vote has direct consequences for the quality of services rendered to citizens, residents and visitors. The impact of the resource shortages reported by the department includes:

- Long queues at Home Affairs offices.
- Civil unrest and xenophobia.
- An increase in illegal migration.

- An increase in unemployment.
- A decline in tourism.
- An increase in identity fraud and corruption.
- An increase in national security threats.
- The continued risk of grey-listing of the Republic.

Regarding the update and functionality of its key entities, the Department provided the Committee with a detailed overview of the Electoral Commission, which presented separately on its preparations for, and funding of, the 2026 Local Government Elections:

Electoral Commission (IEC)

On preparation for the 2026 Local Government Elections, the Commission submitted that the technical preparations underway include the platform upgrade with new hardware and migration to Windows Server 22, the migration from MPLS lines to a Software-Defined Wide Area Network (SD WAN) architectural framework, the external testing of voting management device (VMD) applications, and the deployment of hand-held scanners to support the VMDs. The Commission further reported that the Municipal Demarcation Board (MDB) handed over wards on 12 December 2025, with four residual municipalities still being processed, that voting district re-delimitation and voting station confirmation are underway, that electoral staff recruitment criteria have been agreed with the National Political Liaison Committee (NPLC), that registration staff recruitment is underway, that provincial training-the-trainer sessions are in progress, and that 91.73 per cent of Municipal Outreach Co-ordinators have been appointed. The Commission also indicated that the voter participation survey has been completed and that the outreach campaign will be launched at the end of May 2026, with the voter registration weekend confirmed for 20 to 21 June 2026.

On its 2026/27 budget allocation, the Commission submitted that the proposed allocation of R3.110 billion in the Bill is divided across four programmes: Administration at R1.088 billion, Electoral Operations at R1.560 billion, Outreach at R439 million, and Political Funding at R23 million. The Commission noted that this is the principal allocation in the 2026 Appropriation Bill, separate from the additional R1.1 billion provided through the Special Appropriation (2025/26 Financial Year) Bill (2026) for the 2026 Local Government Elections.

On historical expenditure trends in line with the electoral cycle, the Commission submitted that its expenditure pattern fluctuates significantly between election and non-election years. The Commission reported the following actual expenditure outcomes: R1.195 billion in 2020/21 (non-election year affected by COVID-19); R2.609 billion in 2021/22 (registration and local government election year); R1.474 billion in 2022/23 (non-election year); R2.607 billion in 2023/24 (two registration weekends); and R3.123 billion in 2024/25 (national and provincial elections year). The Commission emphasised that this historical pattern illustrates the need for a baseline revision to ensure that the Commission is sufficiently funded across the electoral cycle.

On the projected 2026/27 funding gap, the Commission submitted that, against the baseline allocation of R3.110 billion, estimated expenditure for the local government elections year is projected at R4.755 billion, resulting in a deficit of R1.646 billion. The Commission further indicated that this funding pressure recurs in 2028/29 (an additional registration year), where, against a baseline of R2.389 billion, expenditure is projected at R3.045 billion, leaving a deficit of R655.438 million. The non-election year 2027/28 is broadly aligned, with a baseline of R2.317 billion against projected expenditure of R2.343 billion (a deficit of R25.440 million).

On funding the R1.6 billion deficit projected for the 2026/27 financial year, the Commission submitted that R1.1 billion in additional funding for the Local Government Elections has been received and is held in the Commission's bank account pending National Treasury approval, and that retained savings of R700 million are similarly being held pending National Treasury approval as a retention of surplus. The Commission reported that the existing allocation of R3.110 billion for the financial year is readily available, and that non-election expenditure will be prioritised should there be delays in approval from the National Treasury. The Commission further submitted that it remains in active discussion with the National Treasury on the early approval of these amounts to enable orderly election preparations.

In conclusion, the Commission recommended that its presentation, and that of the Electoral Commission, be noted by the Committee, and reiterated its request that the Committee consider the persistent under-funding of Vote 5 in the context of the department's service delivery mandate and its demonstrated capacity to generate revenue through self-financing.

6.6 Department of Social Development

The Department of Social Development (DSD) submitted to the Committee that the proposed allocation of R302.405 billion for the 2026/27 financial year will be used to deliver on its constitutional and developmental mandate, which it derives from sections 9, 10 and 27 of the Constitution and Chapter 11 of the National Development Plan (NDP). The Department submitted that it discharges this mandate as a portfolio, together with its agencies, the South African Social Security Agency (SASSA) and the National Development Agency (NDA), and through bodies such as the Central Drug Authority (CDA), the South African Council for Social Service Professions and non-profit organisations (NPOs), while exercising concurrent functions with the provincial departments of social development. The Department further submitted that the proposed Vote 19 allocation moves from R294.056 billion in 2025/26 to R302.405 billion in 2026/27, before declining to R277.273 billion in 2027/28 and recovering to R286.621 billion in 2028/29 over the 2026 Medium Term Expenditure Framework (MTEF).

The Department apprised the Committee that the 2026/27 allocation is distributed across its five programmes as follows: Administration (R462.796 million), Social Assistance (R292.771 billion), Social Security Policy and Administration (R8.455 billion), Welfare Services Policy Development and Implementation Support (R330.488 million) and Social Policy and Integrated Service Delivery (R386.406 million). The Department highlighted that social assistance accounts for 96.7 per cent of the portfolio's total budget, and submitted that an estimated 42 per cent of the South African population relies on social grants or the Social Relief of Distress (SRD) as a major source of income, including 12.9 million recipients of the Child Support Grant, 4.4 million recipients of the Old Age Grant and 1.1 million persons with disabilities.

Regarding economic classification of the 2026/27 allocations, the Department reported that transfers and subsidies amount to R301.402 billion (of which households account for R292.782 billion and departmental agencies and accounts for R8.561 billion), current payments amount to R987.489 million (comprising compensation of employees of R614.718 million and goods and services of R372.771 million), and payments for capital assets amount to R15.633 million.

The Department submitted that the 2026 MTEF allocations reflect the following adjustments arising from the National Treasury allocation letter:

- The baseline for social grants has been increased by R36.4 billion in 2026/27, accommodating the extension of the special *COVID-19 Social Relief of Distress Grant* until 31 March 2027.
- The transfer to SASSA for Social Grant Administration has been increased by R300 million to provide for the increased cost of administering *the COVID-19 SRDG*.
- An amount of R9.977 million has been reprioritised within the national departmental operational baseline and allocated to the Central Drug Authority for increased operational costs.
- An amount of R8.9 million has been added to transfers to households in 2026/27 for costs related to the incentivised early retirement and voluntary exit programmes for 12 employees.
- An amount of R58.4 million has been added to the transfer to SASSA in 2026/27 for costs related to the incentivised early retirement and voluntary exit programmes for 134 employees.

The Department reported that the following allocations are specifically earmarked over the MTEF: R28.0 million in 2026/27, R29.0 million in 2027/28 and R30.0 million in 2028/29 for the Inspectorate for Social Assistance; R8.256 billion in 2026/27, R8.214 billion in 2027/28 and R8.169 billion in 2028/29 for transfer to SASSA for Social Grant Administration; R77.1 million in 2026/27, R80.4 million in 2027/28 and R82.9 million in 2028/29 for transfer to SASSA for fraud investigations; R17.222 million in 2026/27, R17.961 million in 2027/28 and R18.666 million in 2028/29 for the operations of the Central Drug Authority; and R216.3 million in 2025/26, R226.2 million in 2026/27 and R236.4 million in 2027/28 for transfer to the National Development Agency. The Department further submitted that R284.8 billion in 2025/26, R259.7 billion in 2026/27 and R271.4 billion in 2027/28 is specifically and exclusively appropriated for transfers to households for social assistance grants and the social relief of distress.

The Department submitted that the 2026 MTEF budget is framed against an increasingly constrained fiscal environment but indicated that the extension of the special *COVID-19 SRD Grant* has provided an opportunity to advance social security reforms, including the possibility of Basic Income Support for persons in the 18 to 59 age cohort who are without an income.

On the spending plans for the 2026/27 allocation and the measures in place to prevent financial mismanagement, the Department reported that it has registered a Procurement Plan of R75 million with the National Treasury for the 2026/27 financial year. The Department submitted that this includes high-level projects for a travel agency (R40 million), an assets management system (R6 million) and tools of trade (R8 million), and that a further R143 million is payable annually for mandatory contracts such as office accommodation, network and mainframe services, the Auditor-General of South Africa, fleet services, security, cleaning and stationery.

The Department further submitted that its planned procurement across programmes includes the development and enhancement of an Electronic Appeals Management Information System (R6 million) and the appointment of. A service provider to develop the Social Budget Projections Model (R1.3 million) under Social Security; a commissioned evaluation of the National Drug Master Plan (R2 million) and the Gender-Based Violence Command Centre (R15 million) under Welfare Services; and, under Community Development, the identification of high-risk NPOs (R12 million over two years), the roll-out of an NPO Mentorship Model in five provinces (R5 million) and the appointment of a service provider to develop a Policy on Linking Social Protection Beneficiaries (R1.2 million).

On measures to prevent financial mismanagement, the Department submitted that it conducts a monthly in-depth analysis of spending against projected plans, has implemented Standard Operating Procedures for finance and a regularly updated market price index for the procurement of commodities, has strengthened internal control quality checks across the sourcing and payment processes, has conducted in-house procurement fraud awareness training, samples procurement order files for compliance prior to orders being generated, and holds structured governance meetings, including the Executive Committee, Budget Committee and Performance Review Sessions, on a weekly, monthly and quarterly basis.

The Department reported to the Committee on the progress made in implementing the Committee's previous recommendation regarding stricter oversight of expenditure to curb high-cost international travel by officials. The Department submitted that it has engaged its travel bookers, travellers and appointed travel agency to compare the best available prices for airfares, accommodation and car rental before confirming any booking, and has sensitised managers through a departmental circular to exercise ethical judgement when incurring, authorising and approving travel expenses. The Department further submitted that, prior to approving travel, the authorising official must satisfy himself or herself as to the necessity of the trip, the number of travellers, the benefit to the department, the availability of alternatives such as videoconferencing, and compliance with the departmental travel policy. For international travel specifically, the Department reported that travellers and the travel agency are required to compare more expensive direct flights against cheaper indirect flights, while ensuring that travellers remain able to function optimally on arrival, and that international travel should, where possible, be booked at least three weeks in advance to obtain the most competitive prices.

On the SASSA administration allocation, the Department submitted that the agency's revised allocation is R8.334 billion in 2026/27, R8.295 billion in 2027/28 and R8.252 billion in 2028/29. The Department explained that, in response to revised inflation expectations, the 2025 Medium-Term Budget Policy Statement recalibrated all budgets, resulting in a reduction of approximately R142 million, while R300 million has been allocated to cover the administration costs related to the SRD grant and R58 million has been earmarked for the incentivised Early Retirement Programme and Voluntary Exit Programme for 134 approved applications. The Department reported that, as no additional funds were allocated for cost-of-living adjustments and contractual obligations, SASSA is required to absorb increases in the cost of employees, additional human resource capacity, contracted increases for existing contracts, the Consumer Price Index, costs related to new and expanded targets, office accommodation and maintenance backlogs, and foreign exchange volatility within its baseline.

