Thursday, 9 April 2026]

No 61—2026] THIRD SESSION, SEVENTH PARLIAMENT

PARLIAMENT

OF THE

REPUBLIC OF SOUTH AFRICA

ANNOUNCEMENTS, TABLINGS AND COMMITTEE REPORTS

THURSDAY, 9 APRIL 2026

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ANNOUNCEMENTS

National Assembly and National Council of Provinces

The Speaker and the Chairperson

1. Referral of Bills to National House of Traditional and Khoi-San Leaders

(1) The Secretary to Parliament has, in accordance with section 39(1) of the Traditional and Khoi-San Leadership Act, 2019 (Act No. 3 of 2019), referred the **Gas Bill [B6–2026]** (National Assembly – sec 76) to the National House of Traditional and Khoi-San Leaders, which must, within 60 days from the date of the referral (viz. 1 April 2026), make any comments it wishes to make.

COMMITTEE REPORTS

National Assembly

1. Report of the Portfolio Committee on Trade, Industry, and Competition on the referral of a letter from the National African Federated Chamber of Commerce and Industry by the Speaker, dated 1 April 2026

The Portfolio Committee on Trade, Industry and Competition, having afforded the National African Federated Chamber of Commerce and Industry (NAFCOC) an opportunity to brief the Committee on its petition, which seeks the Committee's intervention in respect of the Industrial Development Corporation's (IDC) perceived deviation from its mandate and its alleged prejudicial treatment of black-owned businesses, reports as follows:

1. Introduction

On 21 October 2025, the Speaker of the National Assembly referred a petition from the NAFCOC to the Committee for consideration and report. In its petition, NAFCOC requested an opportunity to brief the Committee and sought intervention regarding the IDC's perceived deviation from its mandate and alleged prejudicial treatment of black-owned businesses.

In line with its oversight responsibilities and respecting the separation of powers doctrine, the Committee's role was to scrutinise whether the IDC acted in accordance with its statutory mandate and to assess the steps taken to ensure fair and equitable support for black-owned businesses. The Committee may request explanations, hold hearings, and make recommendations, without encroaching on the operational independence of the IDC, thereby upholding the separation of powers doctrine.

Therefore, the assessment aimed to identify whether the concerns raised pointed to systemic or recurring issues requiring remedial interventions and ensure that such interventions fell within the existing oversight framework. It also sought to establish whether the Executive Authority and the relevant entity had taken reasonable steps to address governance, policy alignment, and implementation gaps, reinforcing statutory compliance and developmental objectives.

On 24 February 2026, the Committee received a submission from the NAFCOC positioning itself as a voice for inclusive economic participation, small business development, and the transformation of the economy. It indicated that its engagement with Parliament was undertaken in a spirit of cooperation and respect for parliamentary oversight, with the key

objective being the strengthening institutions. Furthermore, the submission formed part of the Committee's oversight over entities reporting to the Department of Trade, Industry and Competition (DTIC), with a specific focus on development finance institutions.

2. NAFCOC's Presentation

The main purpose of the submission was to highlight specific issues raised by its constituents regarding:

- Specific concerns in terms of the misalignment between the developmental mandate of the IDC and its operational application;
- Case studies involving black-owned enterprises receiving funding from the IDC, demonstrating alleged systemic challenges in funding, restructuring, recovery and liquidation processes; and
- A request for greater parliamentary oversight to determine whether developmental finance institutions still support or remain aligned with transformation, industrialisation, job creation, and inclusive growth.

In its presentation, the NAFCOC raised several concerns about the operational application of the IDC's mandate. It highlighted the following concerns, and alleged that:

- The IDC deviated from its core mandate and operated similar to commercial banks, rather than that of a developmental finance institution.
- It engaged in premature legal enforcement, business rescue placements, and liquidation measures against distressed black-owned firms, while prioritising loan recovery over meaningful restructuring, business sustainability, and the retention of industrial capacity, thereby undermining the principles of transformation and support for black entrepreneurs.
- IDC-funded enterprises were subjected to premature escalation to recovery and legal enforcement actions, business rescue, or liquidation, without adequate consideration for alternative turnaround or restructuring options. This also included asset disposals at values substantially below replacement or development cost and further submitted that these practices led to a loss of productive industrial capacity and jobs through the liquidation of potentially viable enterprises, as well as undue hardship to the affected business owners.
- A transformation implementation gap exists within the IDC, insofar as its risks, recovery and enforcement practices insufficiently reflect the imperatives of economic transformation. Therefore, it mirrors those of commercial financial institutions, with

inadequate application of patient capital, developmental sequencing, restructuring support, and a sustained focus on the long-term viability of previously marginalised enterprises.

- Black-owned enterprises faced structural disadvantages in accessing support during periods of financial distress and that these challenges undermine transformation objectives and exacerbate economic exclusion.

NACFOC presented five case studies, which in its view illustrated the harsh recovery actions allegedly faced by black-owned companies despite potential viability or restructuring opportunities. These cases studies spanned different sectors, including advanced manufacturing, agro-processing, beverage manufacturing, Liquefied Petroleum Gas cylinder manufacturing and textiles. NAFCOC asserted that these case studies collectively alleged estimated capital losses of R679 million, foregone or lost earnings in excess of R2 billion, and direct job losses of more than 1 300 positions.

Although the broad focus of the engagements was centred on the IDC, NAFCOC further submitted that these concerns raised were symptomatic of broader, systemic challenges affecting black small, medium and micro enterprises, which would also include limited access to capital and markets. Concerns were also expressed about the inadequate consultation on regulatory interventions, including the absence of coordinated, collective support mechanisms such as aligned procurement and capacity-building initiatives across sectors and provinces.

3. Response from the Industrial Development Corporation

During the meeting, the IDC submitted a response to the concerns and allegations raised by NAFCOC. It acknowledged the issues raised in NAFCOC's presentation and emphasised that its intention was to promote collaborative problem-solving.

The IDC informed the Committee that as it had not received NAFCOC's presentation in advance, it had limited opportunity to prepare detailed responses to the specific case studies presented. While the IDC acknowledged that entities referenced by NAFCOC were indeed clients or formed part of its portfolio, it indicated that it would not be in a position to provide a comprehensive case-by-case response during the meeting. However, it was committed to providing a detailed response to each of the case studies raised in order to provide the Committee with a full and balanced account from its perspective.

In its presentation, the IDC emphasised its understanding of its statutory and developmental mandate, stating that it was a self-financing development finance institution established to promote industrial development, economic growth, and job creation. It submitted that its strategy was informed by its dual obligation to advance developmental outcomes, while maintaining financial sustainability, and that its funding decisions, restructuring interventions, and recovery processes were rooted in this approach.

The IDC further outlined its funding model, noting that it was primarily reliant on internally generated resources, as well as borrowings from capital markets. Its funding model was specifically designed to support projects that may not ordinarily be funded by commercial banks, specifically where there is potential for industrial development, job creation, localisation, and economic transformation. It further emphasised that, in assessing applications, it considered a range of factors, including commercial viability, developmental impact, sector relevance, empowerment considerations, and the ability of the applicant to sustain the proposed enterprise.

When funded clients experienced financial distress and it did not react timeously to enforce its legal rights; this often resulted in increased levels of non-performing loans and impairments. Such developments had a direct impact on the strength of its balance sheet and its ability to access funding at affordable rates, which curtailed its ability to continue to support new and existing developmental projects at scale. However, it remained committed to maintaining non-performing loans within acceptable thresholds to protect its long-term developmental objectives and ensure the sustainability of its funding model.

With regard to the allegations that black-owned enterprises were treated unfairly or subjected to discriminatory behaviour, the IDC maintained that it does not discriminate against clients based on race. As a Schedule 2 state-owned entity, its post-investment processes are governed within a highly regulated and legislated environment. While transformation remains an important component of its strategy, and significant portions of its funding activities support black industrialist, youth-and women-owned businesses, and companies operating in underdeveloped regions, transformation objectives do not remove the need for compliance with financial governance. Thus, there are operational requirements applicable to all clients, and it was required to balance developmental intent with risk management and financial stability.

With regard to specific cases and examples presented by NAFCOC, the IDC emphasised that each transaction had to be understood within its own context. It was of the view that the cases mentioned by NAFCOC, did not show a systemic disregard for its developmental role, but reflected complexities associated with distressed investments, among others, and in some cases the deterioration of the financial position of the supported entities. However, while handling distressed investments, it also carried the responsibility to protect the institution's financial integrity and stability to ensure it remained capable of supporting future generations of entrepreneurs.

The IDC assured the Committee of its continued support for and commitment to black industrialisation. In 2025, its total transformation funding amounted to approximately R26,6 billion, with R23,4 billion allocated specifically towards black industrialists.

The IDC also addressed concerns relating to its business rescue, liquidation, and asset disposal processes. Where businesses experienced distress, it did not automatically resort to legal enforcement or liquidation but considered interventions on a case-by-case basis. These interventions might include restructuring facilities, revised payment terms, turnaround support, additional conditional funding, and business rescue processes.

Liquidation and asset disposal measures were only pursued after sustained efforts to stabilise and rehabilitate distressed entities had not yielded the desired outcomes. Recovery decisions were not taken lightly but were informed by legal and regulatory obligations, and fiduciary considerations, among others. Therefore, where companies were no longer sustainable and there were no reasonable prospects of recovery; it was required to take the necessary steps to avoid its losses. As a result, it disputed any allegations/suggestions that its actions were intended to undermine black industrialists and curtail the promotion of economic transformation.

Regarding communication, the IDC submitted that it maintained ongoing interaction with funded entities throughout the investment lifecycle, and that clients were afforded access to engage it on operational, financial, and restructuring challenges. As in any partnership, it acknowledged that disagreements might arise, especially in cases where expectations differed regarding the level and the extent to which the IDC would provide support. However, it remained open to any form of engagement with the understanding that such engagements must

occur within the framework of sound governance, accountability, and the effective utilisation of public financial resources.

In conclusion, the IDC was of the view that its institutional strategies were aligned with the country's industrial policy objectives and national development priorities. It reiterated its contribution to industrialisation, localisation, sector development, transformation, and employment creation, and stated that its performance should be assessed in light of the complexity and risk inherent in development finance. It further emphasised that, although individual disputes and distressed transactions might give rise to dissatisfaction, these should not necessarily be viewed as evidence of systemic institutional failure or abandonment of its mandate.

4. Deliberations

Following the input of NAFCOC, the Committee raised a number of concerns in relation to the role, conduct, and performance of the IDC, with a specific focus on its mandate to advance transformation and inclusive industrial development.

4.1. During previous engagements with the IDC, the Committee had raised concerns regarding the alignment of the IDC's corporate strategy and operational approach with its statutory and developmental mandate to support the growth and participation of black entrepreneurs in the mainstream economy. The Committee therefore sought clarity on whether the IDC had meaningfully contributed to reversing the historical exclusion of black businesses since 1994, and whether its operational activities reflected the transformation and industrialisation priorities of the Seventh Parliament. The IDC affirmed that it remained firmly committed to its mandate of promoting inclusive industrial development and advancing South Africa's transformation agenda. However, it acknowledged that while certain actions may have complied with governance frameworks, outcomes in several cases fell short of this developmental intent.

4.2. Often black enterprises were associated with township, rural, or informal economic activity. However, the Committee was of the view that the IDC should also support black-owned businesses seeking to enter industrial, export-oriented, and capital-intensive sectors, such as advanced manufacturing, green technologies, and the digital economy. In this regard, the Committee questioned whether the institutional culture, assessment

practices, or implicit biases within the IDC could have influenced the manner in which applications from black-owned businesses were evaluated and have affected funding decisions and developmental support. Furthermore, in relation to consistency and fairness within the IDC's funding and due diligence processes, the Committee sought clarity around documentation and financial disclosure requirements, and whether these were uniformly applied. This was in light of allegations that black entrepreneurs had been required to submit extensive personal financial information or third-party financial records to access funding or business rescue interventions. The IDC noted allegations of bias and hostile institutional conduct in relation to black-owned businesses experience more intrusive scrutiny, weaker turnaround support and harsher recovery actions than other firms. While it rejected bias as a matter of institutional policy or intent; it accepted that intent was not the test rather outcomes and lived experience were critical indicators of institutional performance. Accordingly, it supported independent verification of portfolio outcomes and decision patterns, including approvals, disbursements, restructurings, business rescue participation, liquidations and asset disposals, disaggregated by relevant developmental variables (including black ownership and sector).