The Department submitted that SASSA's key funded projects aligned to its Annual Performance Plan amount to R703.599 million, comprising beneficiary records management (R283.021 million), service delivery improvement (R259.962 million), anti-fraud measures (R77.131 million), infrastructure improvement (R43.825 million) and system automation and digitisation (R39.660 million). The Department further reported on SASSA's beneficiary review programme, submitting that against a review baseline of 420 105 beneficiaries, 243 275 were reviewed and 169 049 were not reviewed during the period under review, and that the resulting savings from review lapses and means-test failures amounted to approximately R376.958 million to date, against estimated annual carry-through costs of approximately R1.402 billion. The Department also reported that, of 26 610 beneficiaries subject to life certification in 2025/26, 24 719 were certified, and that SASSA has set operational targets of 352 000 reviews and 348 835 life certifications for 2026/27.

On the plans in place to mitigate fraud in the disbursement of grants, the Department submitted that SASSA has established an internal Fraud Management and Compliance Department and has an approved Fraud Prevention Strategy that adopts a zero-tolerance stance and focuses on governance, prevention, detection, investigation and resolution. The Department reported that, during the 2025/26 financial year, SASSA received 488 fraud and corruption cases and finalised 487, a finalisation rate of 99.8 per cent. The Department further submitted that, in order to ensure consistency in sanctions, disciplinary matters arising from fraud, theft, corruption and serious maladministration have been centralised to the Labour Relations unit at head office, and that of 155 cases received, 90 have been finalised and 65 remain pending. The Department reported that 43 employees have been dismissed, with the remaining finalised cases comprising one final written warning coupled with a one-month suspension, eight final written warnings, six acquittals, eleven retirements or resignations, two deceased employees and eighteen withdrawals, and that 15 of the 65 outstanding cases await the decision of the presiding officer.

The Department additionally outlined measures to curb financial mismanagement across supply chain management, expenditure management, asset and liability management, internal controls and governance, consequence management, and reporting and compliance, including transparent competitive bidding, strict internal controls and approval thresholds, accurate asset registers, strengthened internal audit, the prompt investigation of unauthorised, irregular, fruitless and wasteful expenditure, and adherence to prescribed reporting standards.

On the National Development Agency (NDA), the Department submitted that R700.3 million is allocated over the MTEF to support the agency's mandate of poverty eradication and community development, and that the NDA prioritises its budget through a structured model that funds fixed costs first, mandate delivery to civil society organisations (CSOs) second, and strategic and administrative support functions third. The Department reported that the NDA's key spending priorities for 2026/27 include grant funding and capacity building of CSOs, the digitisation of legacy systems, research and evaluation to support evidence-based development policy, and the strengthening of partnerships to mobilise additional resources.

The Department further submitted that the NDA's fiscal allocation remains its primary funding source, supplemented by interest income and a resource mobilisation target of R40 million in 2026/27. The Department reported that the NDA is implementing a phased internal control and audit improvement plan aimed at improving the quality and timeliness of financial reporting, reducing repeat audit findings and strengthening management accountability, and that it intends to reduce its cumulative irregular, fruitless and wasteful expenditure by 80 per cent in the 2026/27 financial year. The Department highlighted that the NDA nonetheless faces structural funding constraints, with a significant portion of its budget committed to fixed costs and limited funding available for direct programme expansion, and submitted that the agency intends to mitigate these pressures through a resource mobilisation strategy targeting R40 million in 2026/27 and rising to R100 million by 2028/29, alongside alternative funding models involving Sector Education and Training Authorities (SETAs), private sector partnerships and development finance institutions.

On other matters, the Department apprised the Committee of the SASSA and Postbank contract dispute before the Constitutional Court, which follows an earlier High Court ruling in 2025 concerning the contract termination notice issued by SASSA to Postbank with effect from 30 September 2025, a matter affecting approximately three million beneficiaries. The Department reported that, at proceedings on 12 May 2026, the Court raised concerns regarding the impact of the termination on beneficiaries receiving grants through Postbank and the apparent intention not to comply with the Court order of 22 December 2025, which had directed Postbank to continue delivering services pending a final order. The Department submitted that the Constitutional Court has postponed the matter indefinitely subject to directions to be issued, that the order of 22 December 2025 still stands, and that the directions are expected to cover briefings by the Ministers of Social Development and Finance and by the President on the facilitation of the dispute resolution process. The department cautioned that, should the dispute be ruled against SASSA, it may carry significant financial implications, as all social assistance beneficiaries may then need to be considered for banking or transaction fees.

In conclusion, the Department requested that the Committee note the budget allocations as set out in the 2026 Appropriation Bill, note the responses to the questions raised by the Committee, and note that the social development portfolio is strengthening oversight, monitoring and governance in order to contribute positively to the development of the country.

6.7 Department of Land Reform and Rural Development

The Department of Land Reform and Rural Development (DLRRD) submitted that the proposed allocation of R10.355 billion for the 2026/27 financial year will be directed at delivering on its core mandate of land redistribution, restitution and rural development, rising to R10.715 billion in 2027/28 and R11.048 billion in 2028/29. The Department apprised the Committee that the 2026/27 budget is the second budget tabled under the DLRRD configuration following the National Macro-Organisation of Government (NMOG) process, which required transitional organisational adjustments, including the redistribution of administrative and support capacity between the two departments that emerged from the process. The Department reported that Programme 1 (Administration) staff had to be split on a 60/40 ratio to develop a start-up structure in both departments, and that a process to finalise an appropriately aligned organisational structure is currently underway and targeted for completion during the 2026/27 financial year.

The Department submitted that the primary cost drivers of the allocation are financial compensation to land restitution claimants, compensation of employees, goods and services (including office accommodation leases, rural infrastructure planning services, property payments and computer services), and transfers to departmental agencies and accounts. By programme, the 2026/27 allocation is distributed as Land Reform and Restitution at R6.655 billion, Administration at R2.142 billion, Land Administration at R834.8milliona and Rural Development at R723.4 million. By economic classification, the Department submitted that transfers and subsidies account for R4.250 billion or 40.9 per cent of the allocation, compensation of employees for R2.844 billion or 27.4 per cent, goods and services for R2.690 billion or 25.9 per cent, and payments for capital assets for R570.7 million or 5.8 per cent.

On its spending plan for the year, the Department submitted that R5.385 billion (52 per cent) is committed to contractual obligations comprising salaries, transfers to entities and organisational needs; R2.880 billion (28 per cent) is earmarked for land claims settlements, of which R2.537 billion is for financial compensation and R342.9 million for land acquisition; R1.021 billion (9.9 per cent) is for transfers to beneficiaries, of which R463.2 million is for Land Development Support (LDS) and R178.2 million for tenure reform; and R1.049 billion (10.1 per cent) is for planned procurement to be implemented through approved supply chain management processes during the year.

On the Agricultural Land Holding Account (ALHA), one of the Department's two trading entities, the department submitted that ALHA has budgeted to spend R1.092 billion in 2026/27, with 95 per cent directed at its key priorities of land acquisition, development support and management of the ALHA land portfolio. The Department reported that strategic land acquisition is allocated R459 million (42 per cent), property management R342 million (31 per cent) and land development support R237 million (22 per cent), and that the budget will be used to acquire 35 000 hectares of strategically located land and to support 27 farms with infrastructure machinery, production inputs and technical support.

The department further submitted that ALHA holds a total portfolio of 5 158 properties comprising approximately 1 983 farms or projects across some 2.475 million hectares, with an estimated asset value of approximately R12.658 billion, and that approximately 840 farms or projects have been supported to date. The Department highlighted that approximately 1 134 farms still require varying levels of post-settlement support, of which approximately 814 farms previously assessed as medium- and commercial-scale operations require additional development support estimated at approximately R6.3 billion.

On the Deeds Trading Account, the Department's second trading entity, the Department submitted that Deeds operates as a self-sustaining entity funded primarily through revenue generated from deeds registration services, projecting total revenue of R1.216 billion for 2026/27 (inclusive of a R19.268 million transfer for early retirement and the voluntary exit programme) against operating expenditure of the same amount, comprising compensation of employees of R802.5 million, goods and services of R365.4 million, depreciation of R28.8 million and households (early retirement) of R19.268 million.

On the 2024/25 expenditure outcome, the Department reported that it spent R6.4 billion, or 90 per cent of its R7.152 billion budget, on its core programmes, with the 2025/26 figures not yet finalised. The Department attributed the R720 million underspend mainly to delays in land claim settlements arising from payment system changes and slow processing, as well as delays in rural infrastructure projects due to operational challenges and contractor issues.

On measures to improve spending efficiency, the Department submitted that a detailed analysis and review of the budget was undertaken during the budget planning phase, and that service delivery budget improvement plans were developed and aligned with demand and procurement plans to ensure that procurement is undertaken at the appropriate time. The Department reported that demand and procurement plans were determined and appropriate sourcing strategies developed, that the plans are monitored through the departmental budget forum and quarterly performance meetings, that weekly meetings are held to identify improvements to the land claims settlement bulk payment system and related operational matters, with additional hours allocated to improve performance, and that project implementation is continuously monitored to safeguard against delays, cost escalations and poor workmanship.

On fruitless and wasteful expenditure, the Department reported that R137 million was recorded in the previous year under the former configuration of the Department of Agriculture, Land Reform and Rural Development (DALRRD), 78 per cent of which relates to functions transferred to the Department of Agriculture and is in the process of being transferred to that department. The Department submitted that 51 per cent of the amount related to the Presidential Employment Stimulus voucher system used for the redemption of agricultural inputs, 22 per cent to a case arising from a forensic investigation, and 4 per cent to interest charged on late supplier payments, with the remainder relating to supply chain management non-compliance and the non-attendance of booked training. The Department highlighted that improved invoice tracking, strengthened financial management controls and the issuing of non-compliance letters have improved payment within 30 days to an average of between 95 and 99 per cent per month, and that the Accounting Officer has appointed a Financial Compliance Committee to manage these cases and effect consequence management.

On revenue collection, the Department submitted that the low collection rate on lease debt has persisted over a number of years, driven by external factors such as beneficiaries not producing on allocated farms owing to a lack of technical and financial capacity, and internal factors such as human capacity constraints in enforcing and monitoring lease agreements. The Department reported that the preliminary 2025/26 position reflects an 11 per cent increase in the debt book and a 44 per cent decrease in collection, and that ALHA has developed a Revenue Improvement Plan with interventions including the cleansing of the debtor database, billing accuracy reviews, age-based debt collection, the deployment of collection agencies, the legal recovery of contract breaches, and the transfer of leased land in title to qualifying beneficiaries who have settled their lease debt.

On restitution, the Department submitted that between 2022/23 and 2024/25 it finalised 1 448 land claims at a cost of R6 billion, and that over the medium term it plans to finalise a further 869 claims at an estimated cost of R11.9 billion. The Department reported that it will settle 307 land claims in 2026/27 at a household budget of R2.6 billion, with particular focus on claims that have remained unresolved for extended periods, especially those lodged before 1998 in terms of the Restitution of Land Rights Act, 1994. The Department highlighted that a backlog reduction strategy requiring R56 billion has been developed to fast-track the settlement of pre-1998 claims, but that the strategy carries several dependencies, the principal one being human resources.

On land redistribution, the Department submitted that it has set a five-year target to redistribute 200 000 hectares, considering current financial and human resource capacity. On tenure reform, the Department reported that approximately 20 524 applications have been lodged, of which 11 567 have been finalised and 8 957 remain outstanding, and that budgetary pressures relate primarily to implementation capacity within Communal Property Association (CPA) support services, labour tenant settlement processes and broader tenure reform interventions, which will continue in alignment with the approved Labour Tenants Implementation Plan and applicable court-directed processes.

The Department's submission identified a number of challenges affecting its service delivery mandate, including:

- Delays in land claim settlements arising from payment system changes and slow processing.
- Delays in rural infrastructure projects due to operational challenges and contractor performance.
- Persistently low lease-debt collection rates driven by beneficiary production constraints and internal monitoring capacity.
- A backlog of pre-1998 land claims whose accelerated settlement is constrained primarily by human resource capacity, against a backlog reduction strategy estimated at R56 billion.
- A substantial post-settlement support backlog, with approximately 814 farms requiring an estimated R6.3 billion in additional development support.

6.8 Department of Mineral and Petroleum Resources

The Department of Mineral and Petroleum Resources (DMPR) submitted that the proposed allocation under Vote 34 amounts to R2.857 billion for the 2026/27 financial year, rising to R2.976 billion in 2027/28 and R3.069 billion in 2028/29, and briefed the Committee on its FY26/27 Annual Performance Plan and budget allocation. The Department apprised the Committee that the 2026/27 allocation reflects a marginal decrease of R3.707 million on the 2025/26 adjusted appropriation of R2.861 billion, comprising an increase of R41.9 million in compensation of employees, an increase of R19.4 million in goods and services, and a decrease of R65.5 million in transfers and subsidies. The Department noted that the Minister of Finance's revised inflation target of 3 per cent, with a one percentage point tolerance band, is expected to have short- to medium-term effects on the growth of departmental baselines.

On the sector environment underpinning the budget, the Department submitted that the mining sector contributed gross value added of R477 billion, or 6.3 per cent of gross domestic product, growing by 7.7 per cent, generating total revenue of R861 billion and royalties of R11.8 billion, while supporting 470 705 jobs. The Department highlighted that South Africa holds world-leading reserves, including 91 per cent of global platinum group metals, 75.2 per cent of chrome and 30.2 per cent of manganese, but that the sector faces declining physical production despite strong revenues, falling exploration investment of R738 million (a 5.3 per cent decline in 2025), energy constraints and operational pressures in deep-level gold and platinum group metal mining. On the petroleum sector, the Department submitted that it fuels approximately 90 per cent of transport, mining, agriculture and logistics activity and contributes about 5 per cent of gross domestic product when including petroleum refining, fuels trade and petrochemicals, but faces an over-reliance on imported crude oil and refined products, ageing and under-utilised refineries, logistics constraints, fuel price administration (levy and taxation), and the requirement to implement Clean Fuels standards by 2027.

By programme, the Department submitted that the Mining and Minerals Policy Development programme receives the largest share at R1.151 billion (40 per cent), followed by Minerals and Petroleum Regulation at R799.2 million (28 per cent), Administration at R630.1 million (22 per cent), and the Mine Health and Safety Inspectorate at R276.7 million (10 per cent). By economic classification, transfers and subsidies account for R1.213 billion (42.46 per cent), compensation of employees for R947.5 million (33.17 per cent), goods and services for R679.0 million (23.77 per cent), and payments for capital assets for R17.4 million (>1 per cent).

The Department reported that of the R679.0 million goods and services allocation, R432.7 million (63.73 per cent) is for operational expenditure and R246.3 million (36.27 per cent) is earmarked for specific projects, including R140.1 million for the rehabilitation of mines by Mintek, R47.8 million for the Petroleum Agency South Africa shale gas project, R33.6 million for the Council for Geoscience mine water ingress project, R23.4 million for the Council for Geoscience mine rehabilitation research project, and R1.3 million for the Expanded Public Works Programme on derelict and ownerless mines.

On transfers to its public entities, the Department submitted that earmarked transfers represent the major share of the budget in 2026/27, totalling approximately R1.17 billion or 40.81 per cent of the total allocation. The Department reported that the principal transfers comprise R666.9 million for the Council for Geoscience, R328.7 million for Mintek, R94.98 million for the Petroleum Agency South Africa, R70.46 million for the South African Diamond and Precious Metals Regulator, R31.12 million to the Industrial Development Corporation (IDC) for small-scale mining support, R5.32 million African Diamond Producers association and R4.89 million for the Mine Health and Safety Council, with smaller allocations for the Mining Qualifications Authority, the African Petroleum Producers' Organisation and the mine pumping subsidy. The Department further submitted that the Project Indwe mining cadastre licensing system carries an allocation of R16 million in 2026/27, having incurred expenditure of R20.13 million in 2024/25 and R12.72 million in 2025/26 through the Corporate Services component of the Administration programme.

On compensation of employees, the Department reported that the R947.5 million allocation is based on the approved organisational structure and does not provide additional funds for the creation of new positions, resulting in a marginal net deficit of R56 000 against a total establishment cost of R947.58 million for a total establishment of 1 154 posts, of which 1 084 are active filled posts and 48 are vacant.

On its performance plan, the Department submitted that the FY26/27 Annual Performance Plan aligns with its 2025–2030 Strategic Plan and the Medium-Term Development Plan, and that its strategic priorities are to promote investment in the mining and petroleum sectors, accelerate transformation of the mining and petroleum sectors, ensure environmental sustainability, promote regional integration and cooperation, and strengthen institutional capacity and governance. The Department highlighted that key planned outputs for the year include the submission to Parliament of the Mineral Resources Development Amendment Bill and the Diamond Amendment Bill, approval of the Strategic Petroleum Stock Policy, finalisation of the fuel price formula review and the Petroleum Sector Development Plan, the roll-out of the new mining cadastre system across eight regions, the finalisation of 2 470 mining and prospecting rights and permit applications, and the granting of 50 new-to-industry petroleum retail licences.
On compliance and enforcement, the Department submitted that it plans to conduct 1 374 environmental inspections, 1 500 petroleum retail and wholesale site inspections, 500 mining economics inspections, 212 social and labour plan inspections and 150 legal compliance inspections, and to test 1 080 fuel samples during the year. On mine health and safety, the Department reported that the Mine Health and Safety Inspectorate plans to conduct 8 000 qualitative inspections, complete 85 per cent of initiated accident investigations and 80 per cent of inquiries and submit the Mine Health and Safety annual report to Parliament.

On environmental sustainability and the state of geological infrastructure, the Department submitted that it plans to implement two mine water ingress control measures to address acid mine drainage, rehabilitate three derelict and ownerless mine sites, legacy mines operated prior to the Minerals Act and the MPRDA, and seal off 40 unsafe mine shafts during the year, with the Council for Geoscience and Mintek as supporting entities.

On the limitations it faces in executing its mandate, the Department submitted that it is constrained by limited funding for geoscience mapping and exploration, limited funding of research support beneficiation and localisation, limited support for junior, artisanal and small-scale mining, under-funding of the derelict and ownerless mine rehabilitation and water ingress programmes, insufficient resources to combat illegal mining, and obsolete information and communication technology infrastructure inadequate to a start-up organisational structure.

The Department made the following requests to the Committee in respect of additional resources:

- Scaled-up funding to the Council for Geoscience and Mintek to expand geoscience mapping, exploration and beneficiation research, including research to unlock rare earth elements from coal fly ash.
- Expanded financial and technical support for junior, artisanal and small-scale mining.
- Approximately R172 million per annum to fund 201 additional posts to capacitate the compliance and enforcement function, including the fight against illegal mining and the enforcement of mine health and safety requirements.
- Additional funding for the derelict and ownerless mine rehabilitation programme, the sealing of unsafe shafts and the implementation of water ingress control measures, noting that an estimated R35 billion is required to rehabilitate the country's ownerless and derelict mines.
- Approximately R196 million on a once-off basis for a hardware refresh to modernise and upgrade the department's information and communication technology infrastructure.

6.9 Department of Trade, Industry and Competition

The Department of Trade, Industry and Competition (the DTIC) apprised the Committee that a total of R33.2 billion has been appropriated to the department over the 2026 medium term, comprising R11.69 billion in 2026/27, R10.6 billion in 2027/28 and R10.9 billion in 2028/29. The Department submitted that the 2026 Medium Term Expenditure Framework (MTEF) continued to be prepared under a constrained fiscal environment, that funding pressures would have to be accommodated through reprioritisation within the department's existing baseline, and that its total expenditure reflects a marginal decrease of 0.6 per cent in real terms, declining from R11.1 billion in 2025/26 to R10.9 billion in 2028/29.

The Department submitted that the largest share of the 2026/27 allocation is directed to the Incentives Programme at R5.4 billion, followed by Transformation and Competition at R2.2 billion, Sectors at R1.7 billion and Administration at R1.0 billion, with the balance allocated across the Export, Regulation, Trade, Export, Investment and Spatial Industrial Development, and Research Programmes. The Department further submitted that the Transformation and Competition programme reflects an average decline of 27.8 per cent over the medium term, which it attributed to a once-off allocation made to that programme for the Social Employment Fund in the prior year. The detailed allocation per programme is set out below.

Programme	2025/26 (Adjusted Appropriation)	2026/27	2027/28	2028/29
Administration	1 069 471	1 045 290	1 085 187	1 118 646
Trade	315 692	266 425	276 871	285 325
Investment and Spatial Industrial Development	159 409	189 914	198 142	204 479
Sectors	1 534 105	1 685 887	1 756 955	1 811 612
Regulation	407 261	376 614	392 607	404 898
Incentives	5 230 216	5 437 524	5 655 381	5 831 569
Export	385 274	430 031	447 857	461 399
Transformation and Competition	1 962 634	2 198 598	717 361	739 682
Research	64 587	68 250	71 095	73 334
Total	**11 128 649**	**11 698 533**	**10 601 456**	**10 930 944**

On the economic classification of the 2026/27 allocation, the Department submitted that compensation of employees amounts to R1.24 billion, growing at an average rate of 6 per cent over the medium term; goods and services amounts to R849.4 million, declining at 2 per cent; transfers and subsidies amounts to R9.59 billion, declining at 1.4 per cent; and payments for capital assets amounts to R19.6 million, growing at 28.5 per cent. The Department noted that its Administration budget includes accommodation expenditure of just over R350 million per year.

The Department further submitted that, in the 2026/27 financial year, the budget is distributed across the following broad categories: the DTIC Business Incentives (34.89 per cent); External Programmes (19.79 per cent, which includes the once-off allocation for the Social Employment Fund); operational expenditure (18.04 per cent); the department's entities (15.41 per cent), being the Standards Institutions, Regulators and one Development Finance Institution; Infrastructure investment incentives (9.94 per cent); transfers to non-profit organisations (1.50 per cent); and membership fees (0.43 per cent). The Department highlighted that the incentives programme, together with its industrial financing partners the Industrial Development Corporation (IDC) and the National Empowerment Fund (NEF), provides industrial financing in the form of grants and loans, with disbursements focused on expanding the reach of industrial finance to small, medium and micro enterprises (SMMEs), women- and youth-owned enterprises, and under-supported districts, including through the Special Economic Zone (SEZ) and Industrial Park incentives in support of projects located outside the five main metropolitan areas.

The Department apprised the Committee that its incentive portfolio is administered by the Incentive Branch through 14 incentives operating on a cost-sharing and reimbursement model, organised across five core clusters, namely: Manufacturing (the Automotive Investment Scheme (AIS), the Black Industrialist Scheme (BIS), the Manufacturing Support Programme (MSP), the Agro-Processing Support Programme (APSS), the Aquaculture Development and Enhancement Programme (ADEP), and the Clothing, Textile, Footwear and Leather Growth Programme (CTFLGP)); Infrastructure (Special Economic Zones, the Critical Infrastructure Programme (CIP) and Industrial Parks); Services (Global Business Services (GBS) and the Film and Television Incentive); Export Promotion (the Export Marketing and Investment Assistance (EMIA) Scheme and the Sector-Specific Assistance Scheme (SSAS)); and Innovation (the Technology and Human Resources for Industry Programme (THRIP) and the Support Programme for Industrial Innovation (SPII)). The Department submitted that Manufacturing remains the largest cluster by volume across all years, despite an overall negative growth trend, while Infrastructure, Innovation and Export Promotion reflect the strongest growth over the period. The cluster allocations are set out below.