It further acknowledged that where clients experienced repeated delays, inadequate communication, or rapid escalation to enforcement, the resulting lived experience may reasonably be perceived as hostility or abandonment. Such outcomes undermined trust and transformation objectives and must be addressed decisively through process reform, escalation discipline and accountable service standards.

4.3. With regard to business rescue interventions, the Committee enquired about the beneficiary profiles of businesses supported through such interventions, and whether adequate safeguards existed to ensure that these processes did not disproportionately benefit politically connected or elite interests. The Committee questioned the rationale for the support of certain sectors or companies while distressed black-owned firms allegedly faced limited assistance. A view was also expressed that the IDC should consider imposing a moratorium on aggressive enforcement with restructuring being prioritised prior to foreclosure to advance developmental recovery. The IDC responded that it could not apply a blanket moratorium across the entire portfolio, as it must act as a responsible custodian of public funds and manage systemic risk. However, it accepted

that where there was credible evidence of market demand, feasible turnaround prospects, or realistic investor participation, enforcement actions must be carefully sequenced and must not pre-empt viable preservation options. In this regard, it was strengthening a criteria-based enforcement pause protocol for distressed but potentially viable businesses, aligned to an enhanced restructuring-before-foreclosure framework. This approach would prioritise industrial capacity preservation, employment retention and earlier turnaround engagement.

4.4. The Committee also raised serious concerns regarding allegations that certain actions or interventions may have contributed to the destabilisation or collapse of black-owned businesses, including companies that had not sought funding from the IDC. The Committee enquired whether these allegations were investigated and whether adequate safeguards existed to prevent the selective or discriminatory application of policies. The IDC noted allegations that certain black industrialists may have been actively pursued to accept IDC funding and thereafter experienced distress and enforcement, creating the perception that financing was misaligned or that enterprises were "set up for failure". It reported that its approach to loan origination must remain developmental and must not result in funding structures that were misaligned to the actual needs of the business. It was therefore committed to strengthening suitability safeguards, including clearer documentation of: (i) the client's expressed funding need, (ii) why the proposed instrument matched that need, (iii) the client's informed acceptance of the structure, and (iv) escalation triggers where implementation deviates materially from the original developmental rationale. In addition, where allegations suggest that funding design or sequencing materially contributed to distress, the IDC would provide the Committee with factual records of the funding structure and the basis for decisions, subject to legal constraints.

4.5. There appeared to be a breakdown in relations and communication between the IDC and affected parties, which had necessitated parliamentary intervention. Therefore, the Committee questioned whether the existing complaint and escalation mechanisms were effective and adequately served applicants or beneficiaries. The IDC indicated that it accepted the Committee's concern that stakeholder relations between the IDC, affected businesses and NAFCOC have deteriorated. Where correspondence or engagement has been perceived as delayed or inadequate, this represented a failure of process that it

accepted responsibility to correct. To address this, it would reinforce the institutional interface with NAFCOC, as a business association, to ensure there was a structured engagement framework, and ensure internal escalation mechanisms were activated earlier.

Furthermore, it accepted that internal complaints mechanisms alone were insufficient where trust had broken down. It therefore committed to establishing an independent complaints and mediation mechanism to address disputes relating to process fairness, service experience, turnaround responsiveness and escalation handling. This mechanism would support early resolution and help prevent unnecessary value erosion through adversarial processes.

In addition, it committed to provide the Committee with a factual chronology of engagements, correspondence and escalation points relevant to the matters raised, including instances where responses were delayed or perceived as inadequate. Where gaps were identified, it would implement corrective actions to ensure timely acknowledgement, escalation and resolution of stakeholder matters.

5. Concluding remarks

Based on its deliberations, the Committee made the following conclusions:

5.1. The Committee noted the concerns raised by NAFCOC regarding a perceived misalignment between the IDC's developmental mandate set out in legislation and its operational application, particularly in relation to transformation, industrialisation and inclusive growth.

5.2. In addition, it noted the concerns raised in relation to alleged broader systemic issues affecting black-owned enterprises within the development finance landscape. In particular, NAFCOC alluded to inconsistency and bias against black-owned businesses in the IDC's funding, verification and decision-making processes, which negatively affects its support to black-owned businesses. This might reflect broader structural constraints facing black enterprises.

5.3. While NAFCOC used five individual case studies to demonstrate its argument, its submission deemed these case studies as pointing to potential systemic challenges in the IDC's funding, restructuring, and recovery processes. These concerns, particularly regarding the perceived mistreatment of black-owned enterprises, raised important questions about whether the operational practices of the IDC remained fully aligned with its developmental mandate, especially to advance transformation, industrialisation, and inclusive economic participation.

5.4. Notwithstanding the principle of separation of powers, the Committee recognised its constitutional responsibility to exercise oversight over entities reporting to it and to ascertain whether they were effectively implementing their mandates and contributing to national priorities such as job creation, support for black industrialists, and broad-based economic transformation.

5.5. The Committee acknowledged that concerns regarding the alleged prioritisation of premature legal enforcement, liquidation processes, and asset disposals over developmental support, could indicate that the IDC may be prioritising balance sheet protection at the expense of industrial capacity preservation and job retention, which warranted careful and objective scrutiny by the Executive Authority.

5.6. The Committee was concerned by the breakdown in communication and stakeholder relations between the IDC and affected businesses, which has resulted in the need for parliamentary intervention. This reflects weaknesses in internal dispute resolution and escalation mechanisms.

5.7. It emphasised the value of structured and sustained engagement between the IDC and relevant stakeholders, including organised business formations such as NAFCOC, to maintain and improve communication, address funding and other concerns, and foster mutual trust. In particular, there is a need for greater transparency, consistency, and fairness in the application of funding and recovery mechanisms.

5.8. The Committee acknowledged the IDC's response that it remains committed to transformation and that it operates within a regulated governance environment. However, the Committee was concerned that compliance with governance frameworks alone was

insufficient where outcomes and stakeholder experiences suggest that the developmental intent was not consistently realised.

5.9. In this regard, the Committee welcomed the IDC's acknowledgment that "intent is not the test" and that lived experiences and outcomes must be regarded as important indicators of performance, especially for institutions entrusted with advancing inclusive development.

5.10. The Committee further noted with concern the possibility that institutional culture, risk assessment practices, and procedural requirements may unintentionally disadvantage black-owned enterprises, particularly in capital-intensive and export-oriented sectors, thereby undermining national transformation objectives.

5.11. While the Committee recognised the complexity of the IDC's role as a development finance institution, it was of the view that the IDC should not only focus on financial sustainability but should place emphasis on national developmental objectives, as the former appeared to currently be outweighing developmental considerations.

5.12. In terms of the IDC's recovery mechanisms, the Committee welcomed its efforts to strengthen its criteria-based enforcement pause protocol for distressed but potentially viable businesses, and align this to an enhanced restructuring-before-foreclosure framework. However, the Committee encouraged the IDC to publish the criteria informing decisions related to legal enforcement, liquidation, or asset disposal, as well as the extent to which turnaround strategies and the preservation of industrial capacity and employment were considered.

5.13. In addition, the Committee emphasised the importance of accessible, fair, and transparent complaints and escalation mechanisms, and encouraged the strengthening of such processes to ensure that affected parties were afforded timely and appropriate recourse. In this regard, it welcomed the IDC's proposal to establish an independent complaints and mediation mechanism to address disputes relating to process fairness, service experience, turnaround responsiveness and escalation handling.

5.14. The Committee emphasised the significance of enhancing transformation outcomes in the IDC's operations and encouraged the consideration of measurable interventions throughout the application, funding and post-investment phases to address any support gaps for black-owned businesses, particularly in capital-intensive and industrial sectors.

5.15. Furthermore, the Committee was of the view that reliable and disaggregated data was essential for effective oversight. It therefore requested the provision of empirical information on funding approvals, restructuring outcomes, business rescue interventions, and liquidation trends.

5.16. The Committee also expressed the need for the DTIC to facilitate a broader policy dialogue or colloquium involving relevant stakeholders to examine possible systemic challenges affecting development finance, transformation, and support for small and medium enterprises, to inform policy and legislative development processes.

5.17. The Committee affirmed that development finance institutions should not operate as commercial banks, and that their role should be to apply patient capital, provide appropriate turnaround support, and enable industrial development, while still protecting public resources and ensuring sustainability.

5.18. Furthermore, the Committee concluded that the matters raised warrant strengthened oversight, improved transparency, and urgent reforms within the IDC to ensure that transformation and industrialisation objectives are meaningfully achieved.

5.19. Therefore, the Committee requested the IDC to consider implementing improved developmental mechanisms to support black industrialists more effectively. This could include lower interest rates, longer turnaround times for enterprises to become profitable (patient capital), and post-investment developmental support through technical assistance, and market access support, among others.

5.20. The Committee reemphasised the need for the IDC to consider corrective and remedial measures to restore institutional credibility and effectiveness, as well as to rebuild trust, which are essential to restore investor confidence, advance inclusive economic participation, and support sustainable job creation. This should include the development

of a clear transformation action plan with measurable targets to address systemic concerns.

6. Recommendations

Informed by its deliberations, the Committee recommends that the House requests that the Minister of Trade, Industry and Competition should consider:

6.1. Reviewing, in consultation with the Industrial Development Corporation (IDC), the extent to which its current operational model, risk assessment and due diligence frameworks are aligned with its developmental mandate, particularly in relation to economic transformation, equitable access to finance, and support for new and high-growth sectors.

6.2. Reviewing whether existing policies and frameworks governing business rescue, restructuring, and enforcement actions adequately balance financial sustainability with turnaround strategies, job retention, and the preservation of industrial capacity.

6.3. Assessing the adequacy of governance frameworks, stakeholder engagement processes, and complaints and dispute resolution mechanisms within the IDC, including whether enhancements are required to strengthen transparency, accountability, and trust between the institution and its clients.

6.4. Reviewing the adequacy of the legislative and policy framework governing the IDC, including the Industrial Development Corporation Act (Act No. 22 of 1940), to determine whether it sufficiently enables the institution to fulfil its developmental mandate, strengthen industrial capacity, and advance economic transformation within the context of a developmental state.

6.5. Considering mechanisms to strengthen transparency and oversight of the IDC's portfolio performance, including approvals, disbursements, restructuring outcomes and exits, to identify systemic trends and assess alignment with developmental and transformation objectives; and providing periodic updates to Parliament on measures undertaken to ensure that the IDC's strategic direction, governance frameworks, and operations remain aligned with its mandate.

6.6. Reviewing, in consultation with the IDC, the adequacy of the existing frameworks governing the IDC's pre- and post-investment mentorship and support programmes to support economic transformation.

6.7. Requesting the IDC to review its portfolio to identify potential risks and proactively support companies that may be at risk of distress.

6.8. Ensuring that the IDC engages the five affected companies to provide them with feedback on their concerns raised and submit an update on agreements reached and/or interventions agreed to within three months of the adoption of this report by the Committee.

The Umkhonto Wesizwe Party reserved its rights regarding this report.

Report to be considered.

2. Report of the Portfolio Committee on Trade, Industry and Competition on the Department of Trade, Industry and Competition's Second and Third Quarter Financial and Non-Financial Performance for the 2025/26 Financial Year, dated 1 April 2026

The Portfolio Committee on Trade, Industry and Competition, having assessed the service delivery performance of the Department of Trade, Industry and Competition (DTIC), against its mandate and allocated resources, in particular the financial resources for the period 1 July to 31 December 2025, on 3 March 2026, reports as follows:

1. INTRODUCTION

As part of the Committee's continuous budgetary oversight, it has assessed the DTIC's performance over the second and third quarter of the 2025/26 financial year against its planned quarterly targets and projected expenditure. The DTIC's mandate is to facilitate industrialisation, economic growth and job creation. It achieves this through a combination of policy and regulatory tools and frameworks. However, government coordination and cooperation are critical for it to successfully achieve its mandate.