Cluster	2022/23	2023/24	2024/25	2025/26 (Unaudited)	2026/27 (Budget)	Growth 2022/23–2026/27
Manufacturing	3 723 352	3 346 990	2 329 427	2 873 041	3 240 792	-3.41%
Infrastructure	614 568	1 025 471	236 462	1 116 628	1 162 910	+17.29%
Services	988 300	1 139 042	1 537 440	1 182 679	1 038 405	+1.24%
Export Promotion	153 360	227 182	128 520	170 354	202 450	+7.19%
Innovation	80 771	65 500	74 576	66 726	107 735	+7.47%
Total	**5 560 351**	**5 804 185**	**4 306 425**	**5 409 428**	**5 752 292**	**0.85%**

On the performance of the incentive programme for the 2025/26 financial year (April 2025 to March 2026), the Department reported that the Incentive Branch approved a total of R4.2 billion in support, representing R31.2 billion in projected investment over the next two to five years, and disbursed a total of R5.03 billion. The Department submitted that these disbursements supported the creation of more than 6 000 permanent new jobs and more than 3 800 digital new jobs, generated R11.7 billion in service exports, and channelled R1.4 billion to enterprises located outside the five main metros, R688 million to Black Industrialists and black-owned businesses, and R612 million to SMMEs and women- and youth-owned businesses.

The Department further submitted that, in 2025/26, projects located in Gauteng and KwaZulu-Natal accessed the most funding, with R2.15 billion and R1 billion disbursed respectively (of which 57 per cent and 58 per cent respectively were disbursed to projects located in Special Economic Zones), followed by the Western Cape (R739.11 million) and the Eastern Cape (R528.18 million), with the remaining provinces accessing comparatively smaller amounts. The Department reported that, through marketing mechanisms and review studies, the Branch will seek to improve uptake in provinces and districts with low participation but cautioned that the voluntary uptake of incentives is inherently difficult to budget for, as uptake depends entirely on business take-up. The Department also reported that its expenditure against the allocated budget over the past six years has remained consistently high, recording 97.93 per cent in 2025/26.

Regarding Manufacturing Incentives over the three-year period from April 2023 to March 2026, the Department reported that R6 billion was disbursed, supporting the creation of 23 000 new jobs and the retention of 38 000 jobs in 2025/26, generating R16 billion in local additional output and R3.9 billion in import replacement. The Department highlighted that these incentives enabled the first-time local production in South Africa of key automotive components, including brackets, cable ducts, HVAC components, metal press parts, exhaust rear mufflers, machined flanges, and body, frame and bumper parts, thereby strengthening localisation and reducing import dependence.

The Department further reported that funded manufacturing exports reached six continents and 25 African countries over the same period, amounting to R160 billion in global exports and R6 billion in exports to Africa, with the automotive industry accounting for the highest value of exports both to African countries and globally. On the Innovation incentives over the same period, the Department reported that THRIP disbursed R157 million to 36 projects, of which nine research projects were completed, and that SPII disbursed R49 million to 34 projects, of which 10 were completed and seven commercialised, supporting commercialised innovations spanning logistics and security, sustainable infrastructure and housing technology, data and cloud intelligence, and SME-enabling platforms.

On the 2026/27 performance and appropriation matrix, the Department submitted that R5.2 billion is allocated across the incentive clusters, comprising R2.7 billion for Manufacturing incentives, R1.16 billion for Infrastructure Support, R1.03 billion for Services Incentives, R202 million for Export Promotion and R107.7 million for Innovation Support.

The Department reported the following annual targets and efficiency metrics:

- R35 billion of investment is targeted to be secured through the industrial financing programmes, on the basis that for every R1 spent by incentives, R8 in investment is expected to be generated by the project.
- R4 billion is targeted for disbursement to enterprises that comply with the latest Broad-Based Black Economic Empowerment (B-BBEE) Act.

- 7 000 new jobs are targeted across the clusters (excluding the jobs created through GBS, which are reported separately), with one new job expected to be created for every R370 000 disbursed through funded manufacturing projects and for every R107 000 disbursed through funded CIP projects.
- For Global Business Services, R518.8 million is allocated, with targets of 5 000 new jobs through the digital economy programme and R5 billion in export revenue, at an average cost of R103 000 per job and a return of R9.65 in export revenue per R1 spent.
- For Export Promotion under EMIA, R202 million is allocated, with targets of R700 million in exports to global markets by SMMEs and R70 million in exports to African markets by black-owned entities; the Department reported an export return on investment of R8 in confirmed export orders per R1 of grant funding, total export sales of R764.9 million generated in 2025/26 against total expenditure of R91.4 million, and noted that the EMIA scheme has received limited funding relative to its market-diversification mandate.
- For Manufacturing under the CTFLGP, R507.7 million is allocated, with targets of 50 companies supported and 2 000 new permanent jobs, at approximately R30 000 per job maintained or created.

The Department apprised the Committee of a number of fiscal constraints and strategic risks to the implementation of its industrial incentives. In respect of the Film and Television Incentive, the Department reported that the incentive programme has faced significant funding pressure over the past two years amid increased demand from both local and international productions, which in turn slows transformation objectives, and submitted that additional funding would attract large-scale international productions, bring substantial foreign direct investment, and support job creation across production, technical, hospitality, transport, catering and set-design services. Regarding, Global Business Services, the Department reported that the programme is critically underfunded, that its growth has exceeded its current budget, that it risks losing jobs to competing countries offering similar incentives and may not reach the target of 500 000 cumulative jobs by 2030, and submitted that an estimated incentive of R2.2 billion would be required to create a projected 25 000 new jobs and an estimated R26 billion in export revenue over five years.

Regarding of the Automotive Investment Scheme, the Department reported that the budget is insufficient to cover the high volume of applications, noting that three applications had been received from original equipment manufacturers (OEMs) since May 2024, with projected investment of more than R16 billion against an estimated grant requirement of R3.2 billion, of which only one OEM was granted a proportional approval in 2025/26 that subsequently created more than 300 jobs as at May 2026, and submitted that additional funding would help South African automotive companies compete with global counterparts, with 14 375 jobs projected to be retained and 252 new jobs projected to be created by two OEMs. The Department further reported that R50.3 million has been provided for the revitalisation of 15 targeted industrial parks across the provinces, against a funding cap of up to R50 million per park and submitted that budget augmentation is required.

On its trade work, the Department submitted that it is implementing a market diversification strategy described as the "butterfly approach", anchored on the implementation of the African Continental Free Trade Area (AfCFTA) and the unlocking of opportunities in the rest of Africa, with the "wings" representing additional export initiatives in established, new and emerging markets, and that export initiatives will primarily focus on 27 priority markets organised around the themes of decarbonisation, diversification and digitalisation. The Department reported the following key trade interventions implemented to grow and diversify exports: the conclusion of the Clean Trade and Investment Partnership with the European Union, unlocking approximately €12 billion for decarbonisation and industrial projects, with 45 bankable projects identified; the securing of a European Union derogation on electric vehicle rules of origin to enable exports of South African electric and hybrid vehicles; the deployment of tariff reviews and the inclusion of electric vehicles and critical minerals under the Automotive Production and Development Programme; the signing of the China-Africa Economic Partnership Agreement for Shared Development; engagement with China towards a bilateral trade memorandum of understanding on the exchange of the top 100 export products; and ascension to the Afreximbank to unlock extended financial support.

The Department further apprised the Committee on its response to global trade developments. The Department submitted that 2025 brought a significant shift in global trade policy, including the adoption of an "America First" trade policy and a broader shift away from a rules-based multilateral trading system towards measures advancing national security imperatives, economic resilience and domestic industrial policy priorities, and reported that the share of trade conducted under World Trade Organisation rules declined from 80 per cent to 72 per cent since the start of 2025. The Department submitted that South Africa's global trade balance recorded a surplus of R202 billion in 2025, a slight increase from R197 billion in 2024, with global exports of goods amounting to R2.1 trillion and global imports of goods amounting to R1.9 trillion. The Department reported that exports to the rest of Africa amounted to R556.7 billion (26.7 per cent of South Africa's global exports), with significant unrealised export potential to the rest of the continent estimated at R1.1 trillion over the period to 2030, and that imports from the rest of Africa amounted to R175.1 billion.

On regional and bilateral trade arrangements, the Department submitted that South Africa is party to reciprocal, legally binding trade agreements covering 90 countries, representing 28 per cent of world gross domestic product and 29 per cent of the world's population, and reported that it currently chairs both the Southern African Customs Union (SACU) and the Southern African Development Community (SADC).

The Department reported that South Africa implemented the AfCFTA in January 2024, that 100 per cent of the rules of origin have been finalised including for autos, clothing and textiles, that cumulative exports beyond SADC under the AfCFTA amounted to R2.6 billion, and that cumulative imports under the AfCFTA amounted to R2.1 billion up to February 2026. The Department further reported on the review of agreements with the European Union, the United Kingdom and the European Free Trade Association (noting over 90 per cent utilisation of the European Union and United Kingdom agreements and challenges arising from environmental protectionism such as the Carbon Border Adjustment Mechanism; the implementation of the SACU-MERCOSUR Preferential Trade Agreement; the unilateral preferential market access scheme extended by China effective from 1 May 2026 and the related Early Harvest Agreement; and the ongoing SACU-India Preferential Trade Agreement negotiations.

Regarding trade relations with the United States, the Department reported that the United States had implemented reciprocal tariffs against its trading partners, with South Africa facing a 30 per cent tariff, that these tariffs were subsequently set aside by the United States courts in March 2026, and that the United States thereafter implemented a temporary 10 per cent global tariff on most imports under Section 122 of the Trade Act of 1974, and initiated an investigation under Section 301 of the same Act into the trade practices of 60 trading partners relating to the importation of goods produced with forced labour, in respect of which bilateral consultations between South Africa and the United States were scheduled for May 2026.

The department further reported that the African Growth and Opportunity Act (AGOA) had been extended for a year until 31 December 2026, and that South Africa, through the Department, had submitted comments on the modernisation of AGOA advocating, among other matters, the renewal of AGOA for at least 15 years, the lengthening of the eligibility review cycle, the enhancement of rules of origin to support AfCFTA objectives, and a focus on trade rather than non-trade issues.

In conclusion, the Department briefed the Committee on the outcomes of the Fourteenth WTO Ministerial Conference (MC14), reporting that the Conference approved Ministerial Decisions on the Work Programme on Small Economies and on the implementation of special and differential treatment in the application of the sanitary, phytosanitary and technical barriers to trade agreements, but could not reach agreement on a number of critical issues, including WTO reform, electronic commerce, fisheries subsidies and the least-developed-countries package, which will be the subject of further discussions in Geneva.

7. Public submissions on the 2026 Appropriation Bill

This section provides an overview of the submission that was made in response of the advertisement that was published in the parliamentary website and social media platforms. In response to the advertisement, the Committee received written and oral submissions on the Bill from the Congress of South African Trade Unions (COSATU); PA-IFS and the South African Human Rights Commission. The Budget Justice Coalition made a written submission on the Bill.

7.1 Congress of South African Trade Unions

The Congress of South African Trade Unions (COSATU) submitted that it noted with extreme disappointment what it characterised as a lacklustre 2026/27 Budget, Medium Term Expenditure Framework (MTEF) and Appropriation Bill, which in its view walked back many of the progressive commitments made in the State of the Nation Address (SONA). While the federation expressed appreciation for certain progressive allocations for which it had campaigned, it submitted that the overall package failed to respond decisively to the fundamental crises facing the working class and the economy, citing an unemployment rate of 43.7 per cent (which it stated had risen by 1.6 percentage points since SONA), economic growth well below the 3 per cent it considers necessary to create jobs, struggling public and municipal services and State-Owned Enterprises (SOEs), and entrenched poverty, inequality, crime and corruption. COSATU submitted that the Budget was focused on balancing the books rather than on aggressively stimulating economic growth or tackling unemployment.