In the third quarter of the 2025/26 financial year, South Africa's Gross Domestic Product (GDP) increased by 0,4 per cent since the second quarter, primarily due to growth in the finance sector. However, there had been a 0,1 per cent decline in the GDP contribution of the manufacturing sector from the second quarter to the third quarter of the 2025/26 financial year. According to Statistics South Africa, the manufacturing sector declined by 0,6 per cent in the third quarter of the 2025/26 financial year compared to the second quarter.[1]

Furthermore, South Africa had a positive trade balance of R75 billion in the second quarter with exports to the value of approximately R550 billion.[2] Within this economic context, the DTIC had achieved 70 per cent and 38,2 per cent of its key performance indicator (KPI) targets

[1] Statistics South Africa (2026)

[2] DTIC (2026: 6)

in the second and third quarter of the 2025/26 financial year respectively and had spent 87,4 per cent of its projected budget as at 31 December 2025 or 67,9 per cent of the adjusted annual budget allocation.

1.1. Mandate of the Committee

Section 5 of the Money Bills Amendment Procedure and Related Matters Act (No. 9 of 2009) requires the National Assembly, through its committees, to annually assess the performance of each national department over an 18-month period. This culminates in a committee submitting a report of this assessment known as a Budget Review and Recommendation (BRR) Report. The overarching purpose of the BRR Report is for the committee to make recommendations on the forward use of resources to address the implementation of policy priorities and services, as the relevant department may require additional, reduced or re-configured resources to achieve these priorities and services. This Act gives effect to Parliament's constitutional powers to amend the budget in line with the fiscal framework.

The current process forms part of ongoing oversight of the DTIC's financial and non-financial performance. This will inform the next BRR process. Furthermore, Parliament's Annual Performance Plan (APP) requires submission of reports on departments' quarterly performance.

1.2. Purpose of the Report

The purpose of this report is to provide an assessment of the financial and non-financial performance of the DTIC against its predetermined objectives and quarterly milestones as part of the Committee's ongoing budgetary oversight. This assessment includes the non-financial and financial performance for the second and third quarter of the 2025/26 financial year, the period from 1 July to 31 December 2025.

1.3. Method

The Committee was briefed by the DTIC on its second and third quarter performance for the 2025/26 financial year on Tuesday, 3 March 2026. The Committee then engaged on the presentation by the DTIC.

1.4. Outline of the contents of the Report

Section 1 of the report provides an introduction to the report including its purpose, and method. Section 2 outlines the DTIC's strategic objectives, and provides an assessment of its financial and non-financial performance against its APP for the second and third quarter of the 2025/26 financial year and Section 3 outlines the key issues raised by the Committee during deliberations. Section 4 provides the Committee's concluding remarks followed by a note of appreciation in Section 5 and recommendations in Section 6.

2. DEPARTMENT OF TRADE, INDUSTRY AND COMPETITION

2.1. Strategic Goals

In the 2025 Estimates of National Expenditure, the DTIC's purpose is outlined as follows:[3]

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

For the period, the DTIC's mission is to achieve inclusive economic growth by coordinating and enabling government wide interventions by working with its entities to: (i) Promote structural transformation; (ii) Achieve stronger industrialisation; (iii) Promote transformation in terms of skills for the economy and enterprise development; (iv) Increase trade, investment and exports; and (v) Promote the ease of doing business. In light of this, its priorities framework involved the focus on the three Ds, namely: decarbonisation, digitisation and diversification.[4]

[3] National Treasury (2025: 841)

[4] DTIC (2025b: 41-42)

The DTIC has identified the following impact goals over the 2025-2030 period, namely[5]:

(a) ***Industrialisation and Economic Diversification***: This will focus on: (i) Boosting investment in greenfield and brownfield industrial sectors, leading to a more diversified, competitive economy; and (ii) Increasing export value and market share, especially in processed critical minerals and other high growth sectors.

(b) ***Job Creation and Youth Employment***: This will focus on: (i) Creating 1 million new jobs across various industrial sectors, with a strong focus on youth, women, and historically disadvantaged groups; and (ii) Enhancing skills development and employability, training at least 500 000 unemployed youth in high-demand sectors.

(c) ***Inclusive Growth and Transformation***: This will focus on: (i) Ensuring equitable access to economic opportunities, with 30 per cent of industrial funding directed to businesses owned by women, youth, and people with disabilities; and (ii) Promoting employee ownership schemes, empowering workers with shares in companies, and increasing wealth creation at the grassroots level.

(d) ***Social Inclusion and Economic Empowerment***: This will focus on ensuring economic empowerment programs benefit marginalised groups, reducing inequality and improving quality of life.[6]

The DTIC's nine programmes are collectively responsible for administering 45 pieces of legislation mainly in the areas of consumer protection, companies (corporate regulation), competition, industrial development, black economic empowerment, and international trade; and overseeing 18 entities, as well as the Broad-Based Black Economic Empowerment (B-BBEE) Commission, an entity within the DTIC. The DTIC, its 18 entities and the B-BBEE Commission make up the DTIC Group (Figure 1 above).

[5] DTIC (2025a)

[6] DTIC (2025a)

Figure 1: List of entities reporting to the DTIC

Development Finance Institutions	Regulatory Entities	Technical Infrastructure Institutions
• Export Credit Insurance Corporation of South Africa • National Empowerment Fund • Industrial Development Corporation	• Company and Intellectual Property Commission • Companies Tribunal • Competition Commission • Competition Tribunal • International Trade Administration Commission of South Africa • National Consumer Commission • National Credit Regulator • National Consumer Tribunal • National Gambling Board of South Africa • National Lotteries Commission • Takeover Regulation Panel	• National Metrology Institute of South Africa • National Regulator for Compulsory Specifications • South African Bureau of Standards • South African National Accreditation System

2.2. Overview and assessment of the financial and non-financial performance[7]

This section provides an overview of the DTIC's second and third quarter non-financial performance milestones as outlined in its APP against its second and third quarter performance reports for the 2025/26 financial year, and outlines its financial performance for the period under review.

2.2.1. Non-Financial Performance

The DTIC's 2025/26 APP set out 71 KPIs or targets, which are then broken down into relevant quarterly targets. The achievement of the quarterly targets is under review in this report. In terms of the second quarter KPIs, the DTIC had set 30 targets, 21 of which it had achieved. This represented a 70 per cent achievement of targets during the quarter. Whereas, it had planned 34 targets for the third quarter, of which it had achieved 13 targets. This represented a 38,2 per cent achievement of its quarterly targets.

[7] DTIC (2025b, 2026a, 2026b and 2026c)

Table 1: Overview of Planned and Achieved Quarterly Targets per Programme

Programme	Annual Indicators	Quarter 2		Quarter 3	
		Target	Achieved	Target	Achieved
Administration	8	3	2	2	0
Trade	11	0	0	6	1
Investment and Spatial Development	13	7	5	5	2
Sectors	9	9	8	9	7
Regulations	4	1	1	3	2
Incentives	6	3	2	2	0
Export	6	0	0	0	0
Competition and Transformation	7	4	2	3	0
Research	7	3	1	4	1
Total	**71**	**30**	**21**	**34**	**13**

Source: DTIC (2026a: 10)

A detailed breakdown of each programme's achievement is provided below:

2.2.1.1. Programme 1: Administration

In the second quarter, Programme 1 had three planned targets and had achieved two of these, namely:

- The DTIC had achieved an unqualified audit outcome for the 2024/25 financial year.
- 83 Worker champions had been trained against the target of 60 champions. This had been due to an over-subscription by the 12 participating companies. The DTIC had subsequently introduced a threshold as to the number of individuals that can be trained per company.

However, the Programme had not met its target for all its entities to achieve at least 80 per cent of their second quarter performance targets. Only 68 per cent or 13 of the 19 entities had achieved a minimum of 80 per cent of their quarterly performance targets. See table 2 below regarding the entities performance rates. To address this, the DTIC indicated that it was undertaking the following corrective actions:

- Track the implementation of the corrective actions identified by the entities.
- Commit the Accounting Authorities through the Shareholder's Compacts to improve their entities' performance.
- Stabilise leadership by ensuring boards and Chief Executive Officer vacancies are filled.
- Continuously track the performance of entities though monthly governance meetings.
- Include the achievement of 80 per cent of the targets in the entities' Shareholders' Compacts and Performance Agreements of Heads of entities.

In the third quarter, Programme 1 had set two targets but had not achieved any of these. The targets were as follows:

- Only 63 per cent or 12 of the 19 entities had achieved a minimum of 80 per cent of their quarterly performance targets. See table x below regarding the entities performance rates.
- Only 75 of the planned 120 worker champions had been trained. However, the DTIC reported that cumulatively it had achieved the annual target of 350 worker champions trained by the end of December 2025.

Table 2: Entities' Performance Rates

No	Entity	Q2	Q3	Reason	Corrective Actions
1	B-BBEE Commission	71%	75%		
2	Companies and Intellectual Property Commission	85%	92%		
3	Companies Tribunal	88%	88%		
4	Competition Commission	76%	92%		
5	Competition Tribunal	85%	88%		
6	Export Credit Insurance Corporation	50%	50%	Anticipated premium for Mozambique Liquefied Natural Gas still to be written. The target is likely to be met in Q4.	The three targeted projects are finalising conditions that the insured parties must comply for policies to be effective. Expected Gross Written Premium amount more than R3 billion
7	Industrial Development Corporation (IDC)	31%	43%	The current pipeline is weak with very few transactions that will contribute to the KPI if fully drawn. Economic updates indicate that the ongoing tariff disputes have created a dynamic global trade environment. Apart from the Rest of Africa, these influential countries have robust economies that enable them to influence the global trading system.	Bi-Weekly All-Hands-On-Deck (AHOD) Meetings: Fortnightly in-person meetings bring together all stakeholders to address potential blockages, expedite significant transactions, and resolve process challenges. These are supplemented by focused transaction huddles to address specific issues such as delays in agreement signing and CP clearance. Priority Transaction Focus: Dedicated resources have been assigned to drive top priority, high impact transactions, with additional support allocated as needed to resolve bottlenecks.
8	International Trade Administration Commission (ITAC)	68%	63%	Inter-dependencies on third party responses not received in earlier phases of the investigation delayed the final determination. Delays in	Consultations with third parties must adhere to strict deadlines.

No	Entity	Q2	Q3	Reason	Corrective Actions
				finalizing the investigation timeously because of insufficient information relating applications.	Rigorous verification of applications and information to ensure accuracy and reliability has be enhanced.
9	National Metrology Institute of South Africa	100%	100%		
10	National Consumer Commission	88%	94%		
11	National Consumer Tribunal	100%	100%		
12	National Credit Regulator	93%	75%	Information and Communication Technology (ICT) system disruptions in the form of a cyber security breach, resulted in limited availability of performance information.	Recovery team made up of Executive Committee, Risk and ICT members in place and holding weekly meetings to ensure that all systems and business processes are returned to normal and also to improve current processes.
13	National Empowerment Fund	43%	71%	Significant number of committed transactions have compliance and regulatory requirements requiring third parties' approval, often hindering progress in processing payment to investees.	Bi-Weekly AHOD Meetings: Fortnightly in-person meetings bring together all stakeholders to address potential blockages, expedite significant transactions, and resolve process challenges. These are supplemented by focused transaction huddles to address specific issues such as delays in agreement signing and CP clearance. Priority Transaction Focus: Dedicated resources have been assigned to drive top priority, high impact transactions, with additional support allocated as needed to resolve bottlenecks.
14	National Gambling Board	100%	100%		
15	National Lotteries Commission (NLC)	80%	80%		
16	National Regulator for Compulsory Specifications	88%	63%	Key stakeholder engagements did not take place due to unavailability of key stakeholders due to the festive period. Moratorium on filling of vacancies due to inadequate funding and Delays in recruitment process	Management to schedule all outstanding engagements within Quarter 4. 18 positions under recruitment process.
17	South African Bureau of Standards (SABS)	88%	80%		
18	South African National Accreditation System	92%	93%		
19	Takeover Regulation Panel	83%	100%		

Source: DTIC (2026b and 2026c)

2.2.1.2. Programme 2: Trade

Programme 2 had no targets to report on in the second quarter and six targets planned for the third quarter. However, it had only achieved the outcomes agreed to for South Africa's G20 Presidency in the four priorities identified and advanced, namely: (i) Trade and inclusive growth; (ii) Responsive trade and investment agenda to address the challenge of global commons; (iii) a G20 framework on green industrialisation and investments; and (iv) World Trade Organization (WTO) Reform. These key priorities had been advanced at the 4th G20 Trade and Investment Working Group meeting from 7-9 October 2025 and the Chair's Text had been concluded. The G20 Trade Ministerial held on 10 October 2025 reached agreement on the Trade Ministerial Statement.