On public services, COSATU submitted that ensuring frontline public services have the resources to fulfil their constitutional and developmental mandates was key to creating an environment in which the economy could grow and the lives of the working class be improved. COSATU expressed appreciation for above-inflation increases for health and education, including R18 billion to enrol 300 000 Grade R learners, R7.8 billion for the National Health Insurance grants, R24 billion for revitalising public healthcare, R92 billion for district health programmes, and R21 billion for the employment of doctors over the MTEF, as well as the recruitment of 3 000 staff to digitise civic services at the Department of Home Affairs.

COSATU further welcomed the eradication of over 4 323 ghost posts and plans to digitise public procurement as measures that would free funds for frontline services. However, COSATU submitted that it was deeply concerned that no funds had been allocated for the additional 10 000 permanent labour inspectors pledged by the President in SONA.

COSATU made the following proposals to the Committee:

- That the National Treasury provide additional funds to the Department of Employment and Labour to appoint the 10 000 new labour inspectors.
- That frontline vacancies, such as those for doctors, nurses, paramedics, teachers and police, be filled.
- That the ghost post audit be extended to all departments, entities, municipalities and SOEs.
- That executive and senior management posts be reduced in favour of shifting resources to frontline positions.

On local government, COSATU submitted that local government remained the State's weakest point, with over 60 per cent of municipalities in financial distress and many struggling to provide basic services or pay staff. COSATU submitted that the allocation of R27 billion to improve the ability of metropolitan municipalities to provide basic services and to bill correctly was critical, as were plans to strengthen national government's ability to intervene timeously. COSATU submitted that it was critical that a new municipal funding model and the White Paper on Local Government be finalised.

COSATU made the following proposals to the Committee:

- Urgent interventions to stabilise increasingly dysfunctional municipalities, including by addressing revenue and expenditure obligations.
- Urgent development of a new municipal funding model.
- Enlisting Eskom, the South African National Roads Agency Limited (SANRAL) and the Department of Water and Sanitation to ensure the delivery of basic services and the recapacitation of struggling municipalities.

On State-Owned Enterprises, COSATU submitted that the substantial infrastructure investments of R1.07 trillion over the MTEF for energy, rail, ports, water, roads and airports would help boost economic growth and jobs and welcomed plans to connect over 320 000 houses to electricity and to roll out 258 000 smart meters. COSATU commended the progress made in stabilising and rebuilding key SOEs but submitted that more is required to enable Eskom to reduce the price of electricity and to return Transnet and Metro Rail to full capacity in order to unlock mining, manufacturing and agricultural jobs and to provide efficient public transport for urban workers.

COSATU expressed dismay at what it described as the lack of real turnaround plans for Denel, the South African Broadcasting Corporation (SABC), the South African Post Office (SAPO) and Postbank. COSATU submitted that Transnet should be assisted to settle its debt in order to free up capital for the modernisation of its port and railway network, that the National Treasury must honour its court-sanctioned business rescue agreement to provide financial support to SAPO, and that government needed to expedite the Road Accident Fund (RAF) Bill and other interventions to fix the RAF.
COSATU made the following proposals to the Committee:

- Continued support for Eskom, Metro Rail, the SABC and other SOEs.
- Urgently ramped-up support for Transnet.
- Honouring of the debt relief package for SAPO.
- Intervention plans for Postbank, Denel and the RAF.

On law enforcement, COSATU submitted that, while SONA had committed government to a plan to tackle the high levels of crime and corruption, no new meaningful allocations had been provided for the South African Police Service (SAPS), the National Prosecuting Authority, the Directorate for Priority Crime Investigation or the Judiciary to ensure that they had the personnel, skills and infrastructure capacity required. COSATU submitted that the additional allocations for the Border Management Authority and the South African National Defence Force (SANDF) were important, but that the allocation for the SANDF fell short of ensuring that military personnel received the full support they required, in particular three meals a day. COSATU cited the recent seizure of illegal drugs at the Beitbridge Border Post through a joint law enforcement operation as illustrating the value of investing in law enforcement capacity.

On economic stimulus, COSATU submitted that, while it appreciated a 5.8 per cent increase in funding for economic development, the monies allocated for small businesses and the industrial and export sectors were deeply inadequate, as was the absence of a bold stimulus package.

COSATU welcomed the additional allocation of R40 billion that brought total MTEF infrastructure spending to R1.07 trillion, in particular for roads, water, rail, ports, seven new hospitals and 13 000 university beds, but submitted that Parliament needed to ensure that these funds were spent timeously and supported locally produced materials, and that law enforcement must tackle the construction mafia. COSATU expressed concern that no additional support had been put in place to cushion the agricultural and manufacturing sectors from high electricity prices, global trade turmoil, possible increases in the oil price, inflation and the spread of Foot and Mouth Disease. COSATU submitted that the R3 billion allocated for small business development was minimal when compared with the R4 billion it stated had been allocated for the protection of politicians, and that the 10 per cent reduction in financing for the Department of Trade, Industry and Competition undermined efforts to boost manufacturing and reindustrialisation.

COSATU made the following proposals to the Committee:

- Extended General Fuel Levy relief to further cushion workers and the economy from fuel price increases.
- Tighter parliamentary oversight over the rollout of the infrastructure programme.
- More active law enforcement to address the construction mafia and cable theft.
- Engagements with the Public Investment Corporation (PIC), the Development Bank of Southern Africa (DBSA) and the Industrial Development Corporation (IDC) to boost economic infrastructure.
- Urgent engagements at the National Economic Development and Labour Council (Nedlac) on a ramped-up small, medium and micro enterprise (SMME), industrialisation and export financial stimulus and relief package.
- Fixing the Temporary Employment Relief Scheme of the Unemployment Insurance Fund (UIF) and fixing the mining rights application system.

On social relief, COSATU submitted that it was deeply angered that no inflationary adjustment had again been provided for the 8 million recipients of *the Social Relief of Distress (SRD) Grant*, and submitted that Parliament must correct this. COSATU submitted that it was painful that the National Student Financial Aid Scheme (NSFAS) threshold had not once been adjusted for inflation, and that it was disappointing that the Presidential Employment Stimulus had been reduced by half, from R8.8 billion allocated in 2025 to R4.5 billion in 2026, despite the commitments made in SONA. COSATU submitted that it would request urgent engagements at Nedlac on a revamped public employment programme that pooled various funding options, reduced corruption and wastage, ensured recipients were paid the National Minimum Wage, and provided the training and experience needed to find permanent work.

COSATU further submitted that the National Treasury needed to honour its commitment to engage with COSATU on the next phase of the two-pot pension reforms, noting that these reforms had injected over R70 billion into the pockets of 4 million workers and into the economy.

COSATU made the following proposals to the Committee:

- That Parliament adjust the SRD grant for the Consumer Price Index (CPI) in 2026 and reach the food poverty line over the MTEF.
- That Parliament adjust the NSFAS threshold for CPI in 2026 and recover the value lost to non-adjustment over the MTEF.
- Tighter parliamentary oversight of the implementation of public employment programmes.
- Engagements with the PIC, SETAs and the National Skills Fund to take over a share of public employment programmes.
- That engagements on the next phase of the two-pot pension reforms commence in time for implementation in 2027.

On revenue, COSATU expressed appreciation for the relief provided to working and middle-class families through the adjustment of tax brackets for inflation for the first time in three years and supported the R31 billion allocation from currency reserves to bolster the fiscus. However, COSATU submitted that it was concerned that resources to capacitate SARS to boost tax compliance had not been provided beyond a 2 per cent annual adjustment.

COSATU made the following proposals to the Committee:

- That Parliament provide an additional R5 billion per annum to SARS to raise the tax compliance rate from 67 to 75 percent over the MTEF.
- SARS report quarterly to the Standing Committee on Finance on measures to tackle tax evasion.
- A reduction of tax loopholes for the wealthy and large corporations.
- The pursuit of wealth taxes, for example on inheritance, estates and luxury goods.

In conclusion, COSATU submitted that, although there were important allocations for certain frontline and relief measures, it was extremely frustrated that government had once again prioritised balancing the books at the expense of a bold stimulus package that would fix public and municipal services, spur economic growth, boost employment, provide relief for the poor and unemployed, and ramp up tax compliance. COSATU called upon Parliament to exercise its legislative authority to amend the Bill to extend the General Fuel Levy relief, provide additional funding for SARS, adjust the SRD grant and the NSFAS threshold for CPI, and increase funding for public employment programmes and for industrial and export financing.

7.2 PA-IFS

PA-IFS, which describes itself as an independent think tank dedicated to advancing developmental and heterodox macroeconomics and to bridging the gap between academic research and practical policy in order to catalyse industrialisation and spatial equity across Africa, made an oral presentation to the Committee. The institute submitted that the 2026 Appropriation Bill had been drafted and presented in February 2026 on a recovery baseline that had since been overtaken by economic reality, and that Parliament was therefore no longer processing a recovery budget but a crisis-containment budget. The institute submitted that the Committee should not rubber-stamp a February baseline for what had become a May crisis, but should ensure that the Bill was adopted with structural conditionalities, and that the proper goal of oversight was to become a predictive tool focused on budget outcomes rather than on financial probity alone.

In support of this position, the institute presented macroeconomic data for the first quarter of 2026, submitting that real GDP growth had flatlined at 1 per cent across the fourth quarter of 2025 and the first quarter of 2026, that official unemployment had reached 32.7 per cent with more than 300 000 jobs lost in the quarter, that headline CPI in March stood at 3.1 per cent, and that the upper-bound poverty rate had escalated to 57.3 per cent. The institute submitted that the cooling of inflation reflected severe demand destruction rather than an improvement in conditions, as households lacked the disposable income to sustain consumption, and that job losses were pushing thousands onto indigent registers and straining provincial relief. The institute further submitted that the revenue shortfall against the February target carried an implication for fuel levy relief, and that the Medium-Term Expenditure Framework projections had become obsolete, such that un-gated capital allocations would not yield the returns previously predicted.

The institute presented a macroeconomic performance audit contrasting government's 2025 commitments with 2026 outcomes, which it described as a credibility deflator for the 2026 budget. It submitted that GDP growth had missed its 2 per cent target by stagnating at 1 per cent, that unemployment had deteriorated from a target of 30 per cent to 32.7 per cent, that poverty on the upper-bound poverty line had escalated from 55.2 per cent to 57.3 per cent, and that inequality, as measured by the Gini coefficient, had deepened from 0.670 to 0.681.

The institute apprised the Committee of its proprietary composite scoring framework, the NBAMII model, which it uses to assess fiscal governance across four technical pillars, namely the macro-fiscal multiplier (measured through metrics such as its YLAR-10 indicator), strategic alignment to the Medium Term Development Plan and the National Development Plan, allocative efficiency (the core-to-administration ratio, compensation-of-employees density and the frequency of virement), and implementation capacity (audit outcomes and the reduction of irregular expenditure), to a maximum aggregate score of 10.

Applying this framework to a selection of national votes and entities, the institute submitted the following:

- Top-performing votes, scoring above 6.0, were the National Treasury (7.95), the Department of Health (6.85), the Department of Higher Education and Training (6.65) and the Department of Home Affairs (6.05), which it assessed as capable of delivery but hampered by administrative bloat and provincial administration costs.