The five targets not achieved were as follows:

- There had been no further work on the target to reach agreement with the United States (US) on the Trade and Investment Framework Agreement (TIFA) work programme and the formal relaunch of the TIFA. However, the DTIC had been working on the draft Agreement on Reciprocal Tariffs (ART) and engaging US officials on the draft Southern African Customs Union (SACU) offer. The US had indicated that discussions on TIFA would only proceed once the ART had been concluded.
- No additional South African Geographical Indications (GI) had been included and protected by the European Union (EU) under the Annex to the GI Protocol in the Southern African Development Community (SADC)-EU Economic Partnership Agreement (EPA). However, both sides agreed on the facilitation of a bilateral cumulation of batteries through a temporary derogation from the Rules of Origin to be submitted by South Africa. In terms of increased tariff rate quota volumes for wine, sugar and canned fruit, reviews are considered under the EPA Review, which has stalled since 2024 due to disagreements on the review approach. The review would be discussed at the next SADC-EU Trade and Development Committee meeting for which a date had still to be confirmed. The DTUIC indicated that the internal processes in the EU were ongoing to add the Karoo Lamb GI to the list of South African protected GIs under the EPA.
- In terms of the EPA with the United Kingdom (UK), no additional South African GIs had been included and protected under the SADC-UK EPA. In terms of increased tariff rate quota volumes for wine, sugar and canned fruit, South Africa had submitted a request for the following products: Sweet oranges, Citrus Jam, Canned fruit, Tropical canned fruit,

Frozen orange juice, Apple Juice, Ethanol and Wine to balance the deal for the electric vehicles (EVs) offer. The South African automotive industry was willing to reduce tariffs for EVs from 25 per cent to 18 per cent. These negotiations were ongoing. Furthermore, the third SA-UK tariff review working group meeting was held on 2 December 2025 on the TRQs and cumulation for EVs. The UK indicated that internal consultations were still ongoing on the proposals from South Africa. Another meeting would take place towards the end of January 2026 and that the aim was to finalise a package towards the end of March 2026 for the consideration of the Ministers. In terms of the cumulation for EVs, the UK proposal for permanent amendment of specific rules had not been supported by South Africa's automotive industry. Instead, the industry proposed for alignment with derogation agreed with the EU, which was being considered by the UK.

- he draft Patents Bill had not been published for public comment, as work was still ongoing on further amendments to take into account the latest Treaties adopted in the World Intellectual Property Organization (WIPO). WIPO has been requested to provide assistance in the review of the draft Bill and advise on possible updates to the Bill to ensure that it is aligned with the latest adopted Treaties.
- The second draft of the Designs Amendment Bill had not been published for public comment, due to ongoing work on further amendments to take into account the latest Treaties adopted in the WIPO. WIPO has also been requested to provide assistance in this regard.

2.2.1.3. Programme 3: Investment and Spatial Industrial Development

Programme 3 had seven targets planned for the second quarter, of which five had been achieved. These were as follows:

- Four prototypes had been approved for funding to commercialise against a target of three prototypes.
- The bi-annual investor survey had been completed in September 2025 with investors that accessed the investment facilitation service at InvestSA One Stop Shops (OSSs) and the DTIC business units.
- The Energy OSS had achieved 13 unblockings against a target of ten unblockings.
- The Bi-annual report was drafted. It is a Concept note for stakeholders to promote a national agreement on challenges and solutions to increase work-based placement internships by 6 to 8 per cent per annum.

- The bi-annual report was developed on the implementation of two high priority sector demand-led skills plans. The focus was on the automotive component manufacturers and the Clothing, Textiles, Leather and Footwear sectors.

The two targets that had not been achieved were:

- Attracting R20 billion of investment through greenfield and brownfield investments in targeted sectors including Special Economic Zones (SEZs) and Industrial Parks had not been achieved. The DTIC had attracted R17,2 billion.
- Developing four Industrial Parks to assist enterprises and investments for enabled localisation/manufacturing operations (including townships and rural areas). The Komani, Collin Chabane, Ezakheni and Markman Industrial Parks had submitted applications for funding to the Critical Infrastructure Programme (CIP) Adjudication Committee for construction phases aimed to start in the third quarter. This would include Artisan/Skills Centre and Digital Hubs in each of the parks. However, the Infrastructure Funding Unit for CIP reported that it had no budget to support packaged applications.

Programme 3 had five targets planned for the third quarter, of which three targets had been achieved, namely:

- Attracted R225,2 billion in investment through greenfield and brownfield investments in targeted sectors including SEZs and Industrial Parks, against a target of R150 billion.
- Three prototypes had been approved for funding to commercialise as planned.
- The Energy OSS had achieved 47 unblockings against a target of ten unblockings.

The two targets that had not been achieved were:

- Developing three Industrial Parks to assist enterprises and investments for enabled localisation/manufacturing operations (including townships and rural areas). The Madadeni Industrial Estate; Kathu Industrial Park; Phuthaditjaba Industrial Park and KaBokweni Industrial Park had submitted applications for funding to the CIP Adjudication Committee for construction phases aimed to start in the third quarter. This would include Artisan/Skills Centre and Digital Hubs in each of the parks. However, the Infrastructure Funding Unit for CIP reported that it had no budget to support packaged applications.
- The DTIC had presented proposed skills interventions at the inter-ministerial meeting with the Minister of Higher Education and Training on 11 November 2025 and other meetings

were held with the Department of Higher Education and Training to consult on preliminary targets for internships in the Just Energy Transition. However, the target to achieve a 3 per cent annual increase in workplace-based placement internships had not been met.

2.2.1.4. Programme 4: Sectors

Programme 4 had nine targets planned for the second quarter, of which eight targets had been achieved. These were as follows:

- The National Industrial Policy had been approved by the Accounting Officer as planned.
- The progress report on Critical Mineral Strategy Implementation with a focus on investments for beneficiation of energy transition minerals (namely Aluminium, Nickel, Manganese, Copper, Vanadium, Rare Earth Elements, Graphite) had been drafted.
- R29,1 billion of procurement spend on locally manufactured goods and services had been spent by reporting organs of state and private sector players against a target of an additional R10 billion in procurement spend. The DTIC attributed this to intensified engagements with procuring entities to promote compliance with Local Content policy and encouraged support for local manufacturing. In addition, major procurers had been actively engaged and requested to prioritise the procurement of locally manufactured goods and services.
- The importation of rail transport equipment had been monitored and a decrease of about 8,9 per cent or R85,8 million had been reported for the quarter as planned.
- The report on the implementation of a Hemp and Cannabis Commercialisation Policy had been submitted as planned. It estimated that the cannabis market would reach an annual revenue of R5,6 billion (or US$318,4 million) and a quarterly value of R1,4 billion.
- The research report regarding the development of the EV batteries policies had been developed as planned.
- Tracker reports on the manufacturing of renewable energy components of electricity supply and battery storage had been submitted as planned.
- The progress report on monitoring the implementation of DTIC's Decarbonisation Strategy had been drafted as planned.

However, the target on conducting a global benchmark on rail tariff reduction interventions had not been concluded. The Programme reported that the benchmark was underway by a service provider. It indicated that it would engage the service provider to expedite the study.

Programme 4 had nine targets planned for the third quarter, of which seven targets had been achieved.

- The progress reports on the monitoring and evaluation of the National Industrial Policy have been submitted as planned.
- The progress report on Critical Mineral Strategy Implementation with focus on investments for beneficiation of energy transition minerals has been submitted as planned.
- R21,9 billion of procurement spend on locally manufactured goods and services has been spent by reporting organs of state and private sector players against a target of an additional R10 billion in procurement spend. This was due to intensified engagements with procuring entities to promote compliance with Local Content policy and encouraged support for local manufacturing.
- The importation of rail transport equipment has been monitored and a decrease of about 1,5 per cent or R13,8 million has been reported for the quarter as planned.
- The report on the implementation of a Hemp and Cannabis Commercialisation Policy had been submitted as planned. It estimated that the cannabis market had reached export revenue of R142,3 million.
- Tracker reports on the manufacturing of renewable energy components of electricity supply and battery storage had been submitted as planned.
- The progress report on monitoring the implementation of DTIC's Decarbonisation Strategy had been drafted as planned.

However, the following two targets had not been achieved:

- The draft rail tariff reduction support programme had not yet been developed. The achievement of this target was dependent on the finalisation of global benchmark, which had only been completed in December 2025.
- The Terms of Reference for the deployment of the Technical Expert had not been approved and the Request For Quotation had not been published, as planned. This was due to a delay in the appointment process by the UK Pact. The technical expert would be deployed in January 2026 to develop the draft EV battery policy.

2.2.1.5. Programme 5: Regulation

Programme 5 had one target planned for the second quarter, which it had achieved, namely amending two Regulations and submitting reports in this regard to the Executive Authority.

The DTIC had approved the draft Liquor and National Credit Amendment Regulations for publication in the government gazette in August 2025 for public comment. Comments for the draft Liquor Amendment Regulations were being analysed. However, the Minister had withdrawn the National Credit Amendment Regulations.

In the third quarter, the Programme had three planned targets, of which two had been achieved, namely:

- Two draft Regulations (namely the draft Consumer Protection Regulations and the National Gambling Regulations on the Exclusion regulations and certification of gambling machines) had been amended and reports had been submitted to the Executive Authority.
- Two interventions to streamline processes to enable red tape reduction had been implemented and a report had been produced and submitted to the Executive Authority.

However, the Programme did not achieve the target regarding the reduction of turnaround times by 30 per cent on processes, applications and permits in the DTIC entities. While the report had been submitted to the Executive Authority, the full complement of entities required to implement the reduction in turnaround times had not responded. The DTIC was engaging entities to secure their commitment in this regard.

2.2.1.6. Programme 6: Incentives

Programme 6 had three targets planned for the second quarter, of which two had been achieved, namely:

- R23,9 billion in investment had been achieved through industrial financial support against a target of R3 billion.
- R4,2 billion in export revenue had been achieved through Global Business Services (GBS) against a target of R1 billion.

The Programme had not reached its target of creating 3 000 jobs. Only 1 729 jobs had been created, as a lower number of jobs had been created than projected. It attributed this to the percentage of transfer payments disbursed based on actual claims received. It expected the number of jobs created to increase as more disbursements were made.

Programme 6 had two targets planned for the third quarter, but it had not achieved any of these. The targets were:

- Only R2,2 billion in investment had been achieved through industrial financial support against a target of R3 billion. The DTIC indicated that the applications received had leveraged lower than anticipated investments. However, the annual target of R10 billion had already been achieved and exceeded.
- R0,99 billion in export revenue had been achieved through GBS against a target of R1 billion. The DTIC indicate that funded projects had yielded a lower value of export revenue than projected. However, the annual target of R5 billion had already been achieved and exceeded.

2.2.1.7. Programme 7: Exports

Programme 7 had been no targets planned for reporting in the second or third quarters.

2.2.1.8. Programme 8: Transformation and Competition

Programme 8 had four targets planned for the second quarter, of which two had been achieved, namely:

- R17 billion in investment had been leveraged from competition and transformation interventions against a target of R2 billion.
- 5 343 additional workers received shares from six mergers in the quarter against a target of 2 500 additional workers.

The following targets had not been achieved:

- R5 billion had been targeted to be aggregated to and disbursed from the Transformation Fund. Thus far, commitments of R52,7 billion had been secured, including US$3 billion from the African Export-Import Bank (AFREXIMBANK) over five years. However, nothing had been disbursed yet. The DTIC explained that processes and engagements with stakeholders were underway to finalise the modalities and criteria for implementing the Fund under the Special Purpose Vehicle.
- No Number of Social Employment Fund (SEF) job opportunities had been created, even though the target had been 25 000 job opportunities created. This had been due to a delay in the signing of the SEF Memorandum of Agreement, which had been subsequently signed. Therefore, funds could not be transferred on time.

In the third quarter, Programme 8 had planned three targets, of which none had been achieved. These were:

- Only R159 million in investment had been leveraged from competition and transformation interventions against a target of R2 billion. However, the DTIC noted that the annual target of R8 billion had already been exceeded with R27 billion in investment having already been leveraged.
- R10 billion had not been aggregated to and disbursed from the Transformation Fund. To date, the aggregated fund of R52,7 billion remained and disbursements had been delayed due to delays in the signing off of the funding pipeline from funding contributors, as there was a plethora of contributors that had availed themselves to assist in the aggregation of this instrument of economic redistribution. In this regard, a pipeline of funds to the value of R 6,224 billion were at different phases of the pipeline development. This was expected to be concluded and signed off by the end February 2026.
- Only 2 473 additional workers received shares against the target of 2 500 additional workers. However, the DTIC indicated that the annual target of 10 000 additional workers had been exceeded. To date, 11 411 additional workers had received shares.

2.2.1.9. Programme 9: Research

Programme 9 had three targets planned for the second quarter, of which one had been achieved, namely that one Medium-Term Development Plan (MTDP) implementation report had been produced as planned.

The following two targets had not been achieved due to a lack of budget for training and procurement processes:

- 3 000 youth trained in digital skills. Subsequently, a budget of R5,6 million had been secured. However, this was only sufficient to train 1 235 youth rather than the annual target of 10 000 youth.
- 15 000 unemployed persons completed digital literacy training courses. Subsequently, a budget of R27,8 million had been secured. However, this was only sufficient to train 6 173 unemployed persons rather than the annual target of 50 000 persons.

In the third quarter, Programme 9 had set four targets, but had only achieved one of these, namely that one MTDP implementation report had been produced as planned.

The following two targets had not been achieved due to a delay in the supply chain management processes to appoint the service provider, which led to no training being provided in the quarter:

- 3 000 youth trained in digital skills; and
- 15 000 unemployed persons completed digital literacy training courses.

Furthermore, the planned Digital Roadmap had not been approved by the Minister, as there had been no available Strategic Research Partners to assist with the development of the roadmap. Therefore, the DTIC has undertaken the three-quote route to secure a service provider to assist with the roadmap. The output was expected to be delivered in the fourth quarter.

2.2.2. Financial Performance

2.2.2.1. Second Quarter Performance

The DTIC had projected its expenditure at the end of September 2025 to be R6,1 billion. However, it had actually spent R5,4 billion by the end of the second quarter. This was an under-expenditure of R723,5 million (11,8 per cent of the projected year-to-date expenditure).

Table 3: Expenditure by Programme as at 30 September 2025

Programme (R'000)	Budget 2025/26	Year-to-date			Available Budget
		Projected Expenditure	Actual Expenditure	% Variance[8]	
Administration	972 281	457 467	424 474	7,2%	547 807
Trade	261 682	162250	177 298	-9,3%	84 384
Investment and Spatial Industrial Development	181 909	74 473	57 152	23,3%	124 757
Sectors	1 674 105	1 092 266	930 658	14,8%	743 447
Regulation	363 261	230 250	231 351	-0,5%	131 910
Incentives	5 205 216	2 374 449	1 861 944	21,6%	3 343 272
Exports	390 274	266 906	245 857	7,9%	144 417
Transformation and Competition	1 958 434	1 443 417	1 447 220	-0,3%	511 214
Research	64 587	22 758	24 743	-8,7%	39 844
Total	**11 071 749**	**6 124 236**	**5 400 696**	**11,8%**	**5 671 053**

Source: DTIC (2026b)

The largest contributor to underspending had been the Incentives Programme with an under-expenditure of R512,5 million (21,6 per cent of the programme's budget). This was followed

[8] Variance is the difference between the projected expenditure and the actual expenditure. A positive variance refers to an under-expenditure and a negative variance refers to an over-expenditure.

by the Sectors Programme, which had an under-expenditure of R161,6 million or 14,8 per cent of the programme's budget. The Investment and Spatial Industrial Development Programme had underspent its budget by 23,3 per cent or R17,3 million.

There had also been significant over-spending relative to their projected budgets in the Trade and Research Programmes. The Trade Programme had overspent by 9,3 per cent or R15 million, while the Research Programme had underspent by 8,7 per cent or R1,99 million.

In terms of expenditure by economic classification, there had been significant underspending of R661,6 million in transfers and subsidies, specifically in terms of incentive payments and external programmes. This had been R498,2 million (21,9 per cent of the projected expenditure) and R166,6 million (11,9 per cent of the projected expenditure) respectively. In terms of the procurement of goods and services, there had been under-spending of R18,5 million or 5,1 per cent of the projected expenditure. There had also been under-spending of R34,6 million in terms of compensation of employees or 6,4 per cent of the projected expenditure. In addition, there had been over-spending of R4 million or 1 026,3 per cent of the projected expenditure on households. The financial performance in terms of the economic classification is depicted in Table 4 below.

Table 4: Expenditure by Economic Classification as at 30 September 2025

Description (R'000)	Budget 2025/26	Year-to-date			Available Budget
		Projected Expenditure	Actual Expenditure	% Variance	
Current payments	**1 942 615**	**899 353**	**846 232**	**5,9%**	**1 096 383**
Compensation of employees	1 138 311	539 952	505 328	6,4%	632 983
Goods and services	804 304	359 401	340 904	5,1%	463 400
Transfers and subsidies	**9 110 201**	**5 215 705**	**4 554 065**	**12,7%**	**4 556 136**
Incentive payments	5 020 778	2 279 365	1 781 172	21,9%	3 239 606
Department entities	1 752 758	1 398 332	1 398 332	0,0%	354 426
External programmes	2 117 108	1 405 306	1 238 737	11,9%	878 371
Non-profit organisations (Partnerships with business associations, NEDLAC)	170 705	129 868	129 040	0,6%	41 665
Membership fees (International organisations)	47 753	2 447	2 426	0,9%	45 327
Households	1 099	387	4 359	-1 026,3%	(3 260)
Payments for capital assets	**18 933**	**9 178**	**399**	**95,7%**	**18 534**
Total	**11 071 749**	**6 124 236**	**5 400 696**	**11,8%**	**5 671 053**

Source: DTIC (2025b)

2.2.2.2. Third Quarter Performance

Projected expenditure by the end of the third quarter had been R8,6 billion while actual expenditure had been R7,6 billion. This resulted in under-expenditure of R1,09 billion in the third quarter or 12,6 per cent lower than the projected expenditure. The table below details the third quarter expenditure by programme.

Table 5: Expenditure by Programme as at 31 December 2025

Programme (R'000)	Adjusted Budget 2025/26	Year-to-date			Available budget
		Projected Expenditure	Actual Expenditure	% Variance	
Administration	1 069 471	672 918	641 613	4,7%	427 858
Trade	315 692	214 084	230 070	-7,5%	85 622
Investment and Spatial Industrial Development	159 409	145 582	103 686	28,8%	55 723
Sectors	1 534 105	1 315 968	1 284 677	2,4%	249 428
Regulation	407 261	331 872	329 927	0,6%	77 334
Incentives	5 230 216	3 747 245	2 799 423	25,3%	2 430 793
Exports	385 274	325 257	282 723	13,1%	102 551
Transformation and Competition	1 962 634	1 860 515	1 844 562	0,9%	118 072
Research	64 587	31 345	35 378	-12,9%	29 209
Total	**11 128 649**	**8 644 786**	**7 552 059**	**12,6%**	**3 576 590**

Source: DTIC (2026a)

The main contributor to under-spending remained the Incentives Programme with an under-expenditure of R947,8 million (25,3 per cent of projected expenditure). Other Programmes that underspent significantly in relation to their projected expenditure were the Investment and Spatial Industrial Development Programme with under-expenditure of R41,9 million (28,8 per cent of projected expenditure), and the Export Programme with under-expenditure of R42,5 million (13,1 per cent of projected expenditure). In terms of over-spending, the Research Programme had over-spent by R4 million (12,9 per cent of its projected expenditure), and the Trade Programme had over-spent by R15,99 million (7,5 per cent of its projected expenditure).

In terms of the economic classification, there had been significant under-spending in transfers and subsidies (R992,5 million or 13,7 per cent of the projected expenditure), specifically in terms of incentive payments and membership fees paid to international organisations. This had been R928,7 million (25,8 per cent of projected expenditure) and R15,6 million (74,6 per cent of projected expenditure) respectively. There had also been over-spending of R6,1 million for payments to households or 909,1 per cent of the projected expenditure.

In terms of the procurement of goods and services, there had been under-spending of R17,2 million (3,2 per cent of the projected expenditure). While compensation of employees had been under-spent by R73,2 million or 8,8 per cent. The financial performance in terms of the economic classification is depicted in Table 6 below.

Table 6: Expenditure by Economic Classification as at 31 December 2025

Description (R'000)	Adjusted Budget 2025/26	Year-to-date			Available budget
		Projected Expenditure	Actual Expenditure	% Variance	
Current payments	**2 079 949**	**1 368 604**	**1 278 236**	**6,6%**	**801 713**
Compensation of employees	1 118 311	830 194	757 009	8,8%	361 302
Goods and services	961 638	538 410	521 227	3,2%	440 411
Transfers and subsidies	**9 038 843**	**7 265 312**	**6 272 856**	**13,7%**	**2 765 987**
Incentive payments	5 050 778	3 605 058	2 676 358	25,8%	2 374 420
Department entities	1 838 958	1 661 177	1 661 177	0,0%	177 781
External programmes	1 923 944	1 813 732	1 763 799	2,8%	160 145
Non-profit organisations (Partnerships with business associations, NEDLAC)	170 705	163 706	159 463	2,6%	11 242
Membership fees (International organisations)	48 453	20 972	5 328	74,6%	43 125
Households	6 005	667	6 731	-909,1%	(726)
Payments for capital assets	**9 857**	**10 870**	**967**	**91,1%**	**8 890**
Total	**11 128 649**	**8 644 786**	**7 552 059**	**12,6%**	**3 576 590**

Source: DTIC (2026a)

3. ISSUES RAISED DURING THE DELIBERATIONS

The following issues relating to the performance of the DTIC were raised during the Committee's deliberations:

3.1. According to the Director-General, the DTIC had achieved only 18 of its 34 planned targets in the third quarter, which raised concern about the level of its underperformance. Therefore, the Committee requested that the DTIC should provide a comprehensive list of the targets that had not been achieved and the reasons for this. It further requested that the DTIC should outline the factors that had contributed to these outcomes and to clarify the impact of the underperformance on its overall performance, particularly in relation to the achievement of the broader objectives of industrialisation, investment promotion, and economic growth. The DTIC acknowledged the underperformance and indicated that a year-to-date performance

report had been sourced in which all targets achieved and not achieved had been identified. The Director-General stated that 21 targets had not been met, which are outlined in sub-section 2.2.1. above. He further highlighted key contributing factors, including timing issues, procurement delays, organisational culture challenges, and external factors such as other countries' compliance with trade protocols. The DTIC further informed the Committee that the AfCFTA-related trade targets were particularly affected by other countries' priorities and ongoing tariff wars.