- Vulnerable or moderately performing votes, scoring between 4.5 and 5.9, were the Department of Transport (5.75), the South African Police Service (5.50), the Department of Rural Development and Land Reform (5.05) and Cooperative Governance (4.60), which it described as the core of a transmission failure driven by procurement bypass and municipal decay.
- Critically performing votes and entities, scoring 4.5 or below, were the Department of Defence (4.5), Denel (3.95) and South African Airways (3.10), which it stated presented severe macro-fiscal risk, made little or no localised contribution to gross fixed capital formation, and, in the case of the entities, operated as passive debt-servicing vehicles sustained by operational bailouts. The institute identified specific bottlenecks within these votes, submitting that the National Treasury was reluctant to use its powers under section 216 of the Constitution to enforce conditionalities on failing State-Owned Companies; that the Department of Health experienced efficiency losses through medico-legal claims and provincial administrative bloat; that the Department of Transport had the highest capital-formation potential but was neutralised by implementation incapacity and the diversion of capital from rail corridors to operational bailouts; and that the SAPS and the Department of Defence were paralysed by top-heavy compensation of employees footprints that starved capital for visible policing and procurement.

The institute made the following proposals to the Committee:

- That the National Treasury be enabled to transition from a passive budget allocator to an active enforcer by withholding quarterly capital drawdowns from underperforming entities that fail baseline audit standards, targeting in particular the National Treasury, Cooperative Governance and South African Airways.
- That lump-sum capital transfers be reviewed in favour of gated quarterly releases unlocked only upon verified physical infrastructure milestones, blocking the virement of capital into operational costs, targeting in particular the Department of Transport and the Passenger Rail Agency of South Africa.

- That the frontline human resource budget be statutorily protected to make it difficult for provincial departments to move funds away from clinical staff towards administrative overhead or medico-legal claims, targeting the Department of Health.
- That a strict statutory cap be imposed on non-operational head-office and provincial administrative personnel spending, with those funds redirected towards visible policing technology and specialised crime intelligence, targeting the Department of Police.
- That a set percentage of the defence modernisation budget be ring-fenced for spending within domestic supply chains and state industrial channels, targeting the Department of Defence and Denel.
- That rigid local-content rules be imposed on major technological and border-management upgrade contracts to support domestic software engineering firms, targeting the Department of Home Affairs.
- That TVET college infrastructure funding be conditioned on joint curriculum planning with state logistics and defence pipelines to secure graduate absorption, targeting the Department of Higher Education and Training, the Department of Transport and the Department of Defence.
- That land reform and restitution funding be conditioned on synchronisation with trade and industry policies and tied to youth-run agro-processing hubs, targeting the Department of Rural Development and Land Reform and the Department of Trade, Industry and Competition.
- The institution of a strict "zero-bailout without multiplier" policy, blocking funding tranches unless accompanied by binding commercial turnaround milestones.

In conclusion, the institute submitted that the combination of its performance audit and the first-quarter shock of 2026 indicated that the MTEF baseline was structurally dead, and that the budget was trapped in administrative maintenance. The institute cautioned that the cost of inaction included unemployment breaching a 44 per cent threshold, sovereign deindustrialisation through reliance on imports, and a compounding spatial crisis at the level of local government.

7.3 South African Human Rights Commission

The South African Human Rights Commission (SAHRC) submitted that it is an independent national human rights institution established in terms of section 181 of the Constitution to support constitutional democracy, and that it is mandated in terms of section 184(1) of the Constitution to promote respect for human rights and a culture of human rights, to promote the protection, development and attainment of human rights, and to monitor and assess the observance of human rights in the Republic. The Commission further submitted that, in terms of section 13(1)(b)(v) of the South African Human Rights Commission Act No. 40 of 2013, it must review government policies relating to human rights and may make recommendations, and that this includes fiscal and budgetary frameworks, which play a central role in determining the extent to which rights are realised in practice.

The Commission submitted that budgets and government spending are central to the realisation of human rights, and that pro-human-rights budgeting is critical to the prioritisation and balancing of the rights in the Bill of Rights so that poor and marginalised people are equitably provided for. The Commission recalled that, in its 2012 report in terms of section 184(3) of the Constitution, it had identified impediments compromising the access to, enjoyment and fulfilment of socio-economic rights in South Africa, among them the social exclusion of the poor and vulnerable.

On the funding of the Commission itself, the Commission submitted that it had appeared before the Committee in April 2025, where among the matters considered were its funding and the impact thereof on its mandate. The Commission drew the Committee's attention to the recent Constitutional Court judgment in South African Human Rights Commission v Agro Data CC and Another, submitting that the judgment further compounds the Commission's funding challenges and will significantly strain its litigation budget. The Commission called on Parliament to seriously consider legislation that would give effect to the intentions of the Constitution in rendering the Commission an institution important in supporting constitutional democracy.

The Commission submitted that it is particularly mindful of section 214(1)(a) of the Constitution, which requires an Act of Parliament to provide for the equitable division of revenue raised nationally among the national, provincial and local spheres of government. With reference to Schedule 1 of the 2026 Appropriation Bill, and in particular the allocation for Cooperative

Governance in respect of the Local Government Equitable Share, the Commission expressed the view that the allocation ought to be targeted to cater for the poorest provinces and municipalities, with the aim of caring for the marginalised and providing services such as education, healthcare, water and social protection for marginalised communities. In support of this view, the Commission cited Statistics South Africa's report on poverty trends between 2006 and 2023, submitting that the provinces of KwaZulu-Natal, the Eastern Cape, North West and Limpopo continue to experience the highest poverty headcounts irrespective of the poverty line applied, that these provinces were collectively home to nearly 60 per cent of South Africa's poor in 2023, with KwaZulu-Natal alone accounting for about one in four, and that poverty disproportionately affects children, black Africans, females and those living in rural areas. The Commission submitted that these disparities point to the need for a more targeted and redistributive fiscal approach.

The Commission apprised the Committee of its dialogue on Realising Socio-economic Rights Through Pro-Human Rights Budgeting and the Equitable Share, which sought to address fiscal barriers to the constitutional framework that obliges the State to take progressive measures to realise socio-economic rights such as housing, education, healthcare, water and social security. The Commission submitted that, while the report and outcomes of the indaba were still being considered, it had become clear that the equitable share should be administered in a manner that is fair and just, that allocations should target poor households and under-resourced municipalities so as to strengthen the redistributive potential of the equitable share framework, and that the equitable share formula should be more deliberately oriented towards improving the quality and accessibility of service delivery for indigent populations, including persons with disabilities, the Khoi and San, older persons, women and rural communities. The Commission undertook to develop the outcomes of the indaba, to convene further discussion, and, with the leave of the Committee, to share these with the National Assembly.

In conclusion, the Commission called for a more targeted, equitable and human-rights-based approach to budget allocation under the 2026 Appropriation Bill framework, responsive to demographic realities and socio-economic disparities, with a clear and deliberate emphasis on prioritising the needs of the poor and marginalised.

7.4 Budget Justice Coalition

The Budget Justice Coalition (BJC) made a written submission on the Bill. The coalition, which describes itself as a grouping of 22 civil society organisations whose aim is to build public understanding of and participation in South Africa's planning and budgeting processes so that the State advances social, economic and environmental justice in accordance with the Constitution.

The coalition submitted that fiscal policy is increasingly shifting from oversight towards active intervention by national departments, and that this shift assumes a stronger national state capacity to support provinces and municipalities, to fix implementation failures and to improve budget execution, alongside a growing emphasis on targeting and efficiency. The coalition submitted that all of these changes require current and accurate statistics, and that its submission sought to test whether the Appropriation Bill actually resources this shift.

On what it termed the budget capacity gap, the coalition submitted that, while the 2026 Budget assumes stronger national intervention in failing systems, more active support to provinces and municipalities, and improved delivery through oversight and technical support, national departments already possess extensive powers to intervene but do not do so effectively. The coalition questioned whether oversight had been effective and submitted that the national departments responsible for intervention were not experiencing meaningful real budget growth, and that in some cases their budgets were declining once transfers were removed.

In support of this, the coalition presented the following changes in retained allocations between 2025 and 2026 for selected service-delivery departments, measured after the removal of transfers and interest payments:

- Basic Education: a decrease of 29 per cent.
- Health: a decrease of 16 per cent.
- Social Development: an increase of 5 per cent.
- Cooperative Governance: no change.
- Human Settlements: an increase of 4 per cent.

- Water and Sanitation: an increase of 5 per cent.

The coalition submitted that effective intervention requires real institutional capacity, citing the Makana Municipality as an illustration of the challenge, where multiple interventions across spheres of government, including by Cooperative Governance, the Municipal Infrastructure Support Agent, the Department of Water and Sanitation and the Provincial Treasury, and technical support provided over several years, had nonetheless not resolved persistent service-delivery challenges. The coalition submitted that active intervention requires engineers, planners, financial specialists, project managers and a sustained presence, and that many national departments themselves face financial and governance difficulties and high vacancy rates, particularly in these specialised areas.

The coalition further submitted that, without strong statistical capacity, both budgeting and oversight become less evidence-based. It noted that the 2026/27 Division of Revenue Bill still relied in part on data from the 2011 census and that the Time Use Survey had last been undertaken in 2010. The coalition submitted that, although Statistics South Africa had performed strongly against its performance targets, it continued to face funding challenges, with 720 vacant positions amounting to a vacancy rate of 21 per cent that was increasing, and declining staffing in the key programmes of economic statistics, population and social statistics, and statistical operations and provincial support.

The coalition proposed that, in respect of national departments' allocations for active intervention, the Committee consider the following:

- Whether the intervention functions are adequately funded.
- Whether staffing capacity is sufficient.
- What additional technical capacity is required.
- What lessons have been learned from past interventions.

The coalition further proposed that, in respect of Statistics South Africa, the Committee:

- Interrogate the persistent growth in vacancies at the institution.
- Determine the reforms required to strengthen it.
- Request a clear plan outlining how additional resources can improve outputs.
- Support dedicated funding for the Time Use Survey to support gender-responsive budgeting.

8. Committee Findings and Observations

Having deliberated and considered all the submissions made by the above stakeholders on Appropriation Bill [B4 – 2026], the Standing Committee on Appropriations makes the following findings and observations:

8.1 The Committee notes and welcomes the total Vote allocation of R1.2 trillion proposed in the Bill for the 2026/27 financial year, appropriated across 42 national votes. The Committee supports this proposed Vote allocation as it is crucial if government is to continue delivering on its mandated constitutional obligation to South Africans. Furthermore, the Committee notes that the direct charges against the National Revenue Fund amounts to R1.2 trillion for the 2026/27 financial year, R1.322 billion is set aside as a provisional allocation not yet assigned to votes, and R5.008 billion is held as a contingency reserve. The total Estimate of National Expenditure for 2026/27 is R2.383 trillion

8.2 The Committee notes and welcomes that in the 2026/27 financial year, 72.8 per cent of these proposed Vote allocations goes towards transfers and subsidies. These are transfers to provinces, municipalities, public corporations and other non-profit making entities mainly for the payment of social grants, conditional grants allocations, transfers to public entities, university subsidies and NSFAS. The Committee notes that the review of the local equitable share formula is currently underway and views this as critical given the financial challenges faced by local government. Furthermore, the Committee notes that current payments, payments for capital assets and payments for financial assets take up 25.3 per cent, 1.3 per cent, and 0.4 per cent respectively for the 2026/27 financial year.

8.3 The Committee notes the submission by the FFC that welcome the additional R21.3 billion added over the medium term for doctor compensation and health service shortfalls. Furthermore, the Committee notes the concerns raised by the FFC that the current budget does not cater for dedicated funding to address the non-communicable disease crisis, despite non-communicable diseases remaining a leading cause of death in South Africa. Furthermore, the Committee is of the view that this is an aspect requiring increased investment in the public health system in the pursuit of universal health care for all South Africans.

8.4 The Committee notes and welcomes that the Transport Vote is increased by 5.9 per cent for 2026/27 with government focus on prioritising the South African rail network recovery, including the proposed increase of R23 billion to the Passenger Rail Agency of South Africa for Metrorail telecommunications and signalling, R9.5 billion for rail operations, and R3.6 billion for non-toll road maintenance through the South African National Roads Agency Limited. The Committee welcomes the significant increase in passenger trips to 77 million, a significant increase of the previous financial year of 34 million and further recognises that a special appropriation further allocated funds to support PRASA, SANRAL and Transnet. The Committee emphasises the importance of PRASA in the safe transportation of the poor majority from rural villages and townships to the big towns and cities where the majority of jobs opportunities are concentrated.

8.5 The Committee notes and welcomes the recommendation by the FFC that the Portfolio Committee on Higher Education and Training, in collaboration with the Department of Higher Education and Training, organised labour, employers and professional bodies, conduct a comprehensive review to consolidate the SETAs to eliminate functional overlaps and align training with the demands of the economy. The Committee is and has always been aligned with recommendation and would once again implore on government, in consultation with Parliament to accelerate the process of the review and consolidation of the SETAs to eliminate possible functional overlaps and potentially realise savings.

Furthermore, the Committee is of the view that all the SETAs should be subjected to the TARS programme, facilitated by the National Treasury.

8.6 The Committee notes the letter written to the Committee dated 6 May 2026. The Chairperson of the Portfolio Committee on Human Settlements submitted a request to the Standing Committee on Appropriations following a resolution taken during the Portfolio Committee's engagement with the National Housing Finance Corporation on 23 April 2026. The Portfolio Committee submitted that during that engagement the National Housing Finance Corporation reported that it continues to receive a high volume of applications from qualifying beneficiaries under the First Home Finance programme, but due to budget constraints, a significant number of eligible applicants are being turned down despite meeting all subsidy criteria. The Portfolio Committee submitted that this situation directly impedes the programme's mandate to enable access to affordable homeownership for the low-to-middle income market and undermines the national priority of reducing poverty through inclusive human settlements.

The Committee would like to acknowledge that even though the letter didn't specifically request any amendments to the Human Settlement Vote, the Committee can consider any request for additional funding through the provisions made in the Money Bills Amendment Procedure and Related Matters Act, especially in compliance with section 8 and 10 of the Act. The Committee is committed to have further engagements with the Portfolio Committee and National Treasury to find a solution to the additional funding request made by the Portfolio Committee and ensures that this request is accommodated during the tabling of the 2026 MTBPS.

8.7 The Committee notes the letter received, dated 14 May 2026. In the letter, the Chairperson of the Portfolio Committee on Planning, Monitoring and Evaluation submitted an appeal for the adequate resourcing of Statistics South Africa under Budget Vote 14, drawing the Committee's attention to correspondence the Portfolio Committee had addressed to the Minister of Finance on the same matter. The Portfolio Committee submitted that Statistics South Africa is under-resourced and struggles to meet its core mandate, that the entity has begun to scale down its data-collection activities, and that this holds far-reaching implications for the maintenance of a credible national statistics system. The Portfolio Committee expressed the fear that, without intervention to ensure that Statistics South Africa is properly funded, the production of the essential and reliable economic and social statistics necessary for state planning, policy development and service delivery could be compromised.

The Committee would like to acknowledge that even though the letter didn't specifically request any amendments to the Statistics South Africa Vote, the Committee can consider any request for additional funding through the provisions made in the Money Bills Amendment Procedure and Related Matters Act, especially in compliance with section 8 and 10 of the Act. The Committee is committed to have further engagements with the Portfolio Committee and National Treasury to find a solution to the additional funding request made by the Portfolio Committee and ensures that this request is accommodated during the tabling of the 2026 MTBPS.

8.8 The Committee notes with concerns the submission by Stats SA during its oversight visit that it is currently underfunded by R2.2 billion (R222 million for protecting and improving quality of economic statistics, R567 million for protecting and improving quality of Population and Social Statistics, and R627 million for investment in technology and human resource). Given the importance of the data produced by Stats SA for both government policy decisions and interventions, the consumption of statistical data produced by Stats SA by private role players, the Committee is concerned that the inability of Stats SA to produce the required credible statistics at the required frequency has a potential to impede on accurate decision making processes by both government and private role players, with huge ramifications for a developing country with high levels of systematic and structural unemployment, poverty and inequality. The Committee would like to implore on both the Minister of Finance and the Minister in the Presidency responsible for Stats SA to urgently engage and find a solution on how best to fund Stats SA within the normal government budget process. The Committee wants to ensure that Stats SA is sufficiently funded to fulfil its mandate of producing timeous, reliable and credible statistical data for decision making.

8.9 The Committee further notes the submission by Stats SA that it sat at a vacancy rate of 23 per cent (760 vacant posts), as at the end of the 2025/26 financial year, due to funding shortfalls. The Committee emphasises the need to adequately capacitate Stats SA, and the Committee calls on the responsible Ministers in government to urgently intervene on this matter. The Committee is concerned that the inability Stats SA to release key statistical publications timeously due to underfunding creates a trust deficit across different sectors of the South African society and this has a potential to create further doubts on governments decisions taken using Stats SA data.

8.10 The Committee notes the following submission made by the PBO on the request for additional funding by the Portfolio Committee on Human Settlement of the National Housing Finance Corporation:

8.10.1 That the department's personnel structure exceeds its funded establishment, having 528 funded posts at the end of March 2026 but 576 filled positions in 2025/26 with the largest number of unfunded filled posts in the senior salary levels (13–16).

8.10.2 That senior management personnel costs at the corporation are rising, with the highest growth at salary levels 17 to 22 at an average of 34.7 per cent, and the unit cost per senior post projected to increase from R3.5 million in 2024/25 to R5.7 million in 2028/29.

8.10.3 That there is duplication between Programme 4 (Rental and Social Housing) and Programme 5 (Affordable Housing), which have very similar sub-programme structures and both transfer most of their budgets to entities, with the PBO noting an overlap in the funding of social and rental housing functions through the National Housing Finance Corporation.

8.10.4 That several human settlements entities, including the Social Housing Regulatory Authority, the National Housing Finance Corporation and the Housing Development Agency, have accumulated large surpluses over time, with the corporation's surplus rising from R3.0 billion in 2025/26 to R3.5 billion in 2028/29 and total agency surpluses rising from R14.4 billion to R18.6 billion over the same period. The surplus can be leveraged to crowd in capital from the markets.

8.10.5 That while the department and the corporation continue to play a critical role in supporting affordable housing, improving accountability, strengthening measurable performance indicators and better utilising existing accumulated surpluses could help to expand access to affordable housing finance for qualifying beneficiaries.

8.11 The Committee notes with concerns on the reported SAA R1.5 billion that is still sitting in foreign countries and of this, over R1 billion is a long-term amount that SAA has been struggling to repatriate from Zimbabwe. The Committee is concerned that the Department of Transport has had numerous agreements entered with Zimbabwe for the repatriation of these funds, however, with many defaults on these agreements. With the Department of Transport highlighting the need for a state intervention on this matter, the Committee would like to implore on the Minister of International Relations and Cooperation, the Department of International Relations and Cooperation to urgently intervene and help the Department of Transport to recover these funds on behalf of SAA using all available diplomatic processes with Zimbabwe and any other country that owes SAA. The financial and liquidity challenges faced by SAA are well publicised, with the entity recently coming out of a business rescue process, with a long history of government bailouts. Given these historical facts about SAA, the Committee is of the view that urgently recovering these funds is crucial for the entity in line with previous Committee recommendations on this matter.

Importantly, the Committee is concerned by the offer/arrangement made by Government of Zimbabwe to pay US $1 million (approximately R17 million) per month, with the last payment advice received for March 2026. The Committee questions the commitment by the Government of Zimbabwe to settle this debt.

8.12 The Committee notes and welcomes the proposed additional allocation of R36.4 billion to extend the temporary *COVID-19* SRD *grant* for a single year until 31 March 2027. On the *SRD grant*, the Committee emphasises the need for government to always protect the most vulnerable groups against any unexpected shocks that negatively impacts on their livelihoods, like the Covid-19 pandemic. Furthermore, the Committee implores government to accelerate and finalise the social protection policies that will give clarity on the provision of a basic income grant, and this is now long overdue. This will in turn bring about stability and certainty to both current and potential beneficiaries of this crucial government interventions. The Committee would like to implore on National Treasury to urgently submit proposals to Parliament in this regard.

8.13 The Committee notes that the NPA performs prosecutorial functions that are distinct from the judicial functions of the courts and the Office of the Chief Justice. The Committee is of the view that the current budgetary arrangements of the National Prosecuting Authority (NPA) require a review, including consideration of whether the NPA should be funded through a separate budget Vote or through funds appropriated similar to Schedule 2 of the Bill.

8.14 The Committee notes persistent concerns regarding procurement inefficiencies, cost escalations, contract variations and weak contract management across departments and entities.

9 Recommendations

The Standing Committee on Appropriations, having considered the above submissions and inputs on the Appropriation Bill [B4 – 2026], recommends as follows:

9.1 That the Minister of Finance ensures that Parliament's appropriated funds through this Appropriation Bill are utilised in a manner as envisaged in the Constitution, the Bill and in compliance with all laws and regulations governing the country's public finances, including practice notes intended to ensure the effective, efficient and economic use of public funds while ensuring, clear accountability for non-compliance and the attainment for the value for money.

9.2 That the Minister of Finance and the Minister in the Presidency responsible for Stats SA ensure that National Treasury and Stats SA urgently find a solution on how best to fund

Stats SA within the government budget process, beginning with the 2026 MTBPS. The Committee is concerned and wants to ensure that Stats SA is sufficiently funded to fulfil its mandate of producing timeous, reliable and credible statistical data for decision making.

9.3 That the Minister in the Presidency, responsible for Stats SA urgently engages with the Minister of Finance and find solutions on the funding of 760 vacant posts currently within the approved establishment of Stats SA and critical capital projects and provide additional funding to the entity during the tabling of the 2026 MTBPS. Furthermore, finalise an operating and funding model review and table a joint report to Parliament before the 2026 Medium-Term Budget Policy Statement.

9.4 That the Minister of Finance and the Minister of International Relations and Cooperation urgently intervene and help the Department of Transport to recover the R1.5 billion for SAA that is still sitting in foreign countries, particularly the over R1 billion that SAA has been struggling to repatriate from Zimbabwe. The Minister must ensure that the Department of International Relations and Cooperation invokes all available diplomatic procedures and protocols to help the Department of Transport to improve the repayment conditions to repatriate these funds on behalf of SAA from Zimbabwe and any other country that owes SAA. Furthermore, that the Department of International Relations and Cooperation report to the Committee on the steps taken to assists SAA to repatriate the outstanding funds to South Africa.

9.5 That the Minister of Finance ensures that National Treasury urgently engages with the Parliament's Portfolio Committee on Human Settlements and the Department of Human Settlements to deliberate and find solutions on the urgent funding requirements for the National Housing Finance Corporation and consider the provision of additional funding to the Entity during the tabling of the 2026 MTBPS. Any additional funding approved for the NHFC should be ringfenced at programme level specifically for the finance linked subsidy programme, with quarterly expenditure disbursement milestones tied to the number of beneficiaries approved.