3.2. One of the DTIC's unachieved targets reported was that all its entities should achieve 80 per cent or more of their planned targets per quarter. During the second quarter, 13 of the 19 entities achieved at least 80 per cent of their planned targets. In the third quarter, 12 of the 19 entities had achieved at least 80 per cent of their planned targets. The Committee enquired what steps the DTIC was taking to improve the non-financial performance of its entities. To mitigate the impact of underperformance in relation to its entities' performance levels, the DTIC was actively engaging its entities and conducting monthly and quarterly reviews to improve performance, achieve the targeted 80 per cent achievement rate, and to support the achievement of industrialisation, investment promotion, and economic growth objectives.

3.3. Quarterly targets in several critical areas - including trade, exports, investment attraction, disbursement from the Transformation Fund, job creation, youth trained in digital skills, unemployed trained in digital literacy, and industrial park developments - were either not set or achieved. The Committee enquired what corrective measures had been put in place to address these gaps, and what impact these shortfalls may have on achieving meaningful economic growth and employment opportunities for South Africa, given the current economic climate. The DTIC informed the Committee that corrective measures had been implemented to address performance challenges, including targeted interventions, strengthened performance monitoring, and sector-specific support. The impact of these challenges was being mitigated through focused engagement with small, medium and micro enterprises (SMMEs), the provision of incentives, and the implementation of industrial expansion projects aimed at sustaining economic growth and job creation.

The following mitigation measures were being implemented:

- *Investment and Spatial Industrial Development Programme*: In Quarter 4, a more focused investment mobilisation drive targeting key countries was being undertaken, and an increase in investment attraction was expected.
- *Exports Programme*: The recruitment of participants in export programmes and activities would continue, also targeting black-owned companies, to deliver increased exports.
- *Transformation and Competition Programme*: In terms of the Transformation Fund, the DTIC was in a process of finalising partnership agreements with stakeholders for the Transformation Fund aggregation including the disbursements from the aggregated funds.
- *Trade Programme*:
    - *Publication of the Patents Bill and Designs Amendment Bill*: New Treaties had been adopted in the WIPO that required review of the draft Bills to ensure alignment where necessary. Further amendments were therefore being incorporated. The DTIC has requested WIPO to provide assistance in the review of the draft Bills and to advise on possible updates to the Bills to align these with the latest Treaties adopted in WIPO.
    - *SADC-EU EPA – additional GIs*: The internal processes in the EU were ongoing to add the Karoo Lamb GI to the list of South African GIs protected under the EPA.
    - *SADC-EU EPA – increased Tariff Rate Quotas*: The TRQ Reviews were considered under the EPA Review, which has stalled since 2024 due to disagreements on the review approach. The review would be discussed at the next SADC-EU Trade and Development Committee meeting for which a date was still to be confirmed.
    - *SACU and Mozambique-UK EPA – additional GIs*: Parties were yet to convene a meeting to advance discussions on the GI Protocol, including the amendments of the protected lists.

  In all cases, while it should be noted that South African exporters were successfully leveraging both EPAs with the EU and UK, further market access could contribute to exports.

3.4. At the end of December 2025, the DTIC had 28,8 per cent and 25,3 per cent under-expenditure when compared to its projected expenditure in Programme 3 (Investment and Spatial Industrial Development) and Programme 6 (Incentives) respectively. The Committee enquired about the specific operational and administrative challenges that led to this under-spending, and how this affected the implementation of key industrial development initiatives, SEZs, and incentives support programmes. It further requested that the DTIC should provide an assessment of the economic impact of the under-spending, particularly in relation to investment attraction, industrial expansion, and job creation. The Committee was informed that under-expenditure was largely concentrated in these two Programmes, primarily due to (i) key vacancies that were at various stages of recruitment; (ii) documentation needed to complete incentive claims, which claimants had not yet provided; (iii) some incentive programmes had received fewer claims than expected; (iv) the lengthy processes of vetting the agreements; and (v) delays in receiving signed copies from the SEZs. Other SEZs that were ready for disbursement were currently tax non-compliant with respect to registration, filing, and/or payment obligations and were in the process of resolving these technical issues.

In line with the incentives' architecture, actual disbursements were contingent upon approved entities meeting specific performance outputs such as investment, job creation, and localisation targets. These projects typically spanned multiple years and were influenced by various external factors, including market conditions, natural disasters, labour disruptions, and supply chain challenges. Consequently, the timing and volume of claims remained variable and difficult to predict.

Underspending in Programme 3, the Investment and Spatial Industrial Development Programme, was mainly due to: pending compliance documentation that was required to make payment to the IDC: Regional Industrial Development, but had not been completed by the end of the quarter.

In addition, underspending in the Programme was attributable to delays in the rollout of the Provincial OSSs. These delays arose primarily from inadequate governance frameworks and limited operational capacity at the provincial level, which affected the timely establishment and implementation of the required institutional

arrangements. As a result, certain planned activities and associated expenditures could not be executed within the reporting period.

3.5. Given that the DTIC only achieved 70 per cent of its second quarter targets and 40 per cent of its third quarter targets, there was a risk of fiscal dumping where the budget was spent but the planned targets were not achieved. The Committee enquired how the DTIC planned to prevent fiscal dumping, which could result in fruitless, wasteful, or irregular expenditure. It further enquired what measures would be implemented to ensure that expenditure remained both effective and economical, and how the DTIC would report and account for any irregular expenditure or instances where fiscal dumping was detected. The DTIC informed the Committee that at the end of the third quarter, it had projects in the pipeline that were being finalised and would be funded accordingly. Several approved projects were fully funded but remain unpaid because the requisite vetting, compliance and documentation checks had been outstanding. These payments would only be released once standard pre-disbursement checks were completed in line with the incentive's architecture. For example, the verification of investment, job creation and localisation outputs; tax and compliance clearance; and signed agreements were in place and verified.

There were also projects and programmes that met all compliance and verification requirements and were ready for payment, but current vote balances did not have the required funds available. Where payments were justified and compliant, the DTIC would submit formal virement requests to reallocate funds from slow spending programme budget lines to these disbursement-ready projects, following the Public Financial Management Act (Act No. 1 of 1999) and National Treasury procedures.

Furthermore, the DTIC affirmed that its budget would only be spent where outputs were verified and compliance had been confirmed. Where funding constraints existed for fully compliant projects, virements would be pursued transparently and in line with statutory requirements to ensure timely, effective and economical use of available resources. Any unspent funds would be surrendered in line with requirements, and any roll-overs for delayed projects would also be implemented in line with prescripts.

3.6. With regard to the delays in the processing and payment of incentives to industry stakeholders, the Committee enquired what measures the DTIC had implemented to address the delays and what the primary reasons for these delays were. Furthermore, it enquired about the specific incentive schemes or programmes that were mostly affected by the delays, and what steps were taken to improve administrative efficiency and turnaround times in the processing of incentive claims. In addition, it requested clarification on what non-financial support mechanisms the DTIC has provided to companies to ensure that their projects and operations were not disrupted. The DTIC informed the Committee that delays in incentive payments were primarily due to administrative bottlenecks. It further highlighted the non-financial support mechanisms provided to companies, including market access, capability-building initiatives, and telemetry monitoring for SMMEs, to ensure continuity of projects and operations. It indicated that it remains committed to ensuring that incentive programmes are administered efficiently and that beneficiaries receive support within reasonable timeframes.

In-general, payment delays that occur, are predominantly associated with non-compliance to guideline requirements, the submission of incomplete claims and supporting information. The delays experienced in the processing and payment of film incentive claims stemmed from budgetary constraints, high volume of claims received with limited human capacity to process them and submission of incomplete or non-compliant documentations. To address these challenges, the DTIC had enhanced communication with claimants and operational procedures were continuously being reviewed to streamline administrative processes to reduce turnaround times. Checklists have also been issued to assist claimants on the documents to be submitted.

3.7. The issue of vacant positions within the DTIC has been a longstanding matter of the Committee's oversight focus. The DTIC had previously indicated that 182 vacant positions would be filled; therefore, the Committee enquired whether it could provide a detailed progress report on this commitment, including how many of the 182 posts had been filled and how many still remained in the recruitment process. The Committee also requested information on the expected timelines for the completion of the recruitment process and the extent to which the vacancies had affected the

DTIC's ability to process incentives and implement key programmes. The DTIC informed the Committee that 182 vacant posts had been prioritised and were funded posts. These had been planned to be filled in a process of five recruitment batches and were subject to the Department of Public Service and Administration's (DPSA) processes, job evaluations, and approval. To date, three batches of 76 posts had been prioritised for filling. Of which, 68 posts had been advertised, the shortlisting for 59 posts had been completed, interviews for 46 posts had been concluded, and 30 appointments had been made. In terms of the fourth batch, approval had been granted on 29 December 2025 for 48 permanent posts and 12 contract posts to be filled. In terms of the fifth batch, 57 priority posts would be filled. However, job evaluations and recruitment processes had to be initiated. It further noted that recruitment was ongoing and that a cultural survey and organisational realignment were being prioritised before full restructuring. The DTIC acknowledged that these vacancies had impacted on the processing of incentives and programme delivery, although appointments, including Deputy Director-Generals, were being expedited to mitigate the effects.

3.8. In its presentation, the DTIC informed the Committee that the post of Chief Operating Officer was not supported by the DPSA, despite being identified as critical. The Committee enquired whether the DTIC could provide reasons for the DPSA's decision not to support this post and how this affected the DTIC's capacity to improve its performance. The DTIC informed the Committee that the DPSA had initially approved the advertisement of three Deputy Director-General positions. However, the DPSA, had subsequently raised concerns regarding job evaluation and structural compliance, which resulted in delays. The DTIC indicated that the Minister had since approved the job evaluation, allowing the recruitment process to proceeded under Ministerial oversight.

3.9. With regard to the G20 trade and investment outcomes, the DTIC informed the Committee that all its four priorities had been met, including the WTO reform. The Committee requested the DTIC to clarify what specific WTO reform outcomes had been achieved under South Africa's G20 Presidency, in particular, the three specific reform proposals submitted by South Africa to the WTO, and to explain the expected

impact of each proposal. The DTIC informed the Committee that all G20 priorities had been met under South Africa's chairmanship. In relation to WTO reform outcomes, it indicated that Member States had recommitted to multilateral trade rules and WTO reform, including the development dimension. In addition, Members committed to constructive engagement at the WTO on agriculture and other issues of interest to Members that have stalled since the establishment of the WTO. These outcomes were achieved with all Members of the G20 being part which sends a good signal towards the 14th Ministerial Conference (MC14) to be held in Cameroon from 26-29 March 2026. The outcomes have informed future declarations, including at the WTO, towards MC14 expected to sustain multilateral trade engagement. The three proposals were on policy space to advance industrialisation, relating to technology transfer, subsidies, local content requirements and agriculture.

3.10. Beneficiation, particularly regarding critical minerals, is still of critical importance for industrialisation and localisation. Given the continued export of raw material and import of finished products, the Committee enquired whether the DTIC had been considering the creation of a beneficiation index, and if so, what indicators would be included to measure progress and how frequently progress would be reported to the Committee to ensure accountability on beneficiation outcomes. In addition, it enquired what plans or interventions the DTIC had to leverage South Africa's competitive and comparative advantage in critical minerals to increase local value addition and job creation. The DTIC informed the Committee that it was considering beneficiation measures aimed at promoting local value addition and job creation, subject to the outcome of feasibility assessments in relation to such an index. These plans included leveraging South Africa's competitive advantages in critical minerals, facilitating downstream manufacturing activities such as electric vehicle batteries and catalytic converters, and monitoring progress through sector-specific indicators.

In addition, the Minerals Beneficiation Centre would be established at Trade and Industrial Policy Strategies to (i) conduct a policy and legislative review of the minerals sector; (ii) determine minerals or sectors to be prioritised for beneficiation; (iii) propose policy instruments to drive beneficiation; (iv) track investment projects; and (v) ensure institutional alignment for mineral beneficiation. Both the DTIC and

the Department of Mineral and Petroleum Resources (DMPR) will be the drivers of the project, to be supported by the DTIC and the DMPR, MINTEK, the Council for Geoscience, the Council for Scientific and Industrial Research, the IDC and the ITAC.