9.6 That the Minister of Human Settlements ensures that the Department of Human Settlements, the National Housing Finance Corporation, the Social Housing Regulatory Authority and the Housing Development Agency, in collaboration with National Treasury, table a comprehensive report to Parliament on how it can streamline and consolidate its operations and utilise accumulated surpluses to increase the effectiveness of its budget vote for its beneficiaries. Such a report must include reviews of governance, programs, performance indicators, executive remuneration, staffing requirements and administrative costs. The Committee is of the view that existing budgets and surpluses must be optimally utilised before consideration is given to significant additional baseline allocations.

9.7 That the Minister of Transport ensures that Department of Transport give greater scrutiny to PRASA's investment on the PRASA signalling and the rebuilding of the infrastructure and capacity. The Committee is of the view that it will be critical that this infrastructure be rebuilt in order to deliver on the government's mandate on a train every 5 mins.

9.8 That the Minister of Finance ensures that the Targeted and Responsible Savings (TARS) initiative is expanded to include a review of additional National departments, Public entities, SETAs and other government agencies identified by oversight bodies as having persistent operational inefficiencies, duplication of functions, excessive administrative expenditure or significant accumulated surpluses. A report on the outcome of this review should be submitted to Parliament every quarter.

9.9 That the Minister of Finance, in consultation with the Minister of Justice and Constitutional Development and the National Director of Public Prosecutions, undertake a review of the current budgetary arrangements of the National Prosecuting Authority (NPA) and consider a separate budget Vote for the NPA or consider appropriating funds for the NPA in line with the proposed allocations in Schedule 2 of the Bill.

9.10 The Committee recognises the gaps in the mining sector due to low levels of exploration and growth of the sector. The committee recommend the National Treasury to mobilise DFIs to increase resource allocation to support exploration through state co-investment.

The Committee recommends the consideration of increased allocation for the Council of Geosciences and Mintek, small-scale mining and funding for rehabilitation.

9.11 The Committee recognises the work on developing an Industrial Strategy and the importance of the DTIC in job creation. The Committee recommends that National Treasury consider increasing support for DFIs to increase the developmental impact. The Committee further considers funding for the Film and TV, Global Business Services, Automotive Investment Scheme and for industrial parks.

10 Committee Recommendation on the Bill

The Standing Committee on Appropriations, having considered the Appropriation Bill [B4 – 2026] (National Assembly: Section 77) referred to it and classified by the Joint Tagging Mechanism; recommends that the Bill be adopted, without amendments.

11 Conclusion

The relevant Executive Authorities must send the responses to the recommendations as set out in section 9 above to Parliament as well as the Committee within 60 days of the adoption of this report by the National Assembly.

Given the provisions of the Money Bills Amendment Procedure and Related Matters Act, the Committee will have further engagements with the Portfolio Committees on both Human Settlements and Monitoring and Evaluation, and the National Treasury to discuss and find solutions on the additional funding requirements for both the National Housing Finance Corporation and Stats SA and make the necessary accommodation in the 2026 MTBPS as may be applicable.

Report to be considered.

[The following report, replaces the Report of the Portfolio Committee on Electricity and Energy, which was published on page 14 of the Announcements, Tablings and Committee Reports, dated 11 June 2026]

4. Report of the Portfolio Committee on Electricity and Energy Request by the Minister of Electricity and Energy that the National Assembly initiates a process to fill two vacancies on the Board of the National Nuclear Regulator, dated 11 June 2026

The Portfolio Committee on Electricity and Energy (the Committee), having considered the request from the Minister of Electricity and Energy (the Minister) to identify nominated candidates to be interviewed and propose a shortlist of preferred candidates for appointment by the Minister to the National Nuclear Regulator Board, reports as follows:

1. On 15 December 2025, the Speaker referred a letter dated 12 December 2025 from the Minister of Electricity and Energy to the Portfolio Committee on Electricity and Energy for consideration and report (see ATC dated 15 December 2025);
2. According to section (8)(4)(a)(i) and (iii) of the National Nuclear Regulator Act, 1999 (Act No. 47 of 1999) (the NNR Act), as amended, the NNR Board must include an organised labour representative and a community representative. These representatives are nominated by their constituencies to serve on the NNR Board.
3. To appoint a Director falling within the category of Directors appointed in terms of section 8(4)(a)(1)(i)(ii)(iii) and (vi), the Minister must publish through the media and by notice in the Government Gazette, an advert inviting nominations of persons as candidates for the relevant position on the Board.
4. As a requirement, the Department has complied with section 8(7)(a) by advertising the positions of organised labour representative and community representative, both in print media and by notice in the Government Gazette.
5. By the closing date, the Department had received a combined total of one hundred and twenty (120) applications from potential candidates: one hundred and three (103) applications for the organised labour position, and seventeen (17) applications for the community representative.

6. With the letter, the Minister of Electricity and Energy, handed over the list of candidates and all relevant information to enable the Portfolio Committee on Electricity and Energy to commence its work. This is in keeping with the provisions of section 8(7)(b) of the NNR Act, that the Portfolio Committee on Electricity and Energy is responsible for compiling a shortlist of not more than 20 candidates from persons nominated to serve on the NNR Board.
7. At its meeting held on 22 April 2026, the Committee resolved to commence the required processes in preparation for the interviews and therefore identified four (4) candidates for the community representative and twenty-two (22) for the organised labour representative.
8. The selection criteria are attached as Annexure A.
9. The identified candidates to be interviewed were:

<u>9.1. Community Representative:</u>

1. Mr Aphelele Tomsana
2. Mr DD Dube
3. Mr Ernest Tladi
4. Dr Mosebetsi Leotlela

<u>9.2. Organised labour representative</u>

1. Mr. Joseph Mokwena
2. Ms Ursula Ntsubane
3. Ms Zandile Matshaya
4. Mr Sepolo Malebese
5. Dr Serrah Nomcebo Mhlanga
6. Mr Mpumelelo Tsuela
7. Ms Kanya Mbata
8. Ms Linda Nkgodi Maseko
9. Ms Palesa Shai
10. Mr David Lefutso
11. Mr Grant Son
12. Ms Tebogo Mabeleng
13. Mr Freddy Ndou
14. Prof Ntshangane Vuyo Peach
15. Mr Nhlanhla Lucky Ngidi

16. Mr Attwell Sibusiso Makhanya
17. Ms Kanyane Mhlongo
18. Dr Elsie Molokwane
19. Dr Margaret Mkhosi-Motsaathebe
20. Mr Lean Makhubele
21. Mr Zakhele Madela
22. Dr Nandi Malumbazo

10. The Committee, in terms of section 47(3)(b), conducted interviews with 24 of the identified candidates over three days, on 09, 10 & 11 June 2026.
11. Dr Nandi Malumbazo formally withdrew prior to the interviews, communication was received via e-mail dated 28 May 2026.
12. Prof V Peach, at the time of the interview, currently holds a position on the Eskom Board. Legal opinion was sought from Parliamentary Legal Services regarding a potential conflict of interest relating to serving on both boards. Prof V Peach was duly informed, and he elected to withdraw from the process.
13. The interview panel consisted of Ms Z Khanyase (Chairperson – ANC), Ms F Hassan (ANC), Ms SN Sompa-Masiu (ANC), Mr V Nkosi (ANC), Mr K Mileham (DA), Mr E Baptie (DA), Mr N Paulsen (EFF), Mr W Thring (ACDP). Apologies were received from Mr. A Nchabeleng and Mr. SM Mbatha.
14. On 11 June 2026, the Committee considered the interview scores and commenced its deliberations to seek consensus on the candidates to be recommended for the Minister's consideration.
15. The Committee set a threshold score of seventy-five per cent (75%) for forwarding to the Minister.
16. The agreed list of candidates is:

<u>Community Representative:</u>

1. Mr Ernest Tladi
2. Dr Mosebetsi Leotlela

<u>Organised labour representative</u>

1. Dr Pulane Elsie Molokwane
2. Dr Margaret Msongi Mkhosi-Motsaathebe
3. Mr David Lefutso
4. Dr Nomcebo Serrah Mhlanga
5. Mr Grant Son

6. Ms Zandile Matshaya
7. Mr Mudanalwo Freddy Ndou
8. Mr Lean Mayana Makhubele

17. Notwithstanding that the recommended candidates meet the legislative requirements the Committee recommends that the Minister of Electricity and Energy, ensure that, prior to appointment, each candidate recommended:
    - Undergo security vetting by the State Security Agency (SSA).
    - Confirm and verify qualifications of the candidates.
    - Ensure that there is no conflict of interest
18. The Committee noted the following concerns:
    - Dr Margaret Mkhosi-Motsaathebe: Previously served as the CEO of NRWDI where various allegations relating to a "toxic work environment" and "bullying" resulted in her suspension and subsequent replacement.
    - Mr Grant Son: According to Mr. Son's CV, he is currently consulting for the Chinese National Nuclear Corporation. During the interview Mr. Son indicated that this work related to the creation of a market for small modular reactors in South Africa. Furthermore, at the time of the interview Mr. Son indicated he was no longer consulting for this company. This needs to be verified. During the interview, Mr Son indicated that he held a doctorate. His qualifications need to be verified.
    - Mr Mudanalwo Freddy Ndou: It was noted that Mr. Ndou has interests in businesses which supply Eskom with coal. Eskom is a nuclear license holder.

    It is recommended that the Minister take these issues into account.

Report to be considered.

Annexure A

SELECTION CRITERIA

Background

1. Selection criteria to be used for the Portfolio Committee on Electricity and Energy (PCEE) for the selection of candidates to compile a list of not more than 20 candidates to be forwarded to the Minister of the Department of Electricity and Energy (DEE) to appoint two candidates to serve on the Board of the National Nuclear Regulator (NNR), as required in terms of section 8(7)(b) of the National Nuclear Regulator Act, 1999 (Act No. 47 of 1999) as amended.

2. This criterion serves as a baseline for the PCEE. The committee may decide whether to modify this criterion or adopt it as it is.

CRITERIA

1. SKILLS	
Does the candidate possess one or more skills and experience listed below: a) Radiation Protection b) Nuclear Medicine c) Mechanical Engineering d) Electrical Engineering e) Mining, Metallurgical Engineering f) HR/Labour Relations g) Environmental Management h) Emergency Preparedness and Response	

i) Information Technology j) Governance and Risk Management k) Nuclear Engineering l) Nuclear Physics	
2. QUALIFICATIONS	
a) Does the candidate possess a minimum NQF Level 6 qualification in any of the fields related to the skills and experience listed in 1(a-l) above	
3. BOARD EXPERIENCE	
a). Does the candidate have Board Experience (Minimum of five years (5) of Board Experience, or equivalent appropriate qualifications and experience in lieu of five years Board experience)	
b). Maximum number of Boards: three (3). The candidate must not be oversubscribed, i.e. they should not serve on an excessive number of Boards. This is important to ensure the candidate is not overextended and can dedicate sufficient time to meaningful participation on the NNR Board.	
4. NOMINATION	

a) Is the application submitted in a prescribed nomination form? b) Is the Nomination form accepted? c) Is the candidate nominated by a relevant constituency, e.g. Organised Labour or a community affected by nuclear activities?	
5. DOCUMENTATION	
a) Comprehensive curriculum vitae	
b) Cover letter	
c) Certified copy of Identity document and Qualifications	
6. REASONS FOR DISQUALIFICATION	
a) is not a South African citizen;	
b) is declared insolvent;	
c) is convicted of an offence and sentenced to imprisonment without the option of a fine	
d) becomes a member of Parliament, a provincial legislature, a Municipal Council, the Cabinet or the Executive Council of a province;	
e) is a holder of a nuclear authorisation or an employee of such holder.	