3.11. In October 2025, the African Development Bank had approved financing of US$75 million for Nyanza Light Metals to support the development, construction, and operation of an 80 000 tonnes per annum titanium dioxide pigment manufacturing plant in the Richards Bay Industrial Development Zone. The Committee enquired how the DTIC planned to replicate this model for other raw materials to drive value addition and beneficiation across South Africa and could it elaborate on the expected economic and employment impact of this investment, and what measures are in place to ensure it contributes to broader industrialisation, local value addition, and beneficiation objectives. The DTIC informed the Committee that the US$75 million facility had been secured to support beneficiation initiatives, with the model intended to be replicated by targeting additional raw materials for local value addition. It indicated that the initiative was expected to support local industrialisation, job creation, and increased beneficiation.

3.12. The domestic sugar industry has been struggling, particularly regarding the impact of the potential liquidation of Tongaat Hulett and the consequential risk of job losses across the sugar value chain. The Committee enquired whether the DTIC had any plans in place to mitigate these risks and what interventions or support measures were being considered to stabilise the sugar industry and preserve jobs. The DTIC explained that Tongaat Hulett, a major agro-processing and sugar manufacturing company operating in South Africa and across the SADC region, had been under business rescue proceedings in terms of the Companies Act. Business Rescue Practitioners (BRPs) were appointed to stabilise the company's financial position, restructure its debt, and develop a sustainable turnaround strategy. Despite ongoing business rescue efforts and continued engagement with key stakeholders, including government, the BRPs subsequently filed an application for provisional liquidation.

It informed the Committee that, together with the IDC and key stakeholders in the sugar industry, it was actively opposing the liquidation and were exploring alternative strategies to stabilise the company, protecting employment and ensuring continuity

within the sugar sector. Key measures under consideration included implementing the business rescue plan and engaging potential strategic equity partners to provide financial and operational support, thereby enhancing the company's long-term viability and mitigating potential socio-economic impacts.

3.13. The DTIC provided a spatial distribution of incentive disbursements by district municipality and province. Based on the data presented, it appeared that the Northern Cape had received no disbursements from April to December 2025, despite it being one of the poorest provinces with the largest geographical area, highest level of poverty, and significant mineral wealth. The Committee enquired what mechanisms or criteria determine the spatial allocation of disbursements across provinces, and the rationale behind the Northern Cape's perceived exclusion. Furthermore, what steps or measures were the DTIC considering to improve awareness, education, and support for provinces and beneficiaries to ensure equitable access to funding. In addition, how the DTIC planned to address the current imbalance and ensure more equitable spatial distribution of disbursements across all provinces, particularly those with both high poverty and high economic potential. The DTIC informed the Committee that funding allocations were primarily based on project readiness and economic potential. The low level of disbursement in the Northern Cape was largely due to the limited pipeline of mature projects in the province. To improve awareness and promote more equitable access to funding, the DTIC reported that it had implemented provincial outreach, education, and capacity-building initiatives.

3.14. Data indicated that recently net job creation was concentrated in the Western Cape. The Committee enquired whether the DTIC had assessed the factors contributing to this performance and how these factors could inform efforts to improve investment attraction and job creation, and whether these lessons could be replicated in other provinces. The DTIC informed the Committee that it had not assessed the factors contributing to the Western Cape's success in net job creation. However, it planned to engage with provincial development agencies to share best practices and explore how these lessons could be applied in other provinces.

3.15. The DTIC had identified a number of strategic, as well as priority, foreign offices to be capacitated, with 12 Foreign Economic Office posts advertised and appointments

expected shortly. However, the Committee had previously been informed that close to 40 posts were required to be filled. The Committee therefore enquired about the status of the remaining posts, when these appointments were expected to be finalised, and whether the delays were primarily due to budgetary constraints or other institutional challenges. The DTIC informed the Committee that 12 posts had been advertised for deployment to priority foreign markets. It indicated that delays in finalising appointments in addition to the 12 posts had been the result of budgetary constraints. It further noted that additional appointments would be approved once the necessary additional budget had been secured.

3.16. In the third quarter, the IDC had only achieved 43 per cent of its targets. Given that the IDC is one of the primary development finance institutions, the Committee enquired what interventions had been implemented to address this underperformance and to ensure that the IDC effectively drove investment into key growth sectors. The IDC responded that it had implemented targeted management interventions to strengthen the investment pipeline, accelerate disbursements, and improve internal execution and turnaround times. These included prioritising transactions with advanced readiness, intensifying post-approval support to unblock delayed disbursements, and implementing internal process improvements to address approval and execution delays. While certain impacts, such as on jobs and exports, were not expected to be realised within the fourth quarter, the underlying interventions remain in place and would continue beyond the current financial year to support improved performance over time.

3.17. Regarding the proposed local battery manufacturing initiative, the Committee enquired whether this initiative was driven by localisation objectives or whether it was also designed to ensure global competitiveness. The Committee further enquired whether the DTIC had put measures in place to ensure that locally manufactured batteries could compete globally rather than relying on protection through import duties. The DTIC indicated that it was seeking to establish EV battery manufacturing capability premised on localisation and part of the greening of industrialisation in South Africa rather than import substitution. The intention is to integrate EV battery manufacturing into a global automotive supply chain. This model is similar to the

manufacturing of the catalytic converters, where South Africa led due to its platinum reserves. This is being supported by the EU through the Clean Trade and Investment Partnership.

3.18. During the Committee's oversight visits to SEZs in KwaZulu-Natal, investors raised concerns about the lack of tax breaks available at newer SEZs and the expiry of tax breaks in 2031, which should be an integral part of SEZs based on the SEZ Act. The Committee enquired whether the DTIC could provide the Committee with an update on the progress made in resolving these concerns with National Treasury. The Committee further enquired about the recent litigation impacting on the development of the Musina-Makhado SEZ and what steps the DTIC was taking in this regard. Furthermore, it enquired whether there were ongoing negotiations with the Ministers responsible for Forestry, Fisheries and the Environment, and for Mineral and Petroleum Resources regarding the environmental and regulatory issues that affect the SEZ. In addition, the Committee sought clarity on whether the DTIC, in consultation with the Department of Forestry, Fisheries and the Environment and the Limpopo Department of Economic Development, Environment and Tourism, had reassessed the viability of this SEZ, which is a heavy industrial metallurgical complex in an environmentally sensitive area in rural Limpopo, in light of the current industrial strategy focusing on decarbonisation, diversification, and digitisation. The DTIC informed the Committee that it was actively engaging with National Treasury and relevant sector ministries to address tax and regulatory concerns affecting SEZs. in addition, the viability of SEZs was being reassessed within the context of evolving industrial policy priorities, including decarbonisation, economic diversification, and the digitisation of industry.

3.19. With regard to the Automotive Production and Development Programme and the Mahindra investment, the Committee enquired whether the investment was based on semi-knocked-down (SKD) or completely knocked down (CKD) assembly operations. Furthermore, given industry concerns that SKD investments generated limited employment, it enquired what steps had been considered to encourage manufacturers to commit to full CKD assembly plants. In addition, the DTIC referenced R250 billion in investment commitments in the sector. The Committee

enquired about the period over which these investments were expected to materialise. The DTIC informed the Committee that the investment includes CKD operations, while concerns relating to SKD production were being addressed through incentives aimed at strengthening local assembly and localisation. Furthermore, the total investment commitment amounts to approximately R250 billion, which will be implemented in phases over the medium-term period as part of the sector's development strategy. The facility is currently operating on a SKD basis but is in the process of transitioning towards full CKD production, with production volumes expected to increase over time.

3.20. There had been ongoing concerns in the metal recycling sector, especially in relation to the price preference system and the export tax, as recyclers argued that this has led to the effective transferring of their income to mini-mills. The Committee enquired about the current status of the DTIC's discussions with National Treasury on creating a more balanced framework between recyclers and mills. The DTIC informed the Committee that it was engaged in ongoing discussions with National Treasury to review the incentive framework applicable to the steel recycling and mini-mill segments. These engagements were aimed at ensuring a balanced approach to incentives between recyclers and mini-mill producers, and that potential adjustments to the framework were being considered to promote fairness and support the sustainability of the sector.

3.21. With regard to governance matters at the SABS, the Committee had been awaiting the report commissioned by the Minister in 2025, regarding challenges at the SABS. The Committee enquired when it would receive the report and what steps had been taken by the SABS to address the governance and operational challenges. The DTIC informed the Committee that the last three reports had been signed by the Minister and were currently pending processing by the SABS Board. It indicated that the delays were largely attributable to the thoroughness of the service provider responsible for the work. The Committee was further informed that the report had been commissioned in 2025 and that the SABS had begun implementing corrective measures aimed at strengthening governance and operational performance. However, it did not specify a timeline for the submission or finalisation of the report.

3.22. National Treasury has proposed a national tax on the gross gambling revenue from all online gambling activities emanating from South Africa. The Committee enquired about the DTIC's position on the proposed national gambling tax, whether it supported the tax, and if so, what rate was considered appropriate. The DTIC informed the Committee that further consultation with National Treasury was required and that alignment across national and provincial government structures was necessary. At this stage, its position on the proposed national gambling tax had not yet been finalised, with discussions still ongoing.

3.23. Emanating from the Committee's engagement with the DTIC and the films and television sector on outstanding incentive payments, the DTIC indicated that it was in ongoing engagements with National Treasury to resolve this impasse. Given the high investment multiplier associated with the industry, the Committee enquired about the status of the requested engagement with the sector and what steps had been taken to stabilise the sector and prevent further job losses. The DTIC informed the Committee that ongoing engagements with National Treasury continued in order to obtain funding for this industry. It was also engaging the NLC to assist with additional funding requirements for a sustainable solution. In addition, the DTIC had also met with the film industry stakeholders to provide clarity on the status of claims and applications to manage expectations regarding the processing thereof. Current discussions were being held with the IDC to explore other models of funding, and the Committee would be informed in due course to co-create a solution that works for all.

3.24. The rise of artificial intelligence (AI) could disrupt the GBS sector, potentially replacing human labour. The Committee enquired whether the DTIC had conducted any assessment of the potential impact of AI on the sector and what strategies were considered to future-proof employment opportunities in this industry. The DTIC indicated that the GBS Masterplan 2030 coupled with the Memorandum of Agreement between the DTIC, Business Process Enabling South Africa (BPESA) and the Harambee Youth Accelerator were working towards moving from non-complex to complex and highly complex jobs for the GBS Sector. This was also in line with the incentive programme which benefits and encourages companies that create Complex to Highly Complex jobs by giving them a higher incentive value.

In the 2024/25 financial year, the DTIC conducted a study: "*Benchmarking optimum support levels for the Global Business Services (GBS) Incentive*", which also touched on future risks and opportunities covering AI. This study was being used to review the current GBS incentive, and its outcomes showed that if there was adequate skills development, innovation and digital infrastructure, South Africa could ensure that AI enhances rather than replaces GBS jobs. In addition, BPESA held multiple engagements including conferences and webinars in AI including one titled: "*Generative AI: The Game Changer for GBS & GCC's Everest Webinar*", facilitated by the Everest Group. The Harambe Youth Accelerator was also equipping youth with the necessary skills required to reduce the AI risk and convert it into an enabler for better service and future agents.

To build a future-ready, global competitive workforce, BPESA conducted a study: "*South Africa unveils GBS Skills Strategy 2025–2030*". In addition to this study, BPESA also published a study in March 2026, which focuses solely on AI, titled: "*AI's Impact on South Africa's Global Business Services Sector: A Comprehensive Strategic Report for Industrial Development*". One of the key findings of the study was that 170 million new roles would be created by 2030 and 92 million roles would be displaced due to AI globally, implying that there was still a net opportunity to create 78 million new jobs due to AI.

3.25. The Committee noted that a number of ferrochrome smelters had closed due to the rising cost of electricity. The Committee enquired about the steps being pursued by the DTIC, together with Eskom and the National Energy Regulator of South Africa (NERSA), to support smelters in accessing lower-cost electricity, including the wheeling of renewable energy to help prevent further closures. The DTIC informed the Committee that it was collaborating with Eskom and the NERSA to ensure access to lower-cost electricity for ferrochrome smelters. Measures being implemented included the wheeling of renewable energy and the establishment of tariff agreements, with an agreed electricity tariff of 62c per kilowatt hour. It further noted that logistics and infrastructure challenges remained, and that ongoing collaboration with other relevant departments was underway to address these issues.

3.26. The Committee expressed concerns regarding the proposed loan from AFREXIMBANK to capitalise the Transformation Fund, particularly given the high impairment rates in development finance. The Committee enquired about the status of discussions with National Treasury regarding the approval of the loan, the proposed terms, and the risk mitigation measures associated with this financing arrangement. The DTIC informed the Committee that loans under the proposed facility with the AFREXIMBANK would be provided directly to companies through loan financing, thereby imposing no fiscal liability to the State. Risks associated with the financing would be mitigated through the Transformation Fund's pillars, which include improved access to finance and markets, capability and capacity building, and monitoring mechanisms, including telemetry systems. These safeguards would ensure the effective and accountable use of funds by approved companies and prevent fruitless and wasteful expenditure. Discussions regarding approval of the facility were reported to be ongoing.

Furthermore, it reiterated that the AFREXIMBANK facility for the Transformation Fund aims to address the structural gaps, and to enable black-owned businesses and entrepreneurs to access finance, build assets, participate in strategic sectors, and ultimately redistribute economic power across South Africa. The facility would be offered as a direct loan to qualifying majority black-owned enterprises in line with the criteria and objectives of the Transformation Fund. Applications in this regard would be received via the Transformation Fund portal.

4. CONCLUSIONS

Based on its deliberations, the Committee drew the following conclusions:

4.1 The Committee highlighted a number of systemic and operational challenges that, if not addressed, might constrain the Department's ability to effectively fulfil its developmental objectives.

4.2 The DTIC had achieved 70 per cent and 38,2 per cent of its targets, while spending 88,2 per cent and 87,4 per cent of its projected year-to-date expenditure in the second

and third quarter of the 2025/26 financial year respectively. The Committee was concerned about the extent of underperformance against these planned targets and the projected expenditure. Underperformance across key programmes, including Trade; Incentives; Transformation and Competition; and Research, suggested that structural inefficiencies and operational constraints continue to limit the DTIC's ability to deliver effectively on its mandate. Although the DTIC attributed this to a combination of internal and external factors, the Committee was of the view that these challenges reflected deeper issues related to institutional capacity, coordination, planning, implementation and performance management.

4.3 While there have been areas of progress, including the achievement of certain annual investment and export-related targets, these gains are tempered by broader concerns regarding missed quarterly targets, delays in implementation, and inconsistencies in performance.

4.4 The Committee further noted the continued pattern of under-expenditure, which amounted to R723,5 million in the second quarter and R1,09 billion in the third quarter. This under-spending, particularly within the Investment and Spatial Industrial Development, and Incentives Programmes, may have constrained the DTIC's ability to stimulate economic activity, crowd in private sector investment, and support job creation. This included delays in the disbursement of incentives and limited progress in the rollout of industrial parks. The Committee implored the DTIC to ensure that the underspending was addressed within the guidelines of good governance and financial compliance to prevent the occurrence of irregular or fruitless and wasteful expenditure.

4.5 These delays in spending accompanied by broader administrative bottlenecks remain key areas of concern. These challenges not only delay the implementation of critical economic interventions but may also weaken business confidence and reduce the effectiveness of policy instruments intended to support growth.

4.6 It emphasised that these challenges, together with the persistent vacancies, delays in recruitment, inefficiencies in supply chain management and organisational constraints, indicated that administrative and structural deficiencies continue to undermine

programme implementation and service delivery.

4.7 It noted the uneven performance across entities with around 60 per cent of its 19 entities achieving at least 80 per cent of their quarterly planned targets. This suggested weaknesses in the DTIC's monitoring and accountability mechanisms, which required strengthened governance and oversight, as well as greater alignment between the DTIC and its entities by implementing more consistent performance management practices to ensure that expenditure would be both effective and aligned with measurable outcomes. Furthermore, the Committee urged the DTIC to ensure that any outstanding entity vacancies at board and/or senior management levels were finalised.

4.8 Furthermore, the Committee reemphasised the importance of coordination and cooperation between different spheres of government and across national departments and public institutions to facilitate, maintain and promote investment, industrial development, trade and job creation. Provincial One Stop Shops is one of the tools to facilitate this coordination and cooperation. Therefore, the Committee was concerned that there were delays in their rollout due to inadequate governance frameworks and limited operational capacity at the provincial level. Consequently, it encouraged the DTIC to engage with the relevant national and provincial departments to advocate the benefits of the One Stop Shops for provinces.

4.9 Where it was apparent that funds would not be spent by the end of the financial year, the Committee encouraged the DTIC to make the necessary virement requests to settle incentives owed to projects and programmes, such as claims due to stakeholders in the film and television sector, that met all compliance and verification requirements and were ready for payment, but current vote balances did not have the required funds available. In addition, it should ensure that the necessary roll-overs for delayed projects are implemented in line with prescripts.

4.10 The Committee remained concerned that the current approach to monetary and fiscal policy did not effectively support South Africa's industrial and economic development. Therefore, it implored the DTIC to continue engaging National Treasury to ensure a balance between macroeconomic, fiscal and industrial policy that supports industrial

infrastructure development, industrialisation and localisation, as well as enables targeted industrial funding.

4.11 The Committee welcomed the non-financial support mechanisms the DTIC was providing to companies, including market access, capability-building initiatives, and telemetry monitoring for small, medium and micro enterprises, to ensure continuity of projects and operations.

4.12 However, it remained concerned about the lack of funding for industrial development due to budgetary constraints, given the potential for well-targeted incentives to drive industrialisation, economic growth and job creation.

4.13 In terms of the G20 trade and investment outcomes, in principle, the Committee supported the three proposals regarding reform of the World Trade Organization agreed to during South Africa's G20 Presidency. These covered policy space to advance industrialisation, relating to technology transfer, subsidies, local content requirements and agriculture, as policy space in these aspects were critical to enable developing countries to develop their economies on a more equal footing.

4.14 The Committee emphasised its support of multilateralism and called for all Member States to respect and comply with their World Trade Organization obligations. However, it cautioned that in a global environment which is increasingly implementing protectionist measures, the DTIC should consider exploring alternative measures to support its manufacturing base.

4.15 Given the important role of foreign economic offices to promote South African exports and investment opportunities, the Committee welcomed that 12 appointments would be made shortly to fill posts at foreign offices in strategic foreign markets. It encouraged the DTIC to seek the necessary funding to broaden the number of offices it can fill.

4.16 Given the growth in online gambling and the lack of a national, regulatory framework, the Committee urged the DTIC to prioritise engagements with provincial governments and National Treasury to reach a consensual national policy position in this regard. Subsequently, the relevant legislation should be developed for submission to Parliament,

as delays in addressing the matter may lead to the loss of tax revenue and possible exposure of punters to the proliferation of unregulated gambling activities.

4.17 The Committee remained concerned about the persistent imbalance and inequitable spatial distribution of disbursements across all provinces, as this limited provincial economic development, particularly where there were high levels of poverty and unemployment. It urged the DTIC and its development finance institutions to consider mechanisms to support companies with economically viable proposals to reach project readiness in underserved provinces to ensure that there is a viable pipeline of mature projects across provinces.

4.18 The Committee was concerned about the disruptive impact of artificial intelligence on the domestic Global Business Services sector. It welcomed efforts by the DTIC, Business Process Enabling South Africa and the Harambee Youth Accelerator to determine the risks and opportunities related to artificial intelligence and develop and implement interventions to mitigate this. It was of the view that strategic skills development would remain a critical tool to ensure labour absorption given technological advances.

4.19 In addition, the Committee urged the DTIC to develop and invest in beneficiation activities that would benefit localisation and facilitate South Africa to become a regional and international supplier of the beneficiated goods rather than only export the raw materials.

4.20 The Committee was concerned by the impact of the closure of ferrochrome and other smelters due to the rising cost of electricity and other logistics and infrastructure challenges, and the impact of this on the beneficiation drive. Thus, it urged the DTIC to continue collaborating with the Department of Electricity and Energy, Eskom and the National Energy Regulator of South Africa, to address electricity pricing for intensive, industrial energy users, such as smelters, to protect existing industrial capacity.

4.21 In terms of the metal recycling sector, the Committee recognised that there was a need to review the price preference system and the export tax to ensure that a more balanced approach was used to facilitate mini-mill steel production without undermining recyclers' revenue streams. This is critical to promote fairness and support the

sustainability of the sector.

4.22 The Committee welcomed the availability of financing from the African Export-Import Bank to facilitate transformation and beneficiation. However, it encouraged the DTIC to play a role to facilitate access by companies and to ensure that good governance and accountability is maintained to reduce any unforeseen risk to government.

4.23 Given the DTIC's role to facilitate employment creation and government's target to create 1 million jobs between 2025 and 2030, the Committee was concerned that its job creation targets set and the number of jobs achieved were too low to achieve the 2030 goal. While the DTIC highlighted a few industrial projects, such as a R750 million automotive stamping plant in Gqeberha, these will not yield the requisite growth in new jobs. The Committee, therefore, urges the DTIC to redesign a far more ambitious plan to address unemployment, particularly among the youth.

5. APPRECIATION

The Committee would like to thank the Minister, Mr P Tau, and the Director-General of the Department of Trade, Industry, and Competition, Mr S Hamilton, as well as their team, for their cooperation and transparency during this process. The Committee also wishes to thank its support staff, in particular the committee secretary, Mr A Hermans; the researcher, Ms Z Madalane; the content advisor, Ms M Sheldon; and the committee assistant, Ms Y Manakaza, for their professional support and conscientious commitment and dedication to their work. The Chairperson wishes to thank all Members of the Committee for their active participation during the process of engagement and deliberations, and their constructive concluding remarks reflected in this report.

6. RECOMMENDATIONS

The Committee recommends that the House requests that the Minister of Trade, Industry and Competition should consider:

6.1 Reviewing the effectiveness of existing performance management and accountability frameworks with a view of strengthening alignment between planning, implementation, and reporting, to address persistent underperformance of the DTIC and its entities.

6.2 Assessing the policy and administrative framework governing incentive schemes to determine whether reforms are required to improve efficiency, improve turnaround times and enhance the effectiveness of the disbursement process.

6.3 Evaluating systemic factors contributing to under-expenditure and inefficiencies in budget execution, particularly within programmes supporting industrial development, and identifying policy measures to improve the timely and impactful utilisation of available resources.

6.4 Ensuring that the recruitment processes are expedited to address capacity constraints that are affecting programme implementation and service delivery.

6.5 Assessing the adequacy of governance, oversight and accountability frameworks applicable to entities reporting to the DTIC with a view to strengthen institutional performance and stability.

6.6 Evaluating policy and coordination mechanisms across government to address constraints affecting industrial infrastructure development including industrial parks and Special Economic Zones.

6.7 Assessing the role of the state in driving industrial development, including the extent to which a more active, state-led approach may be required to accelerate industrialisation, support strategic sectors, and enhance economic transformation.

6.8 Reviewing the effectiveness of current industrial policy instruments, including tax incentives, to determine whether a broader mix of policy tools and direct interventions is required to strengthen industrial development outcomes.

6.9 Considering the development of clear and measurable indicators to track progress in industrialisation to strengthen monitoring and evaluation for evidence-based policy-making.

6.10 Assessing whether current industrial policy interventions sufficiently contribute to sustainable employment and skills development outcomes, particularly for youth, and whether adjustments are required to improve their impact.

6.11 Engaging with relevant departments to evaluate the long-term sustainability and potential institutionalisation of employment support programmes, including the expansion of large-scale public employment initiatives as part of a coordinated approach to address unemployment and create long-term jobs.

6.12 Reviewing progress in the implementation of trade policy including trade agreements and market access initiatives to determine whether existing approaches support export growth and global competitiveness.

Report to be considered.

